OCTOBER

ADVISORY DIARY

06

TUESDAY

- **The benefits of TPP for Vietnam economy**
- **Domestic investors cheered on TPP deal**
- **New replacement draft for Circular 74/2011/TT-BTC**
- **BMI's investment in SDFC**

The benefits of TPP for Vietnam economy

Negotiation round in Atlanta (02-05/10) helped the TPP to reach the final deal with the complete agreement. This is the desirable information for Vietnamese economy, especially after the recent "up and down" in growth rate. Such information could be the "life vest" for economic growth in long-term.

The first opportunity could be the export expansion. With over 41% of total exporting value coming from TPP countries, it could be said that TPP agreement could be the landmark for Vietnam to expanse exporting activities in extensive markets. Specifically, the highlight could be the opportunity to exporting to US market with high proportion in exporting structure (~20%). Export sectors benefit most from TPP including (1) textile, (2) footwear, (3) furniture and interior; (4) fishery.

Add-valued in export will mainly come from 4 countries. Among 12 countries participating in the TPP, Vietnam had free trade agreements with 7 countries, we suppose that the add-valued in export will mainly come from 4 countries, including; US, Canada, Mexico and Peru. In the first 8 months in 2015, total export value at 4 countries increased by 18.5%, 24%, 38.2% and 50.4% respectively, higher than the remaining countries and the average growth in the 2009-2014 period. Vietnam ran a USD 16.6 billion trade surplus with TPP group in 8M2015, equivalent to 68% of the 2014 trade surplus. It seems that even though TPP has not been signed, Vietnam trade has already benefited from the TPP.

Figure 1: Average growth in 2009-2014

Sources: Customs, RongViet Research

"The benefits of TPP for Vietnam economy"

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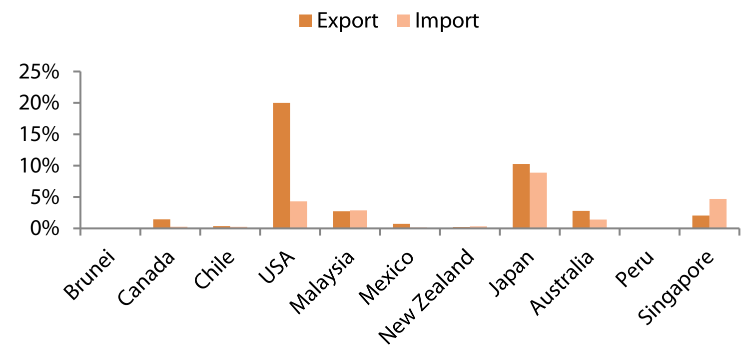
Figure 2: The trade proportion with TPP countries

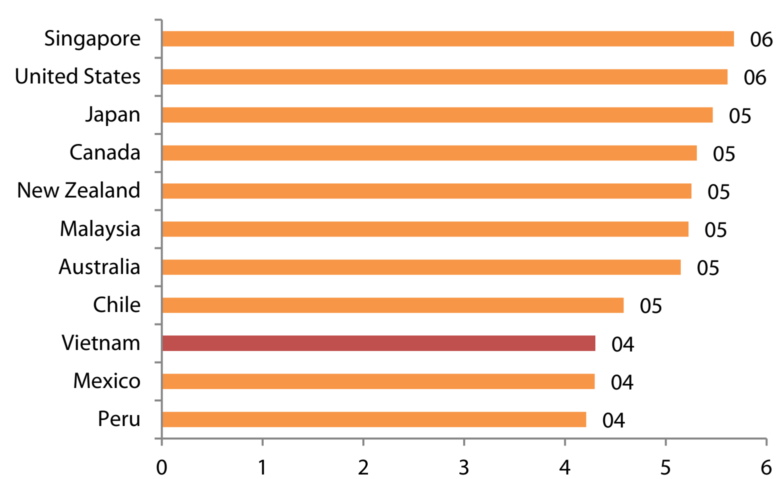


Sources: Customs, RongViet Research

In addition to market accessing opportunity, to meet the non-commercial requirements in TPP could help Vietnam to reallocate and improve the internal forces of the economy. According to the brief note about TPP, 2/3 of 30 chapters deeply regulate the issues in economy such as investment, small and medium enterprises, labor, environment, public sector, intellectual property rights… Initially, Vietnam has not been a perfect market and belonged to "low standard" for such problems. Therefore, we believe that it could take longer time to witness the benefits that TPP provides under these aspects.

TPP could be parallel with the competitiveness enhancement of Vietnam. According to The Global Competitiveness Report 2015 – 2016, Vietnam is among the group that has the lowest competitiveness in TPP. Comparing to the average, Vietnam should improve the most in (1) technological level; (2) education and higher education; (3) infrastructure and (3) financial markets. In Development chapter, TPP agreement could be the model for commerce and economic collaboration which refer to two issues Vietnam is bad at ((1) & (2)). TPP also has a chapter regulating about Financial service with the commitment in term of increasing the opportunities for service providers and promoting stability and safety in financial security of TPP members. In addition, Vietnam is also in the strong infrastructure development phase. Therefore, TPP could be parallel with the competitiveness enhancement of Vietnam in several important aspects.

Figure 3: TPP countries' competitiveness



Source: GCI 2015-2016

TPP upcoming schedule. After reaching the agreement, TPP need to go through the National Assembly of 12 members. Canada officially announced that Congress of this country will approve the TPP after 19/10/2015 election. In addition, Obama administration is expected to discuss this aspect in 2016. According to several assessments, even though US president achieved the fast track authority, TPP approval could face difficulty due to the election period. The last bottleneck for TPP issue could come back to US Congress.

Domestic investors cheered on TPP deal

Completion of TPP negotiation last night brought new breath to markets. Momentum started from TCM, HVG, TNG etc., which are directly benefited from TPP deal. As excited as they felt, investors were very confident to open strong buy positions with capital inflow into HOSE and HNX estimated at VND3,000 billion and VND610 billion consecutively. Many industries had accumulated in sideways movement also absorbed money flow today such as Banking, Insurance, Financial Services, Real Estate, Construction etc. Market breadth improved significantly with 6.6 gainers/decliner. After having locked down in "blank information zone", capital flew strongly into markets, lifted VNIndex through upper limit of previous movements (575). In the end, VNIndex closed at 581.29 pts (+11.29 pts) and HNIndex ended at 80.47 pts (+1.65 pts).

If investors have invested in mid-small capital stocks in September, they can now realize profit from these stocks for the first two weeks of October as TPP officially finished its negotiation phase. For the second period of this month, there will be more chances for domestic investors to accumulate blue-chips which have stable business results and long-term growing prospects but have been discounted recently due to bearish sentiment of foreign investors or at least have yet rallied.

New replacement draft for Circular 74/2011/TT-BTC

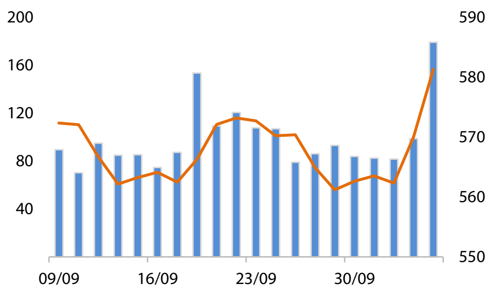
SEC is collecting comments on the Draft composed to be replaced for the Circular 74/2011/TT-BTC. The meeting for that purpose will be held on 7/10. The spot in the draft is T+0 trading rule that allows short sell activities within one trading day. Also, SEC intends to limit the new rule only applied in stocks in VN30 and HNX30 portfolio and fund listed in exchanges. Besides, the draft only allows brokerages having chartered capital above VND 800 billion in latest audited semi-annual business report to provide T+0 services for their clients.

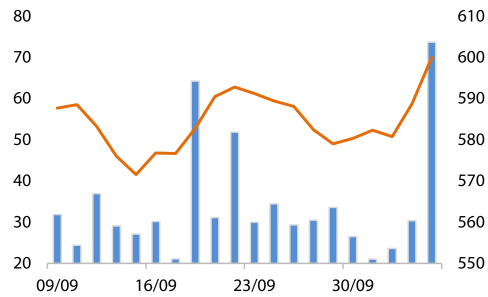
Investors have taken T+0 transaction by either buying a stock held in their portfolio in one account and selling in another account or borrowing stock at their brokerages (banned by law). Therefore the draft is more likely to meet demand of investors. However, because the draft is in processing and needs trials in reality, there is some limited in group of stocks for T+0 transaction to ensure the possibility and stability for stock's trading performance. In brokerages' perspective, they need to accumulate large portfolio size for their clients' borrowing demand. Large capital requirement allows large capital brokerages to have more advantage in delivering liquidity for their clients. Generally, the draft needs more time to complete its conditions, for example: requirements for shortlisted stocks for T+0 trading rule and charted capital required to provide T+0 trading services.

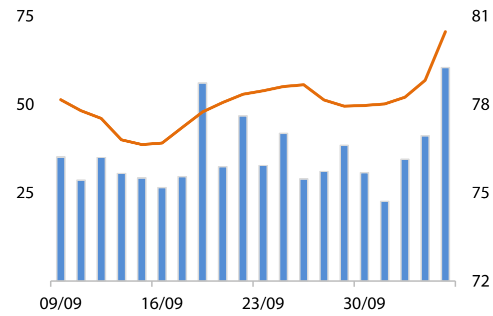
How will BMI treat its investment in SDFC after MBB's extraordinary general meeting approving to merge SDFC into MBB?

MBB's extraordinary general meeting on Oct 6th approved to merge SDFC into MBB and to establish MB Finance Company Limited (M Finance). According to that, approved exchange rate is 2.2:1 (2.2 SDFC stocks will be changed to 1 MBB stock), and MBB's shareholders will receive 0. 25% more MBB stocks, which will be issued from surplus capital. The issued will not be restricted from trading. With approved exchange rate, BaoMinh Insurance Corporation (HSX: BMI), who has 8 mn stocks of SDFC, will be received ~3.636 mn stocks of MBB in exchange. The investment is firstly at VND80 bn, equivalent to VND10,000 per SDFC's share. If using current MBB's price at VND15.500 per share, BMI would report a loss of VND23.6 bn from financial activity after the merge deal done.

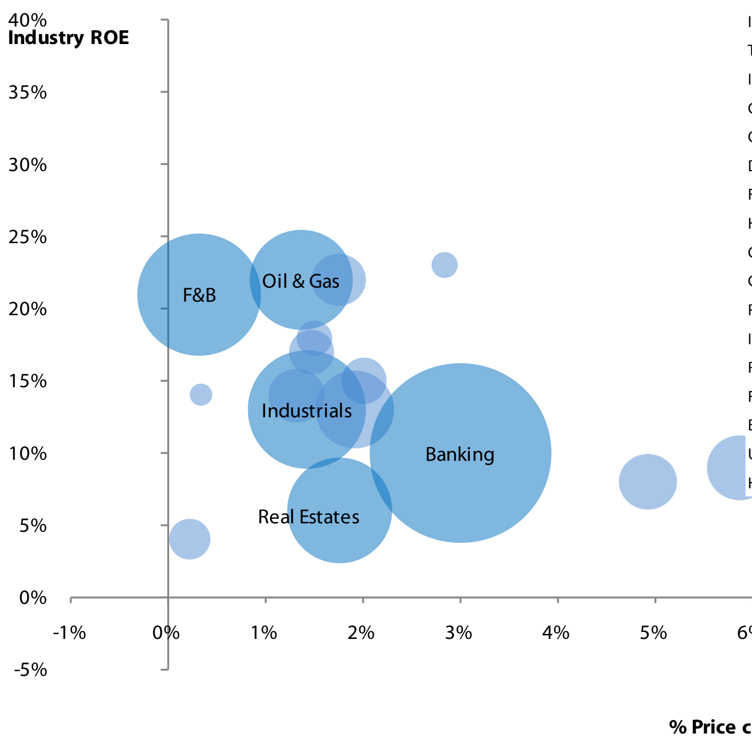
VNINDEX	1.98%	581.29	VN30	1.90%	599.92	HNXINDEX	2.09%	80.47





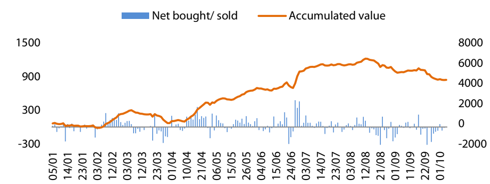


Industry Movement

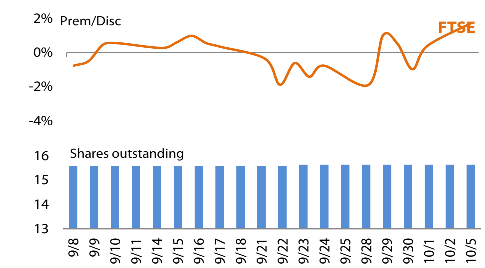


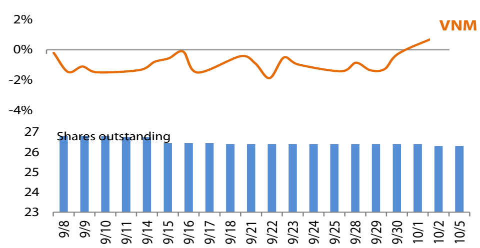
Industry	% change
Technologies	2.0%
Industrials	1.4%
Constructions	1.9%
Oil & Gas	1.4%
Distribution	0.3%
F&B	0.3%
Household Goods	1.5%
Cars & Parts	2.8%
Chemicals	1.3%
Resources	0.2%
Insurances	5.9%
Real Estates	1.8%
Financials	4.9%
Banking	3.0%
Utilities	1.8%
Healthcare	1.5%

Foreign Investors Trading

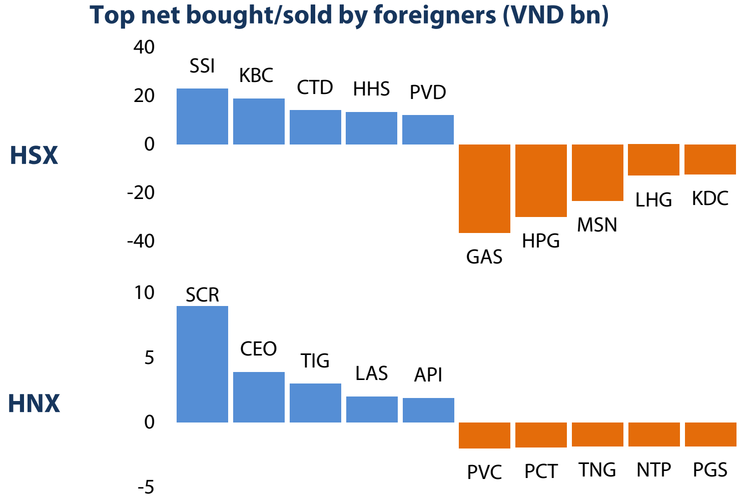


ETF





Top net bought/sold by foreigners (VND bn)



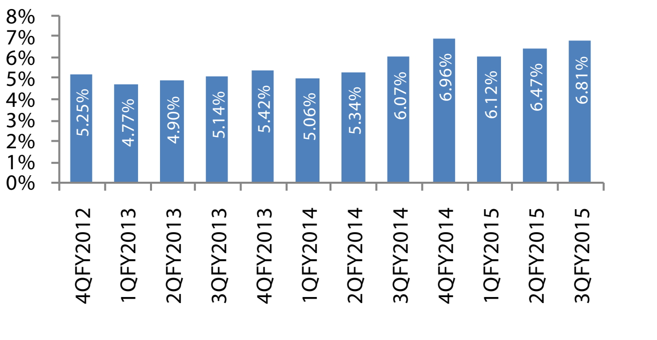
Top Active

Ticker	Price	Volume	% price change
SSI	24.9	8.80	6.4%
FLC	6.8	8.40	4.6%
ITA	5.5	8.18	5.8%
VHG	8.6	7.93	6.2%
KBC	13.6	6.44	6.3%

Ticker	Price	Volume	% price change
SCR	8.4	7.09	5.0%
KLF	4.4	3.84	4.8%
VND	13.4	2.52	6.3%
PVX	3.1	2.49	3.3%
PVS	21.6	2.26	1.9%

MACRO WATCH

Graph 1: GDP Growth



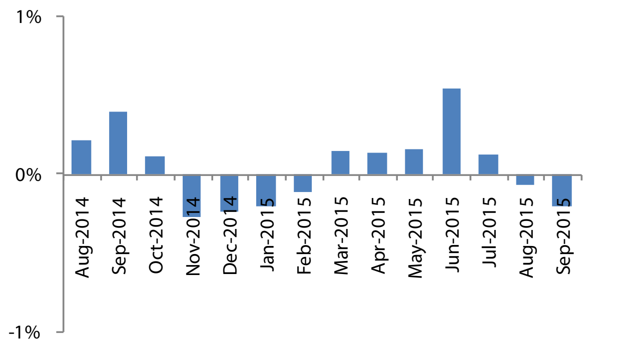
Sources: GSO. Rongviet Securities database

(*) Comparision price in 1994

Graph 2: IIP

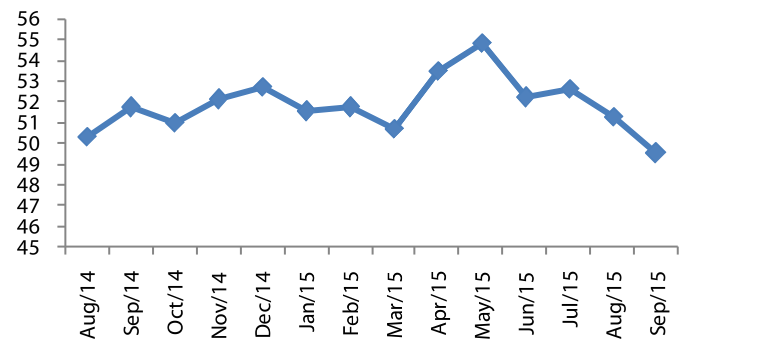
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



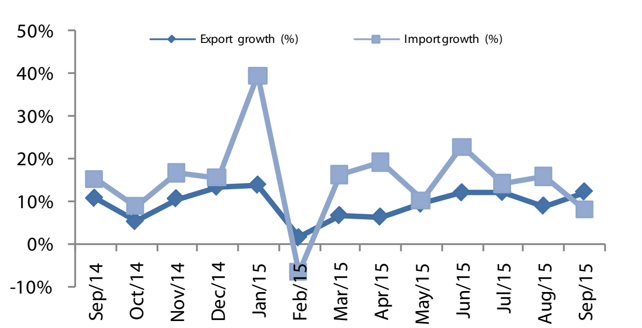
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



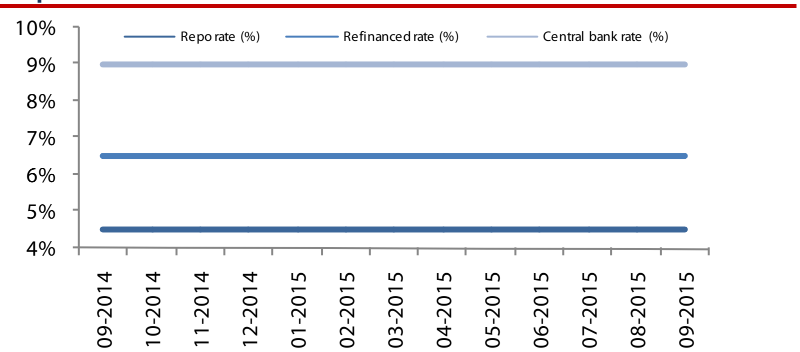
Sources: GSO. Rongviet Securities database

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
CHP- Off season advantages	Sep, 30th 2015	Buy - Intermediate	23,600
PXS - Invest to strengthen construction capacity	Sept, 4th 2015	Accumulate - Intermediate	17,000
SHP - Positive over long-term	Sept, 3rd 2015	Accumulate - Intermediate	20,800
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

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	29/09/2015	0% - 0.75%	0% - 2.5%	11,922	11,900	0.18%
VEOF	29/09/2015	0% - 0.75%	0% - 2.5%	10,241	10,156	0.84%
VF1	02/10/2015	0.2% - 1%	0.5%-1.5%	22,761	22,699	0.27%
VF4	02/10/2015	0.2% - 1%	0%-1.5%	10,112	10,095	0.16%
VFA	02/10/2015	0.2% - 1%	0%-1.5%	7,097	7,217	-1.66%
VFB	02/10/2015	0.3% - 0.6%	0%-1%	12,375	12,361	0.12%
ENF	25/09/2015	0% - 3%	0%	11,578	11,326	2.22%
MBVF	24/09/2015	1%	0%-1%	10,538	10,391	1.41%
MBBF	23/09/2015	0%-0.5%	0%-1%	12,372	12,336	0.29%

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