RONG VIET SECURITIES

SEPTEMBER

08

THURSDAY

6 PM CALL

Market today: Triple Lu - Discussing about the new price increment

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Consensus of bluechips such as GAS, VNM, VIC, HPG, FPT and VNM supported VNIndex to move higher after 4 days going down. VNIndex added 4.79 pts to yesterday close and stopped at 666.07 pts. HNIndex also increased by 0,56% and closed at 84.69 pts. Market breadth was positive with 126 gainers over 85 decliners. Liquidity surged as we saw 169 million shares successfully traded, equivalent to VND3,656 billion.

A good day at all. VNIndex closed at a beautiful number: 666.07, in order words, we may say "Triple Lu" (Lu: the name of a God in Chinese belief, who brings wealth to mortals). There are 3 good signs of today trade: (1) stronger capital inflows, (2) foreigners limiting their selling and (3) most of industries indices moving higher. After having been approached the level of 666 pts for 3 times, VNIndex once again tried to break such level. Last time, when VNIndex managed to surpass 666, it headed forward to 680. Today gathered almost everything it needs to break do so. It is expected that all of today good signs will remain in upcoming sessions to ensure that VNIndex will be able to rally higher.

"Triple Lu - Discussing about the new price increment"

We saw that investors were discussing about shares of financial services firms. These firms are expected to be benefit from (1) trading activities and (2) positive results of brokerage services thanks to market's performance in 2Q/2016. Another information is considered as a catalyst for securities firms is the new trading mechanism including: changes in tick sizes, larger bid/ask volumes and parallel orders. We are going to discuss about the most concerning change, which is the tick sizes for investors to have more views on how this new mechanism could support market.

Discussing about the new price increment

Next Monday (September 12), the new securities trading rules on the HOSE will officially become effective, in which the new price increment is one of the hottest topic. The detail is shown in the following table.

Products	Price	New Price quotation units
Stocks, Closed fund Certificates	<10,000	VND 10
	10,000-49,950	VND 50
	>= 50,000	VND 100
ETF Certificates	All price	VND 10

This is the first time the tick size is adjusted in Vietnam stock market, while it is quite familiar in other markets around the world. For example, when the New York Stock Exchange (NYSE) started out over 200 years ago, the tick size was 1/8th of a dollar or 12.5 cents. In 1997, NYSE adopted the denomination of 1/16, or a spread of 6.25 cents. Finally, in 2001, the exchange switched to 1-cent increments for stock trading. The stock market moved from a fraction-based system to a decimal system of trading.

This new regulation, in our opinion, may influence the market in the following ways:

Improved market liquidity

Smaller price increment is relevant for policymakers because it has the potential to affect market liquidity. Theoretically, it would help matching the need of the sellers and buyers more easily, thus enhancing liquidity. Moreover, as the maximum volume of an order is increased from 19,990 stocks /fund certificates to 500,000, trading sessions are promised to be more eventful.

Compete on price rather than speed orders

This is especially evident in the case of penny stocks. Before the new regulation, a stock with quoting price of VND 1,500 has only 3 bid/ask prices: VND 1,400 (floor price), VND 1500 and VND 1,600 (ceiling price). Priority to buy/sell shares will depend on who places the order first. With the regulation change, price competition is possible.

Tighter spreads between the bid and offer prices would make it harder for market makers to make money on the stock they deal in. However, as liquidity improved, the change will probably bring something new to the market.

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
TDH – Small firm, large potential	August 25th, 2016	Buy – Long term	15,800
PTB - Expanding stone production segment	August 22nd, 2016	Accumulate - Intermediate	150,000
IMP - Growth engines from the EU - GMP factories	Agust 16th, 2016	Neutral – Long term	50,400
SRF - Making full use of industry growth	August 4th, 2016	Accumualte – Long term	32,100
ITD - Growth dynamics from development of transport infrastructure	July 28th, 2016	Buy - Intermediate	34,900

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
VF1	25/08/2016	0.2% - 1%	0.5%-1.5%	28,774	28,778	-0.01%
VF4	25/08/2016	0.2% - 1%	0%-1.5%	12,793	12,816	-0.18%
VFA	19/08/2016	0.2% - 1%	0%-1.5%	6,604	6,630	-0.39%
VFB	19/08/2016	0.3% - 0.6%	0%-1%	13,282	13,213	0.52%
ENF	19/08/2016	0% - 3%	0%	14,223	13,974	1.78%
MBVF	18/08/2016	1%	0%-1%	11,598	11,513	0.74%
MBBF	17/08/2016	0%-0.5%	0%-1%	13,072	13,054	0.14%
VF1	25/08/2016	0.2% - 1%	0.5%-1.5%	28,774	28,778	-0.01%
VF4	25/08/2016	0.2% - 1%	0%-1.5%	12,793	12,816	-0.18%

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