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THURSDAY

"My dear VNIndex"

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- **My dear VNIndex**

Let's say markets are similar to human being. "A flow will have ebb" is held true in case of VNIndex and "easy come, easy" is how events take places in stock markets. Therefore, investors' sentiment changed from time to time. There might be high time like "670, 700 or 800 must be the destination for this year Index" or there might be low time like "There is no way this is the bottom, I will come back when it is 460". In general, patient and able to stay with markets until this day is a real success. We, those who are stock traders should and must have a firm will to avoid "Index wave sickness".

We are here, at the end of an emotional 2015. RongViet Research hope that Advisory Diary, the connection between RongViet and investors will become an essential source of reference for stock investors in Vietnam stock market. Vice versa, your success and contribution will be our motivation to upgrade the AD to a new height to serve our valued investors in the best way.

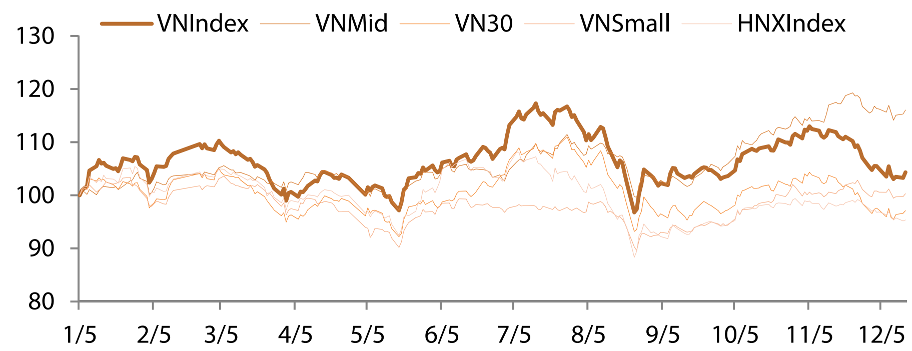
Last but not least, we sincerely wish your health and prosperity to star New Year 2016 with full of you and success.

2015 market review

Last but not least, Vietnam stock market closed at 579 points, up 5.5% compared to FY2014. However, this year average liquidity was only VND2,500 billion, lost 19.2% over last year because credit cash inflows into stock market has been limited by Circular 36/2014/TT-NHNN. Market capitalization stood at U$58 billion, up 14.35% y-o-y.

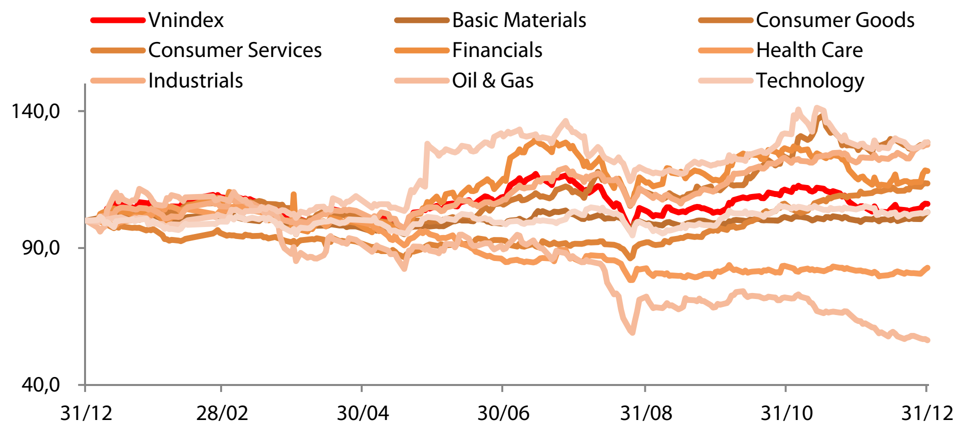
Compared with FY2014, investors had a harder year to stand firm till the end. On the contrary to 2014, the waves in 2015 were shorter longer at higher frequency and created much surprise. Now, we would like to have a look at Vietnam stock market in 2015.

Figure 1: VNIndex and other Indices



Source: RongViet Research

Figure 2: VNIndex and Industry Indices



Source: RongViet Research

Compared with FY2014, investors had a harder year to stand firm till the end. On the contrary to 2014, the waves in 2015 were shorter longer at higher frequency and created much surprise. Now, we would like to have a look at Vietnam stock market in 2015. ***[see table below]***

In terms of foreign cash flows on stock market, FY 2015 was marked as an optimistic year in comparison with others in the region; only Vietnam had positive foreign cash flow. Accordingly, foreign investors continued pouring approximately VND2,800 billion into Vietnam's stock market, however, this number was 13% lower compared with FY2014. In FY2015, 3 groups attracting the highest capital amount were (1) banking (about VND3,100 billion), (2) financial services (VND1,900 billion) and (3) construction and building materials (VND1,000 billion).

The trading of two ETF funds also created much surprise to the market due to buying BID in mistake and not adding HHS to the fund basket as expectation of many brokerage companies. In addition, another interesting point was that VNM ETF increased the proportion of Vietnam stocks from 77.5% to 82% at its last quarter review.

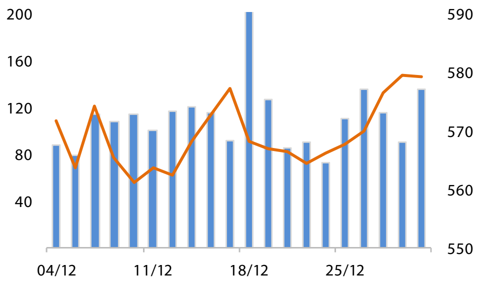
In general, the participation rate of foreign capital flows remained at ~8-15%/day of total trading value and the cash flow was also quite selective; highly focus on only some sectors or even some stocks. According to our statistics, there were about 94% of businesses having unfilled room for foreign investors but just10% of those currently in a state of full room. Perhaps, we need more support in policy to attract foreign investors to Vietnam stock market in future.

Appendix: Major events in 2015

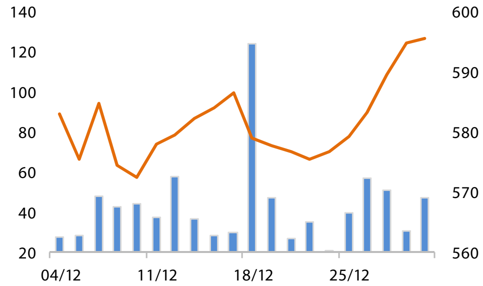
Period	Major events
05 Jan – 04 Mar	• **An uptrend of banking stocks only** In the early of 2015, most of investors were disappointed to market prospect due to downtrend of oil price and strictly regulation of Circular 36/2014/TT-NHNN limited credit to security investment. Despite of investors' pessimistic view, VNIndex steadily increased with a percentage of 10.1%. It is true to say banking stocks played a private game during this period while almost banking tickers like BID, VCB, CTG, MBB… consecutively showed rally waves in investors' surprising. During this period, banking-index was up by 24.26%, double VNIndex performance.
05 Mar – 18 Mar	• **Afraid of FED's ability to enhance interest rate** • **Strong down of Oil&Gas stocks** Again, "Sell in May" slogan dominated market during this period. After a two-month-uptrend, VNIndex experienced a deeply decrease and loss 13.07%. Under pressure of the global oil price shrink, Oil & Gas stock, led by GAS (-27.9%) and PVD (-31.66%)…, was strongly down by c. 30% in one months. Besides, it started to worry about FED's ability to increase interest rate in this period, causing stronger USD and stressful in Vietnam's foreign exchange market and indirectly affected investors' psychology in stock market. Especially, news that China brought a second deep-water oil rig to trespass the South East water pushed the cautious to a more serious situation, causing a "sell-off" session in May 4th and losing more than 15 point of VNIndex (the same to May 2014). In the respect of fundamental, HSBC_PMI made a record of 53.5 point in April 2015 but not strong enough to support the market. All indices defined bottom point in first five month on May 18th.
19 May – 14 Jul	• **Decree 60/2015/NĐ-CP guiding on FOL lifting** • **TPA pass through** • **JVC – the stain Index picture** Decree 60/2015/NĐ-CP with new adjustments, part of which were guidances on FOL lifting. Though lacking of detail guidelines, the decree was like a healing portion for VNIndex after dull days. Moreover, TPA was passed through by US Senate. Hence, "TPP related stocks" stood by side with the recovery of banking stocks to pull market from 528 pts to a new height 641 pts. The bright picture was mixed with a dark plot named JVC as the companied was caught of some illegal business procedures. The stock price immediately dropped significantly from VND22,000/share to VND7,000/share. Many institutional and individual investors suffered heavily from loss of JVC.
15 Jul – 25 Aug	• **Exchange rate band adjustment** • **ETF traded at deep discount, foreigners turned to net sellers** VNIndex could not hold at 641 pts. In only one single month, the index lost its ground of more than 20% to the lowest levelof 2015, 511 pts. VNDUSD once again became a hot topic when PBoC unexpectedly changed its FX regime. To counter with the impact of such policy, SBV had to allowed the USDVND to fluctuate at 3% (12/08/2015) instead of previous 2% and increased the interbank lending rate to another 1% (19/08/2015). Since beginning of 2015 to August, VND was slashed 5.1% Deterioration was worsened by foreigners. After the highest accumulating value of VND6,360 billion on 12/08, the foreigners turned to net sellers for the rest of the month. ETFs were also traded at deep discount: FTSE ETF (-3.62%) and VNM ETF (-5.34%). The VNM ETF was suffered from largest withdrawal in the year of 2.35 million fund certicates.
25 Aug – 06 Nov	• **Successful TPP negotiation** • **SCIC announced list of divestment enterprises** VNIndex opened at the bottom of year 2015. 25/08 was marked as the turning point for VNIndex after a disastrous 3Q. There were 2 sub phases in this period: the first one was when the VNIndex formed a sideways movement and then following by a slow growth until 06/11. After a shocking drop and a just-enough Q3 business results, VNIndex could not make a real breakout but just moved between 555 and 577 pts in September. However, successful TPP negotiation news came in on 05 and 06 October brought some gifts for

	the VNIndex. Also, SCIC made its announcement on divesting from 10 enterprises including noticeable VNM, FPT etc. Last but not least, FED relieved the intense atmosphere by delaying the rate hiking until year end. Market approached 617 pts on 06 November.
07 Nov – 08 Dec	• **Speculative stocks raised their voices** • **High margin lending level** Index turned down to 556 pts. VNM – VCB – VIC – BVH could no longer become pillars of market. Instead, FLC, OGC, FIT, KLF and other speculative stocks became new destination for capital inflows. Trading volumes of these stocks accounted for more than 30% of total market volumes. Besides, statistic data showed that margin lending level at warning level. Roughly analyzed top 10 securities companies. Total margin was around VND12,000 billion to VND13,000 billion. Other negative events such as FED was for sure lifted up the rate in mid-December as well as ETFs were forecasted to sell out lots of large cap stocks caused pressures on market declining.
09 Dec – 31 Dec	• **Low liquidity, boring trade** Markets stayed in the band of 565 – 580 with low liquidity. Foreigners turned to net buyers in the late December. Festival time became the low time for stock trading.

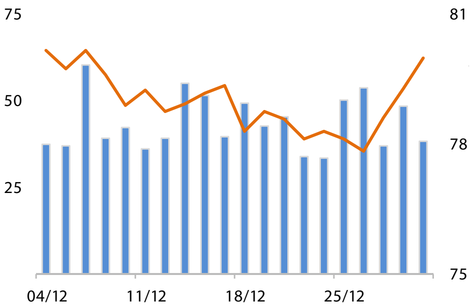
VNINDEX -0.07% **579.03**



VN30 0.13% **595.57**

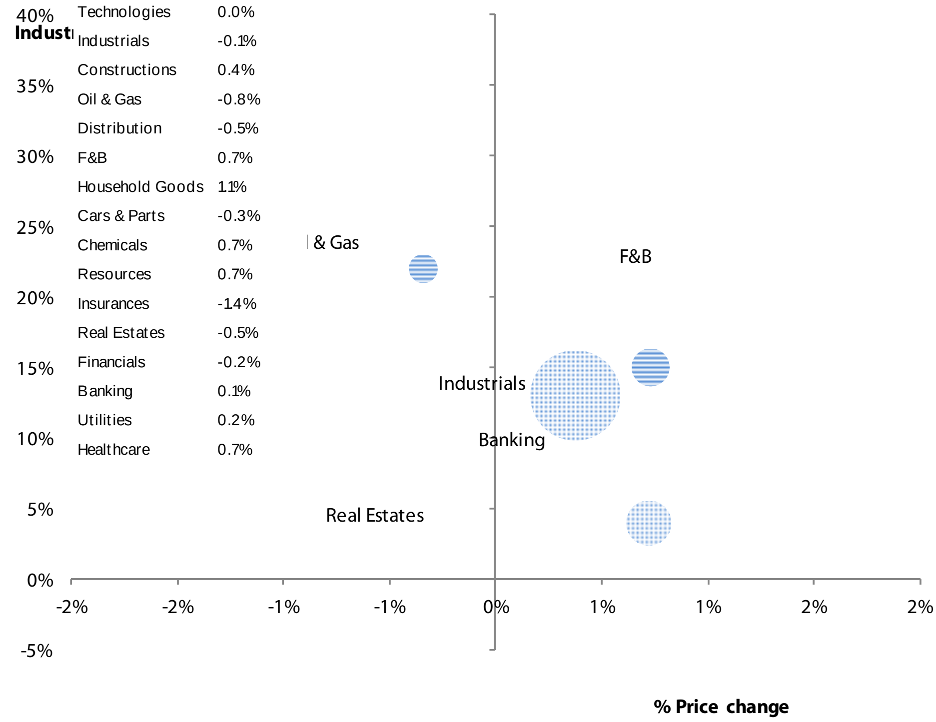


HNXINDEX 0.86% **79.96**

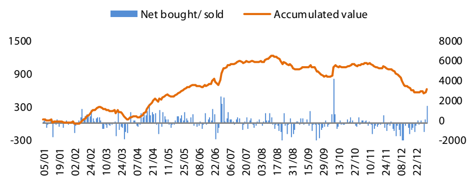


Industry Movement

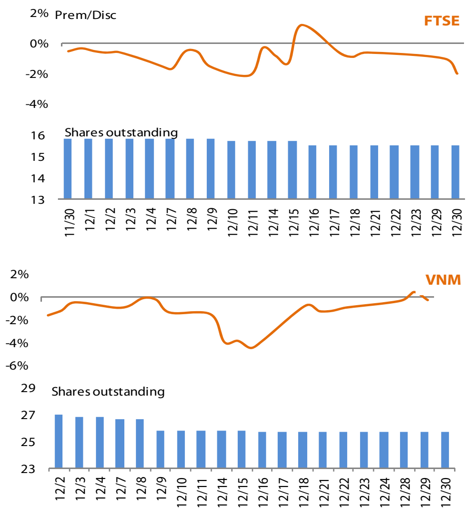
Industry	%change
Technologies	0.0%
Industrials	-0.1%
Constructions	0.4%
Oil & Gas	-0.8%
Distribution	-0.5%
F&B	0.7%
Household Goods	1.1%
Cars & Parts	-0.3%
Chemicals	0.7%
Resources	0.7%
Insurances	-1.4%
Real Estates	-0.5%
Financials	-0.2%
Banking	0.1%
Utilities	0.2%
Healthcare	0.7%



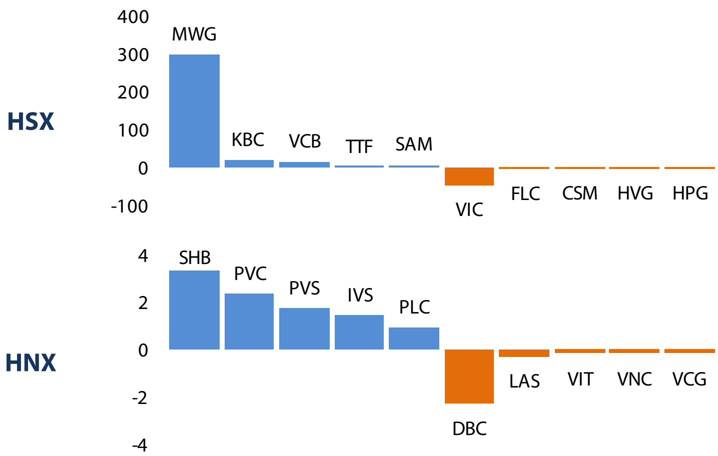
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



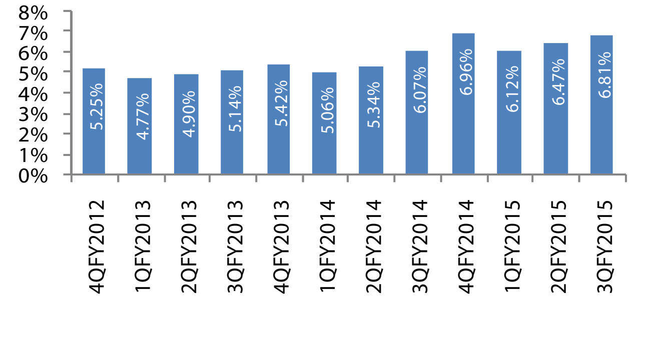
Top Active

Ticker	Price	Volume	% price change
DLG	7.0	8.86	4.5%
HAR	4.4	7.91	-6.4%
OGC	4.4	6.34	-4.3%
VHG	6.7	4.83	1.5%
FLC	7.9	4.69	-1.3%

Ticker	Price	Volume	% price change
SHB	6.5	2.80	3.2%
TIG	11.3	2.36	0.0%
SCR	8.7	2.34	0.0%
KLF	4.4	1.81	-2.2%
KVC	10.1	1.57	3.1%

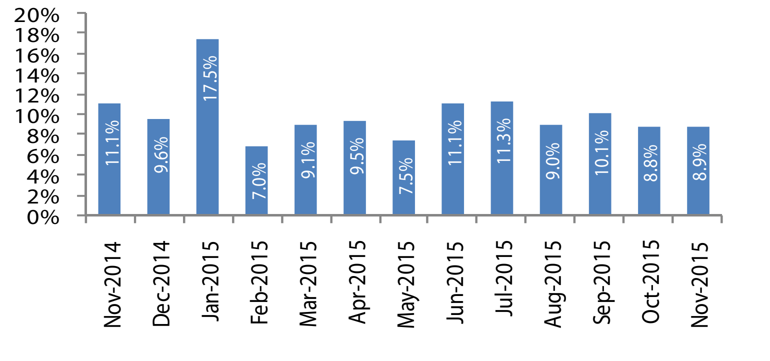
MACRO WATCH

Graph 1: GDP Growth



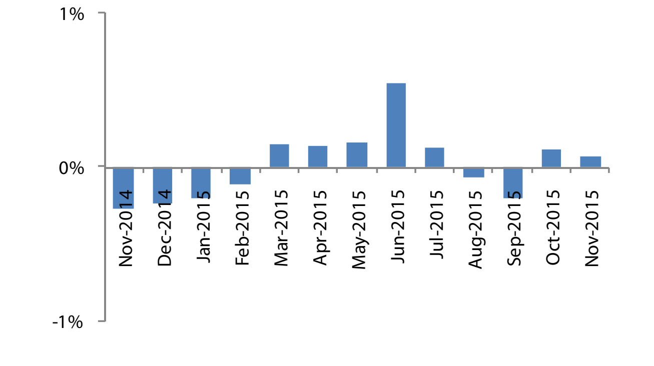
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



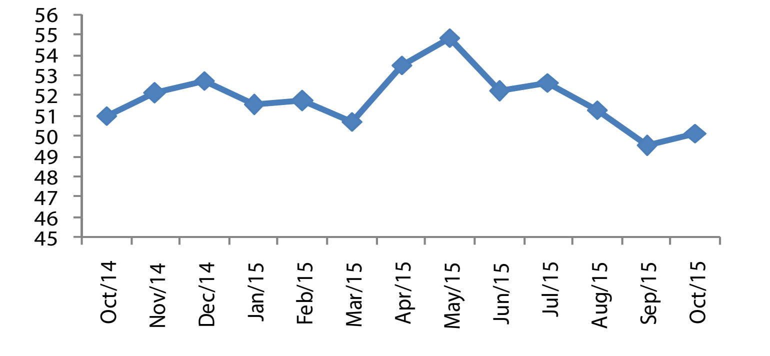
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



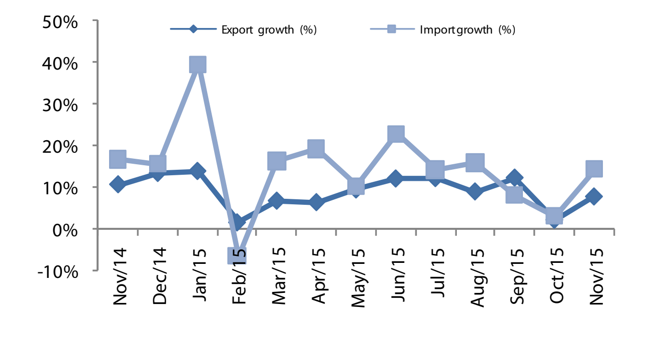
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



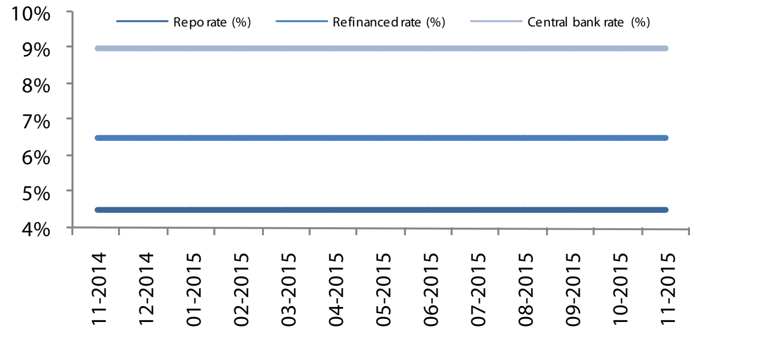
Sources: GSO. Rongviet Securities database

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
ELC- A new growth cycle	December 3rd , 2015	Buy – Long term	33,000
PPC- Positive core business	December 2nd, 2015	Neutral –Long term	21,100
DRC - Expecting on replacement segment	November 13th, 2015	Accumulate – Long term	52,000
NKG - Capital ravels to be untangled	November 6th, 2015	Neutral – Intermediate term	17,400
DMC- Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000

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
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%
VFA	17/12/2015	0.2% - 1%	0%-1.5%	7,230	7,173	0.8%
VFB	17/12/2015	0.3% - 0.6%	0%-1%	12,611	12,611	0%
ENF	11/12/2015	0% - 3%	0%	11,938	12,029	-0.76%
MBVF	10/12/2015	1%	0%-1%	10,883	10,839	0.41%
MBBF	09/12/2015	0%-0.5%	0%-1%	12,523	12,507	0.13%
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%

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