AUGUST

31

MONDAY

ADVISORY DIARY

- **August market – intense incidents created continuous pressure on the markets**

August market – intense incidents created continuous pressure on the markets

August experienced a strong fluctuation not only in Vietnam, but also global securities markets. Today is the last day of August, however, it can be seen that market movement still be bumpy due to the negative information released in recent times. Therefore, VNIndex closed at 567.75, decreasing by 7.34% compared to the early month and a 3.73% increase as compared to the beginning of 2015. In August, liquidity in HSX and HNX went down, standing at VND 2,183 billion (-13.5% y.o.y) for the former and VND 510.15 billion (-21.17% y.o.y) for the latter. Trading volume witnessed an improvement in the second half of August; however, we suppose that caution still prevails. In summary, foreign investors kept their net sell of VND 443.9 billion in both exchanges (in July, they bought a worth of VND 747 billion in Vietnam securities market).

As a consequence of negative events (especially in China, the market volatility has increased significantly. Specifically, VIX (measuring volatility of long and short option of SP500) was up to 28.61 points, 127.63% higher than early of this month and witnessing the highest level since 2011. Similarly, option volatility in China market and emerging markets have increased relatively 44.75 points (+53.62% mom) and 36.26 points (+64.44% mom). Rising VIX indicator shows the investors are worrying about future market prospect in comparison to the stable development of this in the early stage of this year. In Vietnam stock markets, the volatility index of VNIndex also significantly increased by 11.00% compared to earlier August, reached 18.97 points. Vietnam CDS also increased by 37,63%, to 122.67 points, highest since the start of this year.

Recently, Rongviet Research's macro analyst asserted that USDCNY ratio returns to decreasing trend, USDVND has also been stabilized. Listed USD in several commercial banks depreciated to VND 22,500, while floating rate remained VND 22,700. We believe that short-term concern has been reflected into the last half of August, however, there are still long-term concern and uncertainty about the effect on investors' sentiments such as (1) FED increases interest rate in 9/2015; (2) Yuan continues to be devaluated; (3) Chinese prospect and commodities' prices.

Under such conditions, we believe that stable growth stocks with seasonal characteristics during last months of the years could be the appropriate choices for investors who prefer low risks. As a result, investors could consider accumulating when market significantly dropped. (Please see the appendix at the end of this part)

Table: Stocks based on seasonal characteristics with stable growth

Tickers	CAGR 2012-2014	The stability of profit after tax (2012-2014)	Ranked based on growth and stability of profit after tax (2012-2014)	Seasonal characteristic for the last 6 months	Capitalization (Bil dong)
LGC	1498%	Stable and growing	1	Very high	1,727
CTI	262%	Stable and growing	2	Very high	528
TIG	242%	Stable and growing	3	Very high	612
ASM	159%	Stable and growing	4	Low	1,104
VCS	97%	Stable and growing	5	High	1,480
HHS	39%	Stable and growing	6	Very high	3,590
DQC	120%	Very stable	7	Very high	1,596
HAG	105%	Very stable	8	Low	11,927

"August market – intense incidents created continuous pressure on the markets"

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TMP	28%	Stable and growing	9	Very high	2,079
HQC	26%	Stable and growing	10	Very high	1,368
TCL	26%	Stable and growing	11	High	545
VNS	44%	Very stable	12	High	2,199
DMC	21%	Stable and growing	13	Low	1,047
CTD	19%	Stable and growing	14	Low	4,167
FCN	17%	Stable and growing	15	Low	901
DCL	29%	Very stable	15	Very high	539
LIX	16%	Stable and growing	17	High	886
PTB	29%	Very stable	17	Low	727
PDR	190%	Neutral	19	Very high	3,168
HUT	165%	Neutral	20	Very high	1,284
OPC	9%	Stable and growing	20	Low	648
SHI	79%	Neutral	22	Very high	648
VHC	44%	Neutral	23	Very high	3,502
BIC	9%	Very stable	23	Low	1,906
PPC	44%	Neutral	25	Very high	5,886
VSC	4%	Very stable	26	Low	2,248
FPT	3%	Very stable	27	Low	17,766
VSH	24%	Neutral	28	Very high	2,887
NNC	16%	Neutral	29	Low	631
CSM	14%	Neutral	30	Low	2,147
IJC	12%	Neutral	31	Very high	2,385
SJD	9%	Neutral	32	Very high	1,196
PAC	8%	Neutral	33	High	781
EVE	6%	Neutral	34	High	605
DHG	5%	Neutral	35	Low	6,129
KSB	3%	Neutral	36	Low	639
PTI	2%	Neutral	37	High	1,793
VCB	2%	Neutral	38	Low	115,662
VNM	2%	Neutral	39	Low	121,225

Source: Rongviet Research

Apart from the stable FX rate, we have observed a positive recovery of oil price over the last 2 days, specifically WTI and Brent recording relatively USD 45.22 and USD 50.5/barrel. However, GAS (excluded PGD) is the only O&G ticker closed higher than yesterday session. Overall, PVD and GAS have fallen almost 15% from the beginning of the month. One concerned investor puts forward a question on how robust oil prices would recover. As far as we concern* oil prices could bounce back from these factors:

- China continues money easing policy.
- The stability of foreign exchange activities from China and the prospect about the delay of FED increasing interest rate in 9/2015.
- The decline of US crude output with the decline in CAPEX and rig counts
- OPEC drops output due to maintenance
- The impact from OPEC extraordinary meeting
- US Congress votes against Iran deal
- The positive statistics from US economy and crude demand could lower the concern about economic growth

However, according to Morgan Stanley, the supply and demand fundamentals remained relatively unchanged, so the change for the rebound in oil prices will be limited. According to EIA, the average Brent oil price in 2015 was estimated to reach at approximately USD 54/barrel and around USD 59/barrel in 2016. WTI oil price was forecasted to be lower by USD 5/barrel. Up to now (August 31st, 2015), the average Brent crude oil price was USD57.60/barrel, therefore, it can be seen that O&G analyst forecast that oil price will be at lower level.

** Source: "Crude Oil – A Bounce, but could there are more?" – Morgan Stanley – 28/08/2015*

Appendix – Filtering method

(*) NOTE:

- The results based on past statistics during 2012 – 2014, therefore, did not reflect the future prospects
- The data used could include extraordinary income and the seasonal characteristics of core business could be exaggerated

Following the steps as follows:

- Large-cap stocks with over 500 billion in capitalization
- 3 month average of liquidity is over 5,000 shares
- **CAGR 2012-2014 >0%**
- **The stability of profit after tax (2012-2014) >=0,** calculation as follows:

Criteria	Symbol	Condition	Results
PAT growth rate 2013-2012	A	>0	1
		Other	-1
PAT growth rate LNST 2014-2013	B	>0	1
		Other	-1
A>B and B>0	C	Wrong	1
		Right	0
The stability of profit after tax (2012-2014)		A+B+C	<0: Unstable 0: Neutral 1: Stable 2: Very stable 3: Stable and growing

Source: Rongviet Research

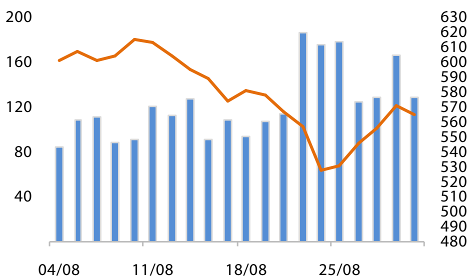
- **Seasonal characteristics for the last 6 months of 2015:** growth average of business result over the last 6 months compared to the first 6 months of 2012 – 2014 (positive)

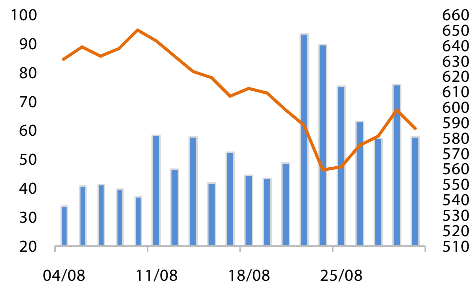
Criteria	Results
PAT growth rate 2H compared to 1H2012	A%
PAT growth rate 2H compared to 1H2013	B%
PAT growth rate 2H compared to 1H2012	C%
Seasonal characteristics for 2H	=(A%+B%+C%)/3, results o <0%: Don't have seasonal c o 0%-20%: Low o 20-50%: High o >50%: Very high

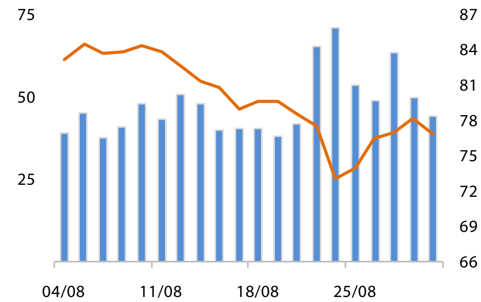
Source: Rongviet Research

- **Ranked by stability and growth of PAT (2012 – 2014):** ranked by total points of both **CAGR 2012-2014** and **the stability of PAT growth rate (2012-2014)**

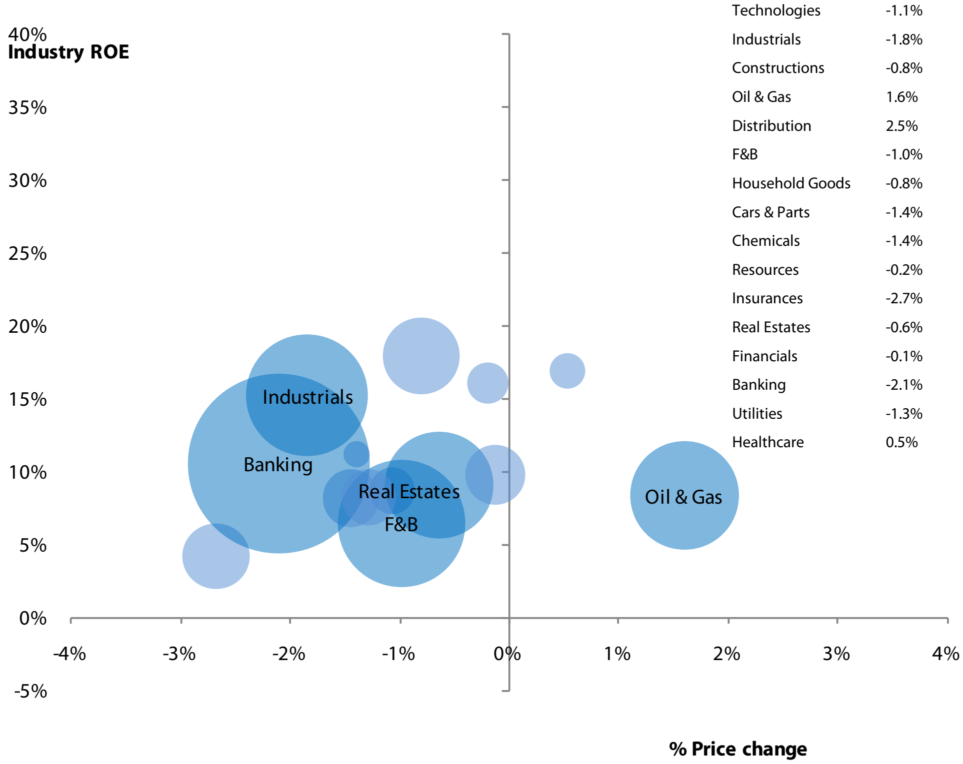
VNINDEX	-1.07%	564.75	VN30	-1.94%	586.23	HNXINDEX	-1.75%	76.90





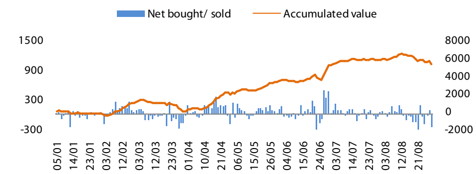


Industry Movement

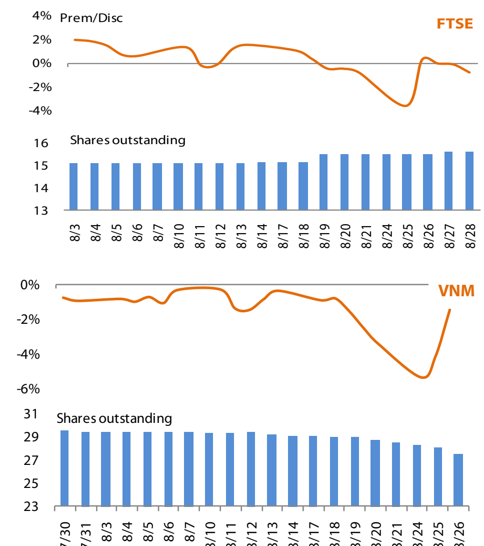


Industry	% change
Technologies	-1.1%
Industrials	-1.8%
Constructions	-0.8%
Oil & Gas	1.6%
Distribution	2.5%
F&B	-1.0%
Household Goods	-0.8%
Cars & Parts	-1.4%
Chemicals	-1.4%
Resources	-0.2%
Insurances	-2.7%
Real Estates	-0.6%
Financials	-0.1%
Banking	-2.1%
Utilities	-1.3%
Healthcare	0.5%

Foreign Investors Trading

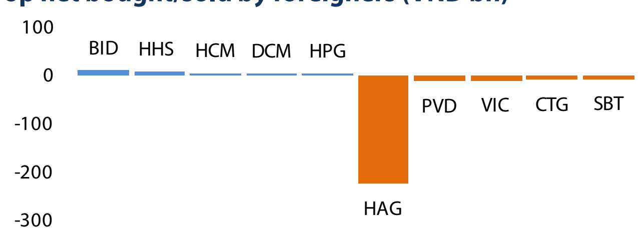


ETF

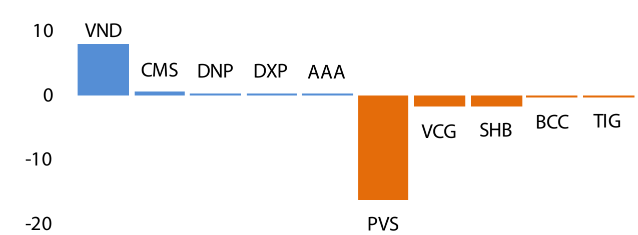


Top net bought/sold by foreigners (VND bn)

HSX



HNX



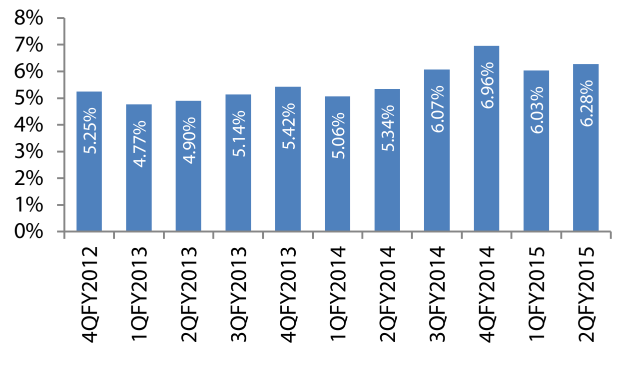
Top Active

Ticker	Price	Volume	% price change
HAI	6.0	8.47	-6.3%
OGC	2.7	8.08	3.8%
FLC	6.7	7.74	-4.3%
SBT	14.1	7.11	0.7%
SSI	25.9	5.89	0.8%

Ticker	Price	Volume	% price change
KLF	4.7	3.68	-6.0%
VND	14.4	2.95	0.7%
PVS	21.0	2.11	-3.7%
TIG	11.3	1.86	2.7%
SHN	9.7	1.75	1.0%

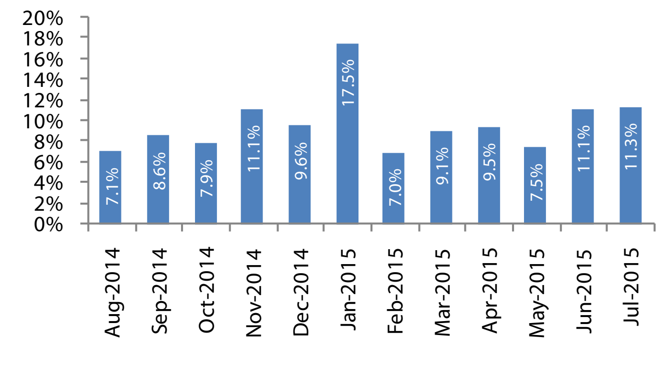
MACRO WATCH

Graph 1: GDP Growth



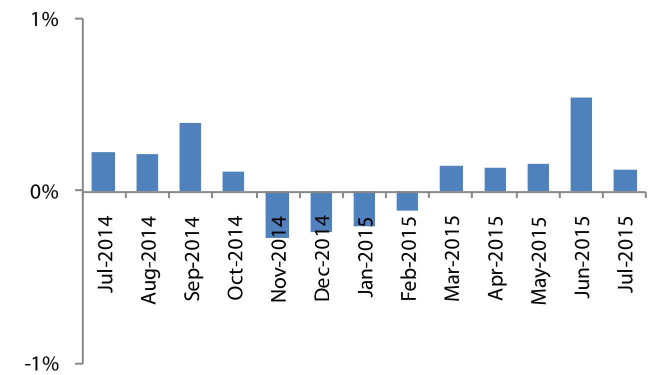
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



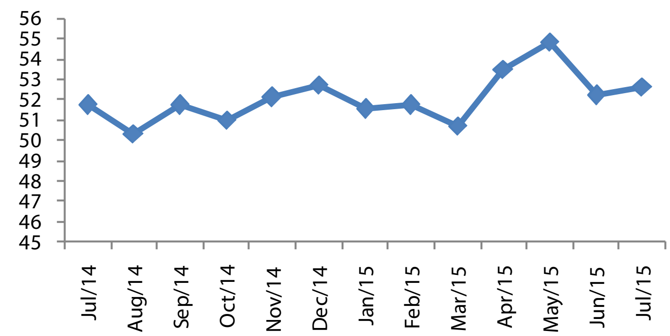
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



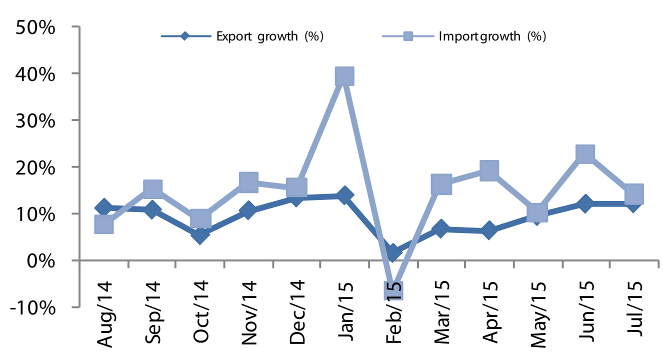
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



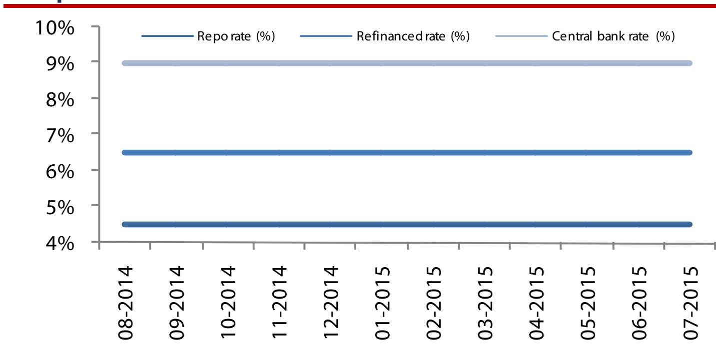
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO. Rongviet Securities database

Graph 6: Interest



Sources: SBV. Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
PET - Tracking the progress of Thanh Da land plot transfer	Aug, 20th 2015	Stable	N/a
VNC - Embrace the new wave of international commerce	Aug, 14th 2015	Neutral – Long term	28,900
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600
NT2 - Growth in stability	July, 30th 2015	Buy – Intermediate term	30,200
FMC - Leaping in overseas waters	July 23rd, 2015	Accumulate – Intermediate term	27,000

Please find more information at *http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302*

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	25/08/2015	0% - 0.75%	0% - 2.5%	11,797	11,791	0.05%
VEOF	25/08/2015	0% - 0.75%	0% - 2.5%	9,464	10,082	-6.13%
VF1	28/08/2015	0.2% - 1%	0.5%-1.5%	22,191	22,015	0.80%
VF4	28/08/2015	0.2% - 1%	0%-1.5%	9,884	9,831	0.54%
VFA	28/08/2015	0.2% - 1%	0%-1.5%	7,293	7,293	-2.24%
VFB	28/08/2015	0.3% - 0.6%	0%-1%	12,293	12,314	-0.17%
ENF	20/08/2015	0% - 3%	0%	11,518	11,578	-0.52%
MBVF	13/08/2015	1%	0%-1%	10,514	10,658	-1.35%
MBBF	19/08/2015	0%-0.5%	0%-1%	12,262	12,318	-0.45%

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