SEPTEMBER

03

THURSDAY

ADVISORY DIARY

- **The third ETF review period of 2015**
- **Southern Hydropower Jsc (SHP – HSX) - Positive over long-term**
- **Purchasing power belongs to buyers**

The third ETF review period of 2015

In our Advisory Diary today, we will discuss the possibility of the first portfolio restructuring period in 2015 of VNM ETF. Based on our calculated data, we would like to give some notable features are as follows:

- Deleted: **2** stocks
  - + Deleted **SSI** because SSI has violated the remaining foreign ownership limit condition (<2%)
  - + Deleted **DRC** because DRC has violated the average daily trading volume conditions. The new rule states that current index components will be removed from the investible universe if their average daily trading volume is less than USD200,000 in at least two of the latest three reviews.
- Added: **3** stocks, including **HHS**, **HT1** and **VHC**.

"Purchasing power belongs to buyers on"

Figure: VNM ETF review

VNM ETF						
	Ticker	**Price (28/08/2015)**	**Market cap (28/08/2015)**	**Proportion (28/08/2015)**	**Estimated proportion**	**Estimated buy/sell volumes**
1	VIC	41,700	9.2%	8.0%	(5,206,258)	(2,814,458)
2	VCB	43,400	8.4%	8.0%	(1,720,768)	(908,568)
3	MSN	83,000	7.3%	7.0%	(1,517,265)	(433,449)
4	BVH	48,000	6.5%	6.5%	(94,716)	(46,198)
5	STB	17,100	6.4%	6.0%	(1,569,952)	(2,126,764)
6	DPM	31,400	5.3%	5.5%	864,371	631,620
7	PVS	21,800	4.1%	5.0%	4,047,836	4,334,557
8	HAG	15,100	3.8%	4.4%	2,988,383	4,525,938
9	VCG	11,600	2.8%	3.1%	1,290,484	2,517,702
10	ITA	5,200	2.8%	3.1%	1,711,314	7,511,667
11	FLC	7,000	2.5%	2.9%	1,671,118	5,512,586
12	PVD	37,800	2.4%	2.8%	1,830,367	1,149,183
13	SHB	7,000	2.3%	2.7%	1,483,792	4,906,879
14	PPC	18,500	2.3%	2.6%	1,382,916	1,723,510
15	KDC	25,500	2.1%	2.8%	2,827,922	2,529,131
16	KBC	12,500	2.1%	2.4%	1,371,319	2,474,866
17	PVT	11,200	1.8%	2.2%	1,703,706	3,523,921
18	IJC	8,700	1.0%	1.1%	614,175	1,561,214
19	HHS	15,400	0.0%	0.2%	1,029,771	1,503,866
20	HT1	22,000	0.0%	0.8%	3,356,373	3,431,129
21	VHC	37,900	0.0%	0.4%	1,880,449	1,115,865

22	SSI	25700	2.5%	0.0%	(11,092,753)	(9,640,271)
23	DRC	46700	0.8%	0.0%	(3,620,159)	(1,703,103)
	Total		**76.3%**	**77.5% (*)**	**5,232,428**	**31,280,823**

Source: Bloomberg, RongViet Research

(*) In last review, VNM ETF adjusted proportion of Vietnam stocks to 77.5% (instead of 75%). RongViet Research forecast is based on assumption that 77.5% will be maintained for this 3rd review.

Southern Hydropower Jsc (SHP – HSX) - Positive over long-term

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Today, 23/07/2015, RongViet Research would like to release a report of **Southern HydropSHPer Jsc** (SHP - HSX). SHP is only an SME in power industry but is a considerably large company among listed power enterprises. All 3 plants of SHP are located in lam Dong Province which has ample water resources and stable rainfall; therefore, hydrological risks are relatively lower than other companies might face. As a matter of fact, SHP has been surging its designed capacity since established.

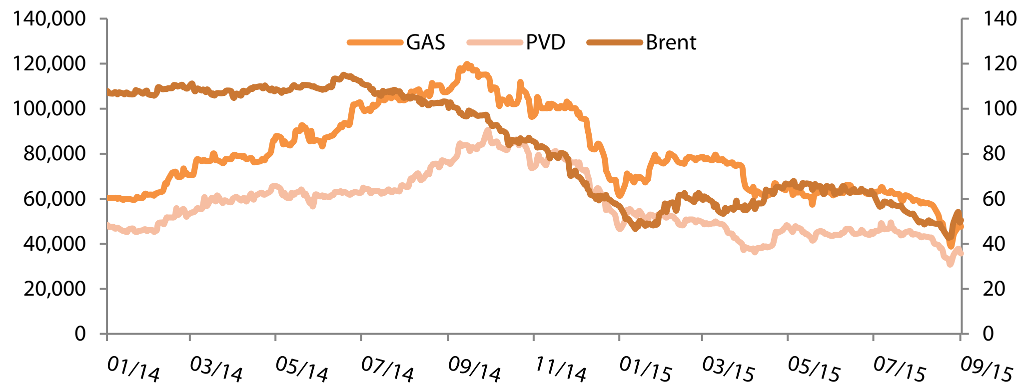
In 2015, longer drought season has significant impact on operation of hydro power plants, included SHP (SHP is only slightly affected). Besides, counting in increasing depreciations and interest expenses, we evaluate 2015 shall be the bottom of SHP's business cycle. Evidence could support our view point is that after a drought year will come a flush rainy season and water flows in upcoming year. In addition, we have a positive outlook on SHP's business status from 2H2015. Operating efficiency will increase clearly from 2016 when interest expenses go down.

We used comparison evaluation method EV/EBITDA in order to determine the appropriate price for SHP. Average EV/EBITDA ratio of listed companies is 5.6x. However, SHP is considered as a large listed company and EV/EBITDA is 6.2x. Accordingly, suitable price for SHP's stock was determined at approximately VND **20,800**/share, 15% higher than the closing price on September 03rd 2015. Therefore, we recommend **ACCUMULATE** in **INTERMEDIATE** with SHP."

Purchasing power belongs to buyers

We suppose banking, oil & gas and real estate to be the 3 major sectors of the market. In the recent 2 months, cash flows seem to have rotated within the 3 sectors; oil & gas shares supported especially the market's bounce from the bottom in August 2015. According to our sector analyst, oil & gas share prices recovered remarkably in August's last week thanks to oil price movements. Oil price and oil & gas share price are considered to be highly correlated, during the national holiday September 2nd, WTI and Brent spot price recovered slightly by 1.82% and 1.86% respectively. However, subsequently, the oil & gas share prices and oil price have not moved in the same direction, as at the end of today's session, GAS went down by 3.5% and PVD by 2.5%. Most investors seemingly suppose oil prices not to strongly regain their positions towards the end of the year as well as in the next year, thus invested in oil & gas shares for day trading only. Therefore, pressure of profit-taking activities after the recent increase was visible. Oil & gas share price movements have implied that investors consider the sector's risk not to decrease at the moment, albeit oil prices have gone up for the last few days. Hence, contrarian-investing strategies that take advantage of market pessimism have yet to be applicable.

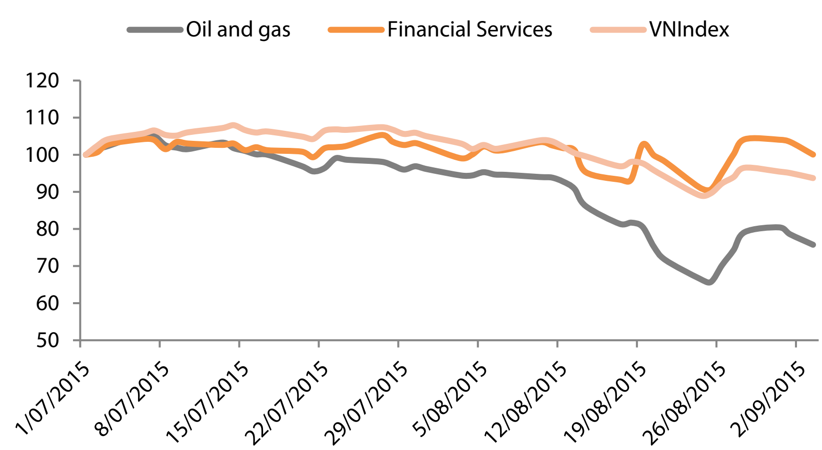
Figure: Price movement of GAS, PVD and Brent



Source: RongViet Research

Market expects the circular on Vietnamese company's FOL lifting (over 50%) would be enacted in September. While other sector stocks see little reaction, brokerage stocks rallied relatively well. The graph below reflects appreciation of brokerage stocks in the past 2 months. However, this group alone cannot sustain the market when many leading banking and real estate stocks fell unanimously. For example, representative brokerage stocks: SSI, HCM experienced correction after the news released

Figure: Relative strength between oil&gas, financial services and VNIndex



Source: RongViet Research

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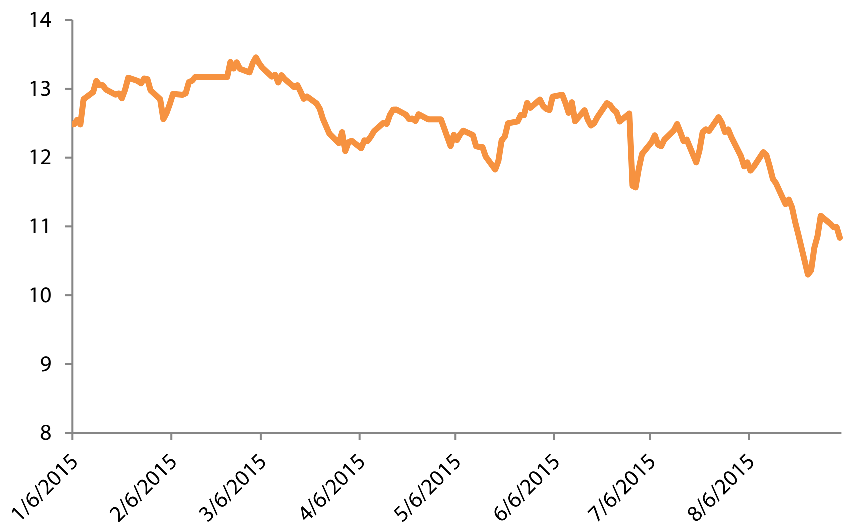
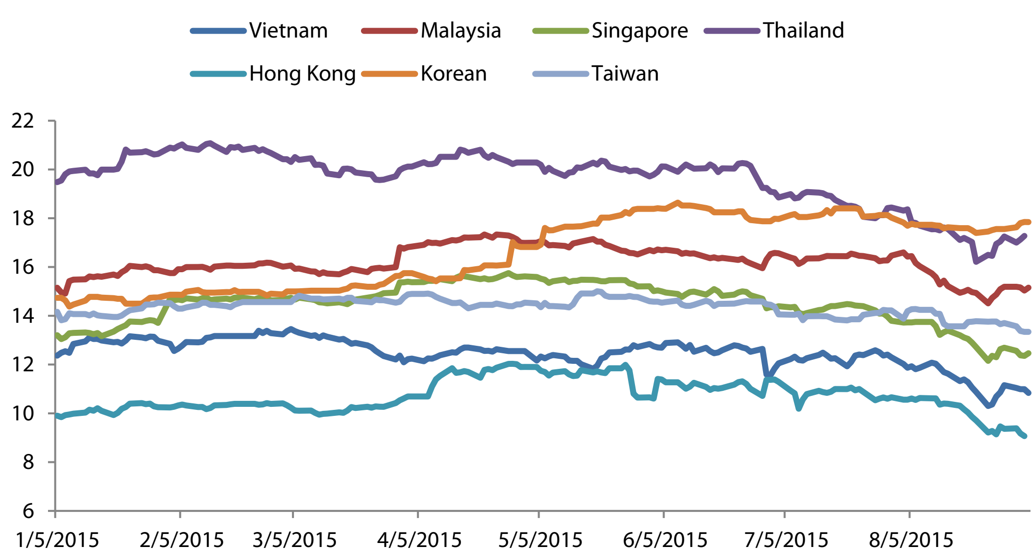
Figure: PE Vietnam from 01/2015 to 03/09/2015



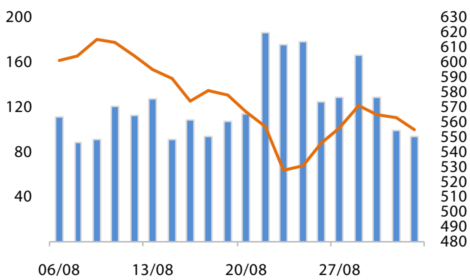
Source: Bloomberg

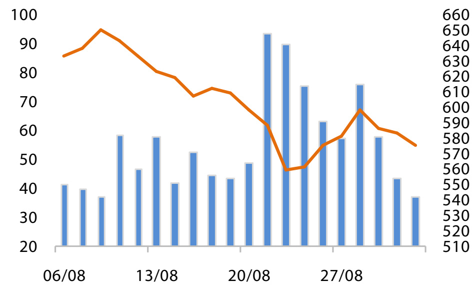
Figure: PE Vietnam and other regional countries

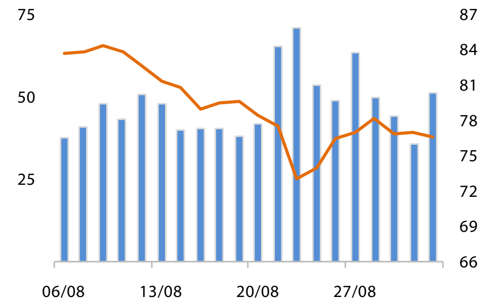


Source: Bloomberg

VNINDEX	-1.42%	554.30	VN30	-1.38%	575.58	HNXINDEX	-0.60%	76.58

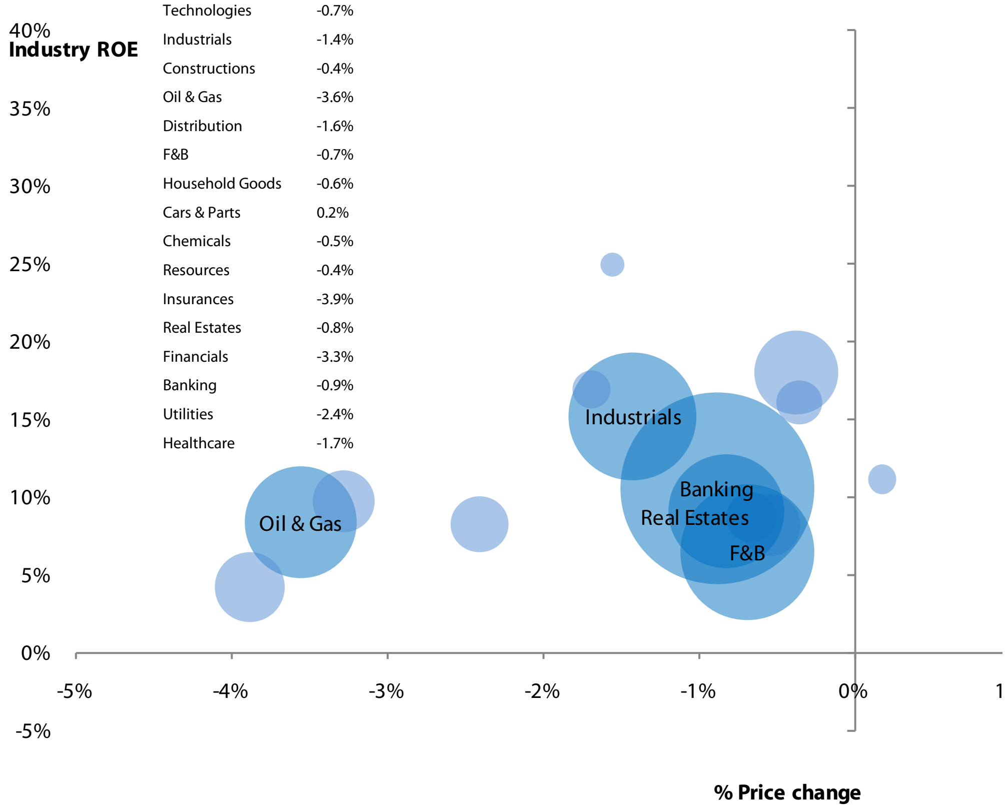




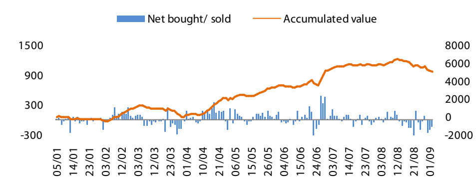


Industry Movement

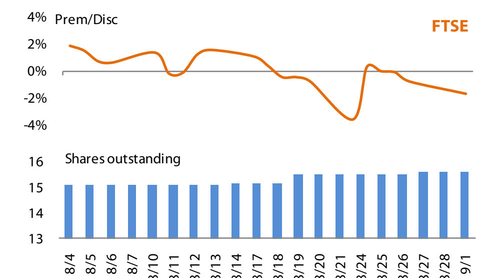
Industry	% change
Technologies	-0.7%
Industrials	-1.4%
Constructions	-0.4%
Oil & Gas	-3.6%
Distribution	-1.6%
F&B	-0.7%
Household Goods	-0.6%
Cars & Parts	0.2%
Chemicals	-0.5%
Resources	-0.4%
Insurances	-3.9%
Real Estates	-0.8%
Financials	-3.3%
Banking	-0.9%
Utilities	-2.4%
Healthcare	-1.7%

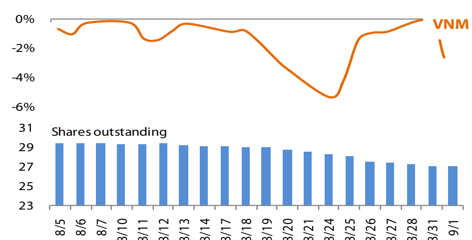


Foreign Investors Trading



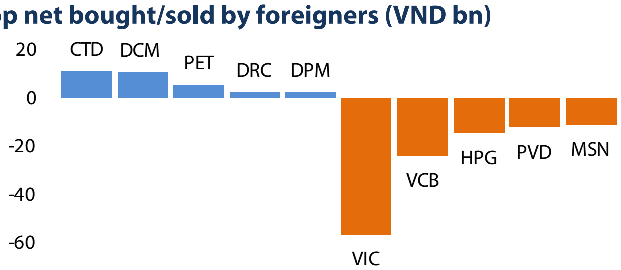
ETF



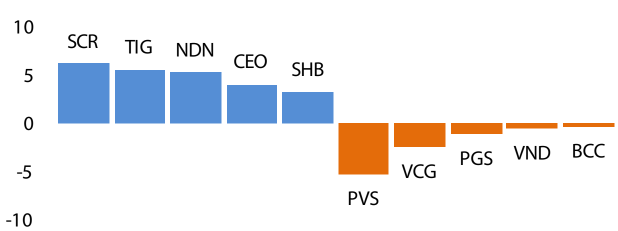


Top net bought/sold by foreigners (VND bn)

HSX



HNX



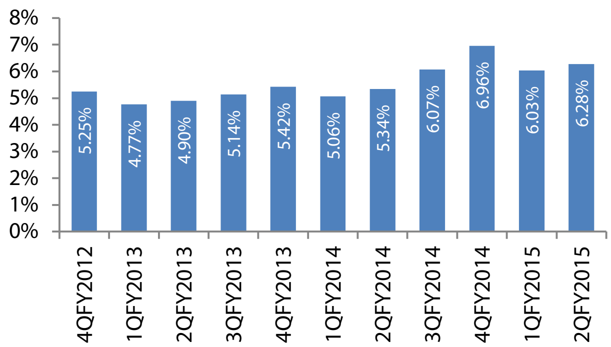
Top Active

Ticker	Price	Volume	% price change
HAI	5.7	5.58	-5.0%
SSI	24.6	5.41	-4.7%
FLC	6.7	4.65	-1.5%
PDR	16.0	4.19	-2.4%
VHG	7.5	3.88	4.2%

Ticker	Price	Volume	% price change
KVC	11.5	3.05	9.5%
TIG	11.6	2.90	-0.9%
SCR	7.8	2.80	1.3%
SHB	6.9	2.72	1.5%
CEO	15.8	2.70	1.9%

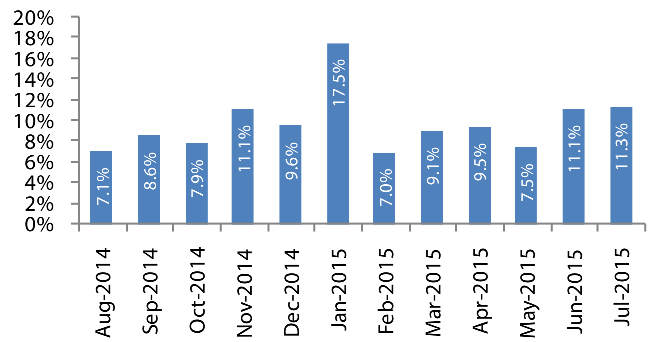
MACRO WATCH

Graph 1: GDP Growth



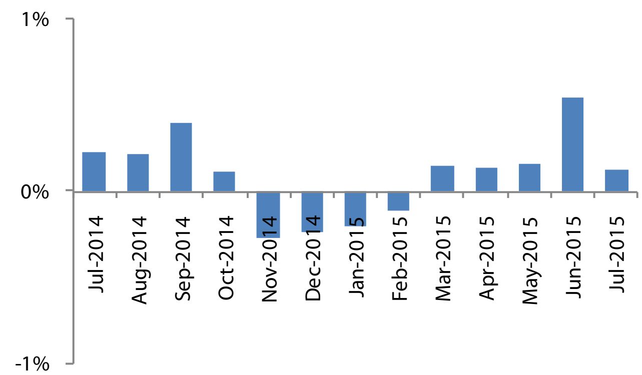
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



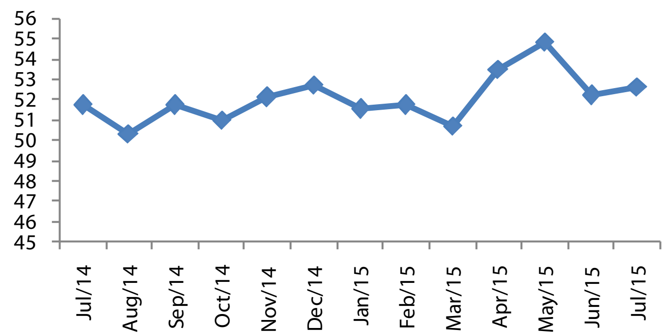
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



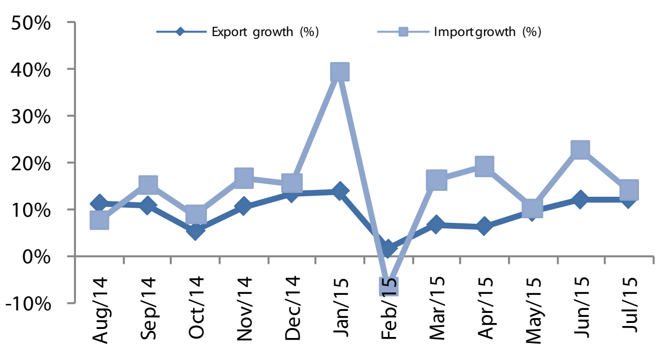
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



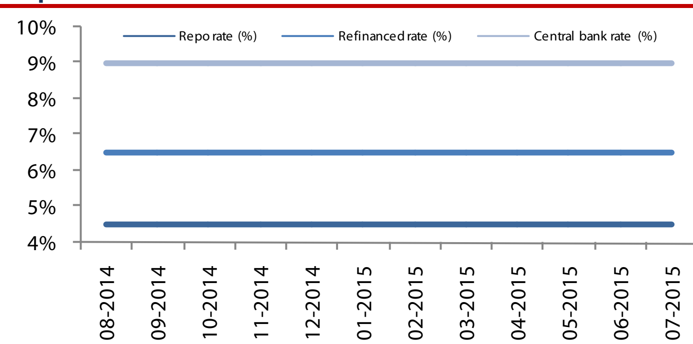
Sources: GSO. Rongviet Securities database

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*](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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