02

MONDAY

- **"Hai Phong tour" story**
- **Profit takers are not expected to leave**
- **Vietnam saw a stable manufacturing activity in October, 2015**

"Hai Phong tour" story

Logistics industry and its related tickers which expect to benefit from fast growing trade activity from such FTAs (e.g TPP) have received great attention from investors lately. On this occasion, we would like give investors some update regarding the 9M2015 performance and long-term prospect of listed port operators in Hai Phong area.

In 9M2015, total Hai Phong port area's throughput recorded 51 million tons (+13.7% yoy), completing 78.5% of 2015's guidance. We think that the main growth drivers of rising throughput in this area come from: (1) positive manufacturing FDI inflow to the North (such as Dinh Vu IP, VSIP Hai Phong, Hai Duong and Bac Ninh IP), (2) improvement in public infrastructure in Ha Noi-Hai Phong area (dredging of channel, new high way system) have sped up goods movement and (3) logistic infrastructure development (depot, warehouse) facilitating goods collection activities.

Apart from growth in port throughput, listed port operators such as GMD, VSC, DVP and HAH are expected to post extraordinary 3Q earning results thanks to reefer revenue. As far as we concerned, China move in temporarily closing the main border gates with Vietnam including Tan Thanh, Mong Cai and Lang Son during 2Q and 3Q2015 caused thousands of reefers heading to Southwest of China from the North of Vietnam to congest at Hai Phong port area. Simply, the longer the situation lasted, the higher demand for reefer storage capacity. As a result, with the main cost being electricity bill, most of Hai Phong port operators are scheduled to record big windfall from this situation in 3Q results.

We believe growth prospects of port operators in Hai Phong would rely on: (1) ability to expand capacity of current ports, (2) location of new ports, (3) ability to invest in supporting backend warehouse system and (4) maintain and improve services quality. Possession of deepwater ports in Dinh Vu peninsula area will bring large companies like VSC (VIP-Greenport port – 1st phase operation in 11/2015), GMD (Nam Hai Dinh Vu port) and PHP (Tan Vu port) superior advantages to regarding room for earnings growth in the long term. HAH, though being limited in berth expansion capacity, still has a growth potential thanks to expansion of domestic vessel fleets. On the one hand, demand for inland transportation is expected to increase as the effect of truck load control policy. On the other hand, such activity is also crucial in maintaining throughput for Hai An port in the long-term.

However, port operation in the North does face some risks. Most of goods passing through ports in this area are China bound; hence, Vietnam-China geopolitical situation would materially determine performance of these ports. If border trades between China and Vietnam was restricted, port operation productivity would certainly be affected. Regarding reefers activity, goods owners might opt to abandon their reefers if cold storage cost rised above its realized sales value as waiting days count longer. Last but not least, Lach Huyen deep water port, which is going to operate from 2017, will increase competitiveness in this area.

"Profit takers are not expected to leave"

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Profit takers are not expected to leave

Widespread profit-taking activities occurred, especially among hot stocks recently. Even though banking stocks, specifically VCB, made the effort to lead the markets in the morning session, stock exchanges experienced significant selling pressure with negative trading activities in the afternoon. With the number of decline stocks tripled the number of improved stocks, both

VNIndex and HNIndex ended the trading day with "red color". VNIndex dropped by 4.61 points and HNIndex decreased by 1.12 points. Moreover, several segments which have stocks with sharp improvements over the last week unexpectedly witness strong profit-taking pressure, even with price floors in several tickers such as automotive retail (SVC, HTL, TMT, HAX…), seaports (DVP, HAH…) and steel (HSG, HPG…).

However, market still kept some supporting in index, liquidity and foreigner's transaction. Despite high profit-taking pressure, VNIndex remained above 600, a supporting threshold. It would make market sentiment less bearish in next sessions. Besides, under wide selling pressure, demand was improved positively, with order-matching volume in HSX up 20% compared to last week average. Therefore, we considered today correction was reasonable for market movement in next days. Such sessions would even take positive impact on market cash flow. Investors who have not yet opened buying position in some bullish sectors, such as logistic and port, can open their position at lower prices. Meanwhile, cash flow from today profit-taking activities would make new demand in next sessions.

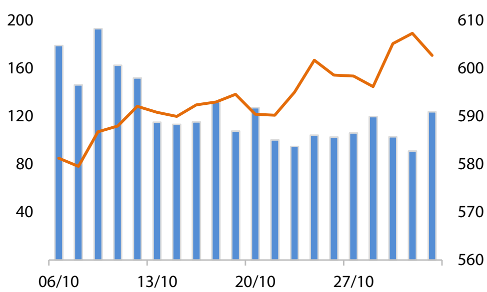
Foreigners sold net amounts on low price stocks in HSX. Indeed, foreign investors bought in 3,75 million shares while sold out 4,5 million stocks in HSX. Despite a big gap between long and short volumes, the total net selling value was only VND32 billion. In HNX, they also sold 8.3 million units but only bought 8.3 million shares. Total net buying value in HNX was around VND7.7 billion. Hence, we think that low price stocks were the targets today, which had little impact on market sentiment.

Vietnam saw a stable manufacturing activity in October, 2015. According to the most recently updated report from Nikkei, Vietnamese manufacturing PMI reached at 50.1, which saw a slight improvement in business condition. Production rose marginally in October thanks to the positivity of a domestic demand. Meanwhile, new orders fall slightly in this month, more specifically, new export orders witnessed a fifth consecutive fall due to a slowdown of global demand. This also led to the decrease in the rate of job creation.

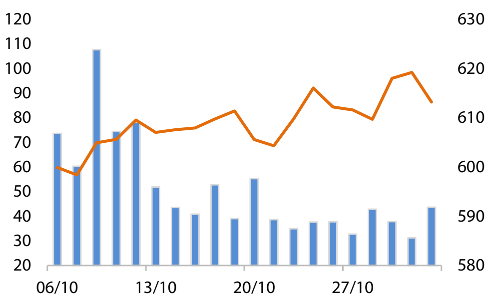
In upcoming months, we suppose that manufacturing activities in Vietnam might keep their stable pace owing to the high demand in the end of year. However, the consecutive contractions of the new export orders might be proven that the effect of the slowdown of global economy to Vietnam economy. RongViet Research supposed that the slowdown of new orders might affect to PMI in the next 2-3 months.

In the same day, Caixin made known Chinese manufacturing PMI with an increase from 47.2 in September to 48.3. In particular, many key components still saw a bleak picture. In the previous days, PBoC showed the increased determination to stabilize growth by cutting its benchmark rate. Therefore, we supposed that the underestimated Chinese manufacturing activity in October led to the disappointment of financial investors. Today, Yuan also decreased by 0.34% as compared to the previous Friday, which also the highest since PBoC changed the exchange rate policy (August, 2015).

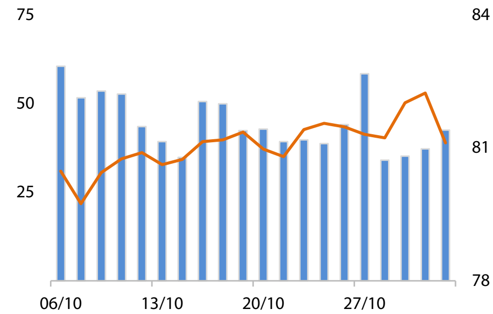
VNINDEX -0.76% **602.76**



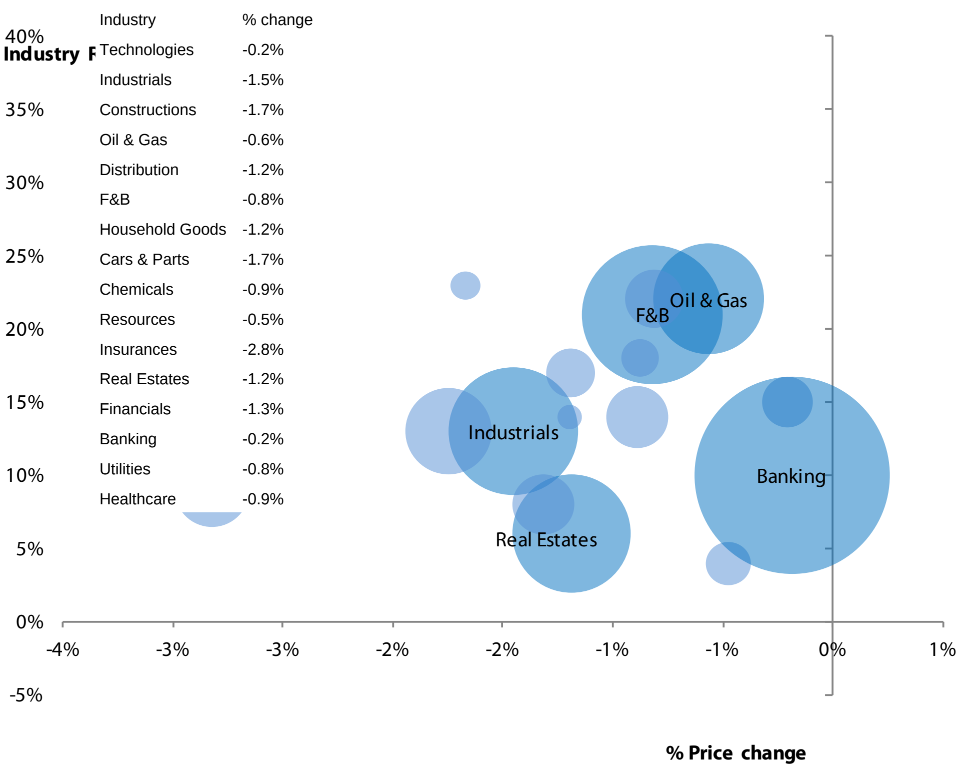
VN30 -0.97% **613.19**



HNXINDEX -1.36% **81.11**

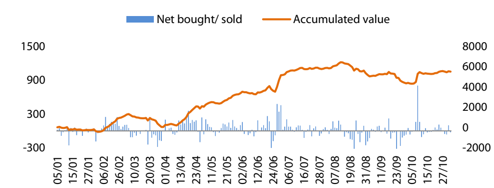


Industry Movement

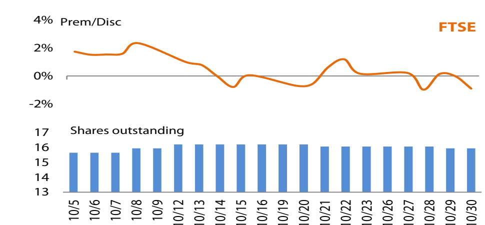


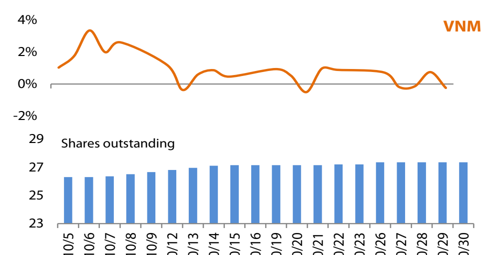
Industry	% change
Technologies	-0.2%
Industrials	-1.5%
Constructions	-1.7%
Oil & Gas	-0.6%
Distribution	-1.2%
F&B	-0.8%
Household Goods	-1.2%
Cars & Parts	-1.7%
Chemicals	-0.9%
Resources	-0.5%
Insurances	-2.8%
Real Estates	-1.2%
Financials	-1.3%
Banking	-0.2%
Utilities	-0.8%
Healthcare	-0.9%

Foreign Investors Trading

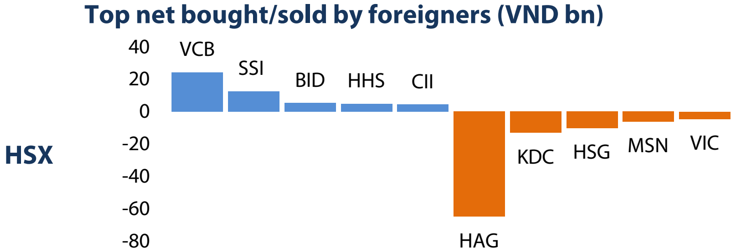


ETF





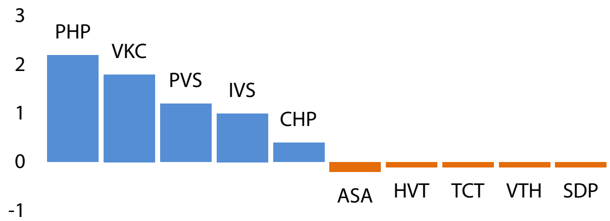
Top net bought/sold by foreigners (VND bn)



Top Active

Ticker	Price	Volume	% price change
OGC	2.7	17.93	-6.9%
FLC	7.0	7.19	0.0%
DLG	8.5	4.14	3.7%
ITA	6.4	3.60	-1.5%
FPT	49.5	2.79	0.4%

HNX



Ticker	Price	Volume	% price change
KVC	8.7	2.11	3.6%
SCR	8.0	1.70	0.0%
ACM	3.7	1.66	8.8%
KLF	4.3	1.41	0.0%
TIG	11.2	1.27	-0.9%

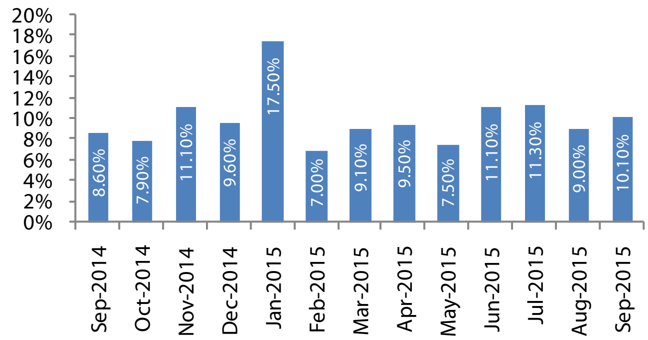
MACRO WATCH

Graph 1: GDP Growth

Sources: GSO. Rongviet Securities database

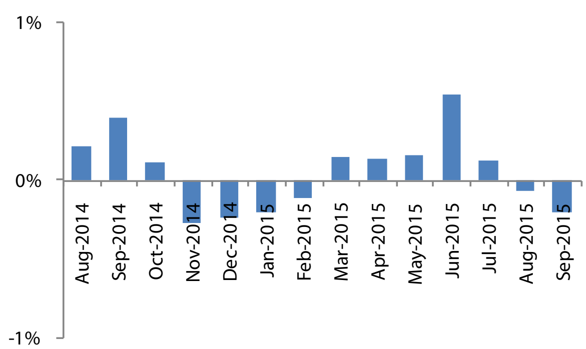
(*) Comparision price in 1994

Graph 2: IIP



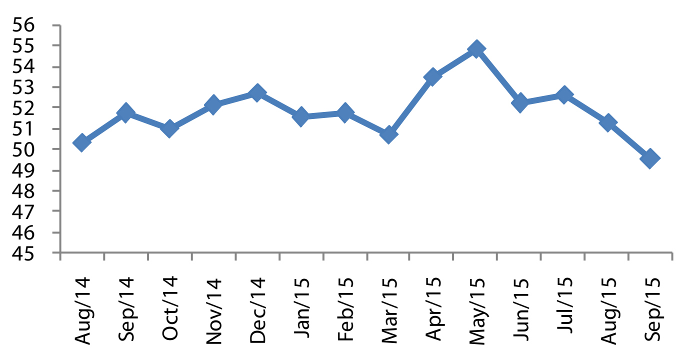
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



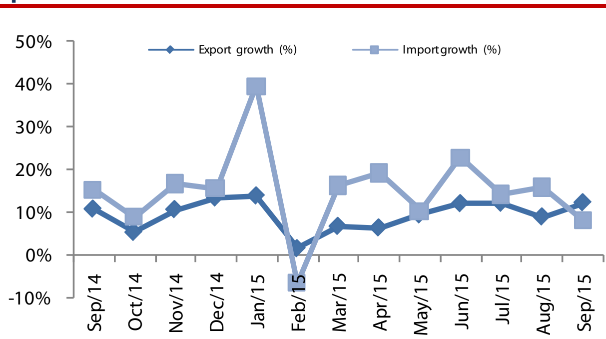
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



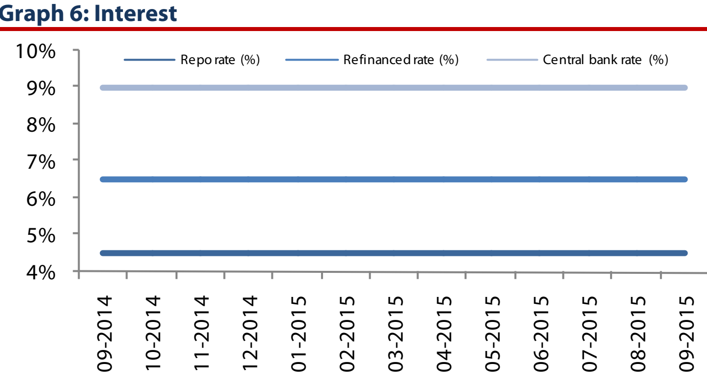
Sources: GSO. Rongviet Securities database

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
DMC - Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000
HSG - New investments: The engine of growth	October 29th, 2015	Accumulate – Long term	52,500
KSB - Rock-solid foothold in the construction stone	October 28th, 2015	Buy – Intermediate term	38,400
HHS - Riding on a rough road	October 28th, 2015	Neutral – Short term	20,100
PVT - Upside potential outweighs short-term risks	October 20th, 2015	Buy – Long-term	15,900

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	20/10/2015	0% - 0.75%	0% - 2.5%	12,030	11,946	0.70%
VEOF	20/10/2015	0% - 0.75%	0% - 2.5%	10,558	10,473	0.81%
VF1	28/10/2015	0.2% - 1%	0.5%-1.5%	23,992	23,909	0.34%
VF4	28/10/2015	0.2% - 1%	0%-1.5%	10,788	10,747	0.38%
VFA	22/10/2015	0.2% - 1%	0%-1.5%	7,438	7,488	-0.67%
VFB	22/10/2015	0.3% - 0.6%	0%-1%	12,421	12,409	0.10%
ENF	23/10/2015	0% - 3%	0%	11,963	11,943	0.17%
MBVF	22/10/2015	1%	0%-1%	11,000	10,965	0.32%
MBBF	28/10/2015	0%-0.5%	0%-1%	12,438	12,445	-0.06%

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