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FRIDAY

- **Halloween: No trick, just treat**
- **Result updates: PVS Q3/2015 earning**

Upward but low liquidity

VNIndex remained its upward after a thrust-up session but still stayed in low liquidity. Apart from positive in VCB (+VND1,000), BVH (+VNN 1,000), MBB (+VND400),…,the others were so boring. Liquidity dropped to 104.44 million shares in order-matching volume, equivalent to VND 1,845 billion in value, a 20% down compared to previous session. Today bright spot was in activities of foreigners to net buy nearly VND 95 billion.

So, despite indices surge the quiddity still kept at low level. We kept our view that market was short of momentum to break out strongly. Activities of buying bullish stocks may push traders to more risk. However, we think investment according to seasonal effect based on testing statistics would probably less risk, **such as Halloween effect.**

Halloween: No trick, just treat

It's usually said that "Sell in May and go away" in US market. That phrase is used for the Halloween effect, a seasonal effect. According to that effect, investment return in period of November- April is usually higher than in period of May-October. Surprisingly, that effect does not only happen in US but also in other markets where Halloween is not a traditional holiday, such as Asia countries. However, specific explanation for that seasonal effect is not so clear. In today AD, we do some statistic to check whether it had been existed in Vietnam.

(*)Halloween: is a yearly celebration observed in a number of countries on 31 October, the eve of the Western Christian feast of All Hallows' Day (Source: Wikipedia)

"Halloween: No trick, just treat"

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First evidence of the Halloween effect

Bouman and Jacobsen (2002) assessed the effect in their paper "The Halloween Indicator, "Sell in May and Go Away": Another Puzzle". They studied on 37 countries and found evidence for Sell in May effect in 36 countries.

Evidence in Vietnam stock market

Using methodology of Bouman and Jacobsen to test for calendar effects, we calculate average holding period return from November to April and from May to October. As being seen in Table 1, differences between two mean returns are more significant than different between two standard deviations (risk). In other word, at a same (not very close) risk, those who buy and hold stocks from November to April have tendency to earn higher than those who use the same strategy in the period between May and October. Besides, Nov – April also has higher probability of positive return (66.67% compared to 46.67%).

Vietnam stock market's risk and return (from 2000 to 30/10/2015)

	Return	Standard deviation	Probability of positive returns
November – April	36.57%	55.47%	66.67%
May - October	3.27%	30.41%	46.67%

Source: RongViet Research

Deeper look into monthly returns

Table 2: Returns of Halloween period (November – April)

	Nov	Dec	Jan	Feb	Mar	Apr
2000-2001	17.72%	20.34%	5.06%	-11.39%	-1.07%	4.55%
2001-2002	8.86%	-16.83%	-10.42%	-6.54%	3.39%	2.63%
2002-2003	0.29%	2.26%	-6.01%	-3.70%	-12.18%	9.24%
2003-2004	20.69%	1.26%	26.70%	25.81%	2.21%	-5.46%
2004-2005	-1.18%	3.11%	-1.65%	1.16%	4.54%	0.29%
2005-2006	0.26%	-1.47%	2.31%	24.75%	25.29%	13.79%
2006-2007	21.42%	19.08%	40.48%	8.42%	-4.61%	-12.44%
2007-2008	-9.63%	-6.17%	-8.36%	-22.84%	-18.64%	0.26%
2008-2009	-9.72%	0.29%	-3.23%	-17.40%	13.33%	11.09%
2009-2010	-10.25%	-3.91%	-6.79%	2.05%	-0.75%	6.73%
2010-2011	0.11%	7.74%	5.06%	-11.39%	-1.07%	4.55%
2011-2012	-8.01%	-7.51%	10.85%	8.44%	3.06%	6.28%
2012-2013	-2.61%	9.09%	14.69%	-1.83%	2.91%	-6.19%
2013-2014	2.15%	-0.77%	10.31%	5.73%	3.17%	-1.00%
2014-2015	-6.06%	-3.94%	5.81%	3.89%	-6.70%	4.36%
Mean	**1.60%**	**1.50%**	**5.65%**	**0.34%**	**0.86%**	**2.58%**
Probability of positive returns	**53.33%**	**53.33%**	**60%**	**53.33%**	**53.33%**	**73.33%**

Source: RongViet Research

Table 3: "Sell in May and go away"

	May	Jun	Jul	Aug	Sep	Oct
2000				11.39%	6.47%	16.47%
2001	23.58%	21.71%	-13.99%	-29.88%	-17.53%	13.63%
2002	-1.15%	-2.77%	-1.34%	-2.77%	-4.86%	-2.93%
2003	0.02%	0.40%	-4.13%	-1.50%	-1.96%	-2.14%
2004	-5.12%	-1.11%	-4.07%	-2.02%	0.73%	0.01%
2005	0.09%	0.85%	-0.40%	3.67%	13.48%	7.48%
2006	-11.96%	-3.66%	-16.74%	21.32%	5.72%	-3.79%
2007	15.61%	-4.89%	-8.67%	-1.60%	12.58%	-1.78%
2008	-20.56%	-2.09%	10.19%	20.57%	-17.73%	-23.63%
2009	22.28%	5.13%	8.55%	16.85%	6.06%	3.19%
2010	-7.59%	-0.30%	-2.01%	-7.43%	-0.92%	0.20%
2011	-13.40%	-0.73%	-4.61%	5.84%	-1.77%	-0.31%
2012	-9.16%	-1.50%	-1.15%	-4.01%	-2.37%	0.48%
2013	9.59%	-6.94%	2.46%	-4.01%	4.33%	1.05%
2014	-0.50%	3.83%	3.11%	7.20%	-6.55%	-1.38%
2015	4.49%	3.14%	5.00%	-7.34%	0.06%	7.78%
Mean	0.42%	0.74%	**-1.85%**	1.64%	-0.27%	0.90%
Probability of positive returns	**46.67%**	**40%**	**66.67%**	**43.75%**	**50%**	**56.25%**

Source: RongViet Research

Notably, the yield in January was the highest (5.66%) while the worst was July (-1.85%). This result showed that, there was "January effect" – a small effect covered by Halloween effect and "July effect" which only occurred in Vietnam. In addition to high return, the probability of "taking profit" in January also was quite high (according to our statistics, this probability has reached 66.67% since 2000), while, trading in July, the figure has only been 33.33%). We also conducted expertise-according Bouman and Jacobsen method (2002), the results was quite reliable.

Suggestion from Halloween effect

As the reliable statics above, a simple cycle investment strategy which can apply is focusing on selection, buying and holding good tickers from November – next April (time can be adjusted), so investor can improve profit. Halloween is coming, just in time for this strategy?

Macro updates: US third quarter GDP

US economy witnessed a slower growth in Q3/2015. The economy recorded a 1.5% growth, downed as compared to the increase of 3.9% in Q2/2015 as well as lowering than many previous forecasts of 2.5%. In particular, consumer spending continued to be the main driver for the US economy, contributing 2.2 percentage points to the overall growth. Meanwhile, the slowdown of global economy led to the plunge in the private inventories, subtracting 1.44% from GDP growth. Export – Import and investment activities also had stagnation in the July-September period.

Result updates: PVS Q3/2015 earning

Despite sharp drop of crude oil in Q3/2015, PVS still showed its stability as revenue recorded at VND6,819 billion (-29,85% yoy) while NPAT of parent company saw a slight growth of 1.05% to arrive at VND371.94 billion. 9M2015 accumulated results recorded VND19,324 billion (-15.70% y-o-y) of revenue and VND1,250 billion (+9.02% y-o-y) at the bottom line. However, in our expert opinion, PVS is a very promising stock as a leading company in oil and gas industry as well as their positive outlook for the upcoming onshore project such as (1) Long Phu 1 Thermal Power, Song Hau 1 Thermal Power, (3) Su Tu Trang project, (4) package deal with Dam Phu My and (5) The gas pipeline for Block B – O Mon. Furthermore, by further investing in fleet and machinery equipment, PVS could improve its construction ability, procurement and also enhance its core business in the upcoming years.

Updates on banking industry

Banking industry: Stable liquidity yet profitability ratios not improved. National Financial Supervisory Commission released an economic report in Oct and ten-month of 2015. Accordingly, the LDR (Loans to Deposit Ratio) is maintained lower than 80%; in which, denominated foreign currency's deposit and credit, LDR is also less than 85%. These ratios are in line with regulation. Credit structure, in term of maturity, positively moved toward increasing short-term credit proportion. NIM has rebounded thanks to strong growth of credit. Despite of that, due to increasing provision, commercial banks' profitability has not improved. ROE and ROA ratios (trailing twelve month) reached 4.16% and 0.32% respectively in Oct 2015.

Table: Profitability ratios of banking sector

Profitability	2013	2014	Oct 2015 (TTM)
NIM	2.80%	2.70%	2.80%
ROE	6.4%	4.6%	4.16%
ROA	0.6%	0.36%	0.32%

Source: National Financial Supervision Commission

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index kept going up for the fourth consecutive week, closed at 607,37 (+5,63 points or 0,93%). Trading volumes reduced slightly 5% down to 467,5 million shares.

VN-Index is now fluctuating around 600 threshold on average volumes. The selling pressures are not strong therefore VN-Index will have chances to go higher. The next target is 620 but the index may also retreat to retest the 600 threshold.

All the moving averages are moving up steadily showing that the uptrend of VN-Index is solid. Any correction will be a chance to buy.

Looking at technical indicators, both the MACD and the RSI remains bullish. The ADX indicator is increasing firmly showing that the uptrend is developing stronger.

In a short-term, the support of VN-Index is around 600 while the resistance is 620.

Traders should hold stocks longer and corrective sessions are good chance for disbursing.

HNX-Index

HNX-Index added 0,68 points (or 0,83%), closed at 82,23. Totally 173,6 million shares changed hands (equal to previous week).

HNX-Index went up slowly on moderate liquidity. The index will soon meet its 200-day moving average (at around 83) and a shake may appear due to SMA(200) is a resistance.

Looking at technical indicators, both the MACD and the RSI remains bullish. The ADX turned up slightly but was still low, means that the uptrend of HNX-Index is not strong.

In a short-term, the support of HNX-Index is around 81 while the resistance is around 83.

Recommendation:

Both VN-Index and HNX-Index kept going up slightly on reducing volumes. An uptrend was confirmed and traders should hold stocks for higher targets.

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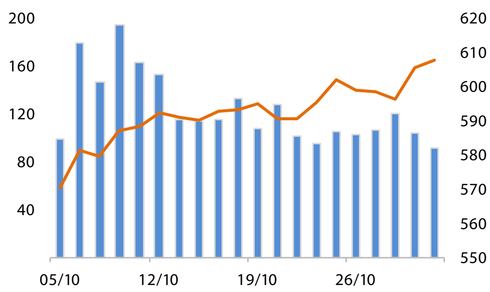
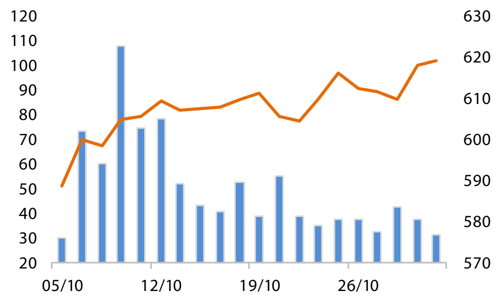
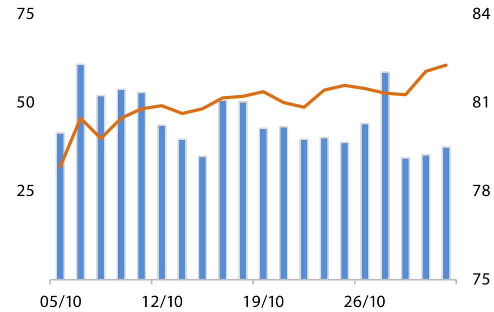
VNINDEX 0.36% **607.37** | **VN30** 0.19% **619.21** | **HNXINDEX** 0.27% **82.23**

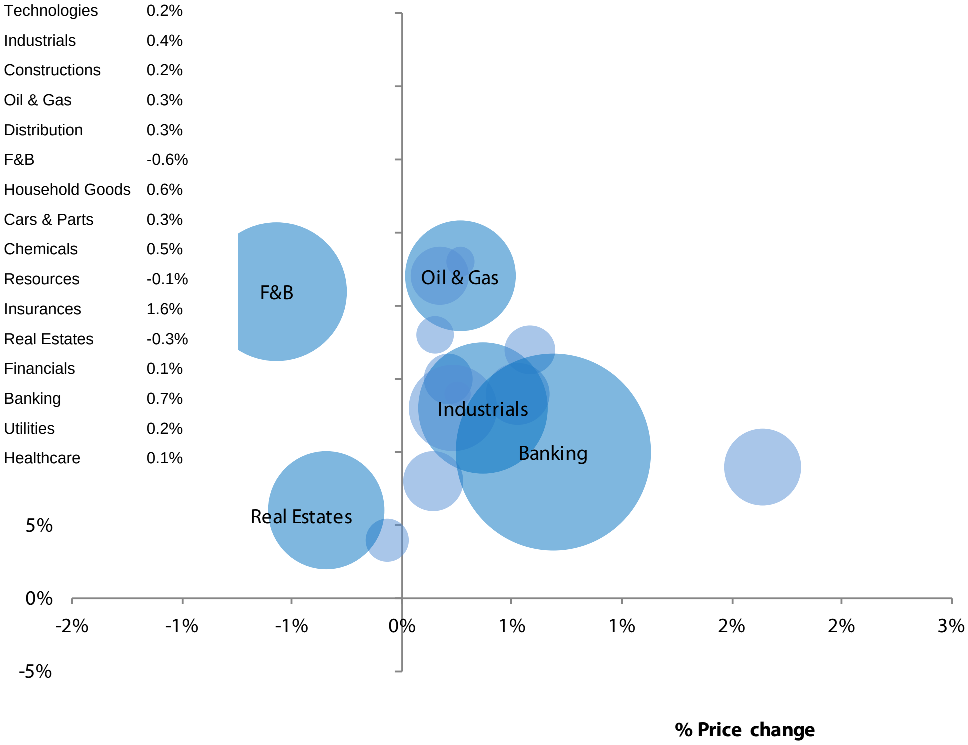




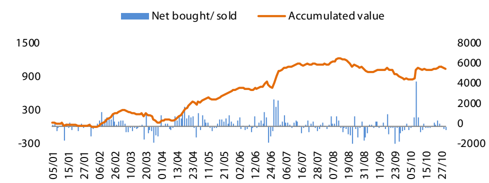


Industry Movement

Industry	% change
Technologies	0.2%
Industrials	0.4%
Constructions	0.2%
Oil & Gas	0.3%
Distribution	0.3%
F&B	-0.6%
Household Goods	0.6%
Cars & Parts	0.3%
Chemicals	0.5%
Resources	-0.1%
Insurances	1.6%
Real Estates	-0.3%
Financials	0.1%
Banking	0.7%
Utilities	0.2%
Healthcare	0.1%



Foreign Investors Trading



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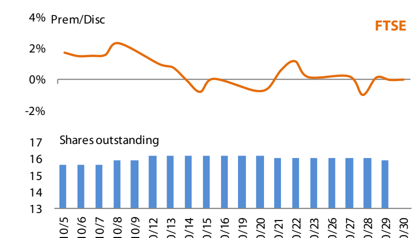
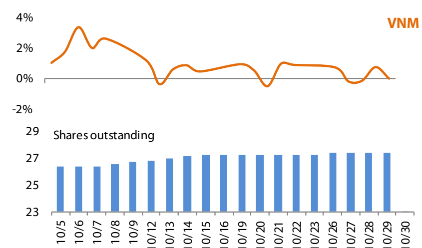
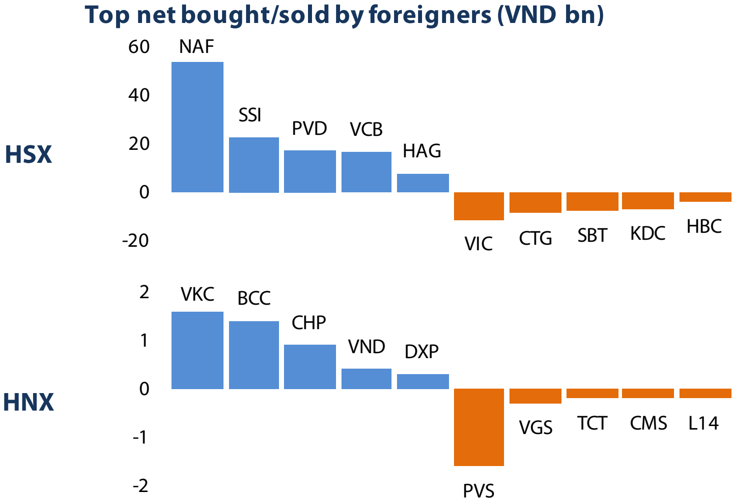




Top net bought/sold by foreigners (VND bn)



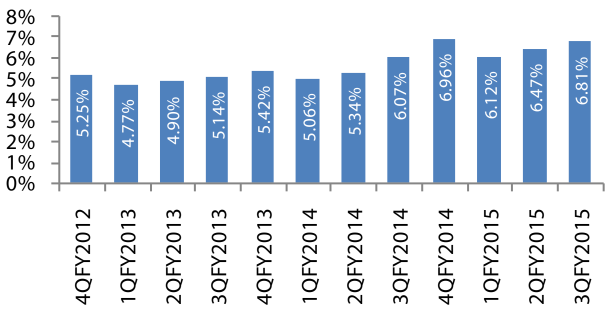
Top Active

Ticker	Price	Volume	% price change
FIT	10.4	6.52	4.0%
HAI	6.0	3.50	-1.6%
DLG	8.2	3.22	2.5%
ITA	6.5	2.56	0.0%
SBT	15.7	2.32	0.6%

Ticker	Price	Volume	% price change
TIG	11.3	3.17	1.8%
KLF	4.3	2.19	-2.3%
PVS	21.6	1.53	-1.4%
PVX	3.1	1.19	3.3%
API	11.2	1.08	6.7%

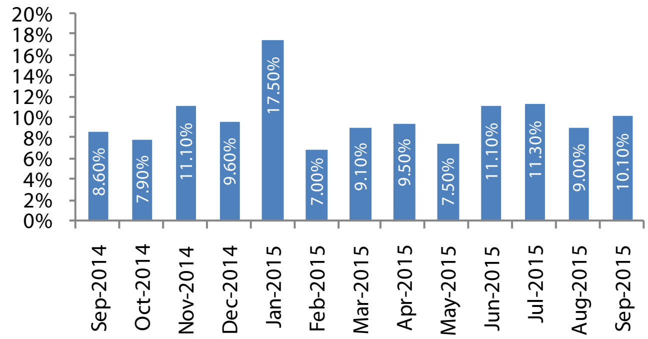
MACRO WATCH

Graph 1: GDP Growth



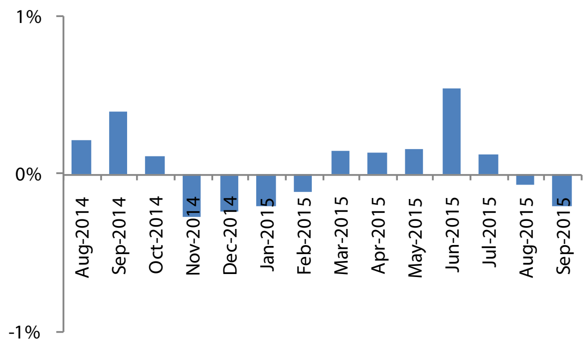
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



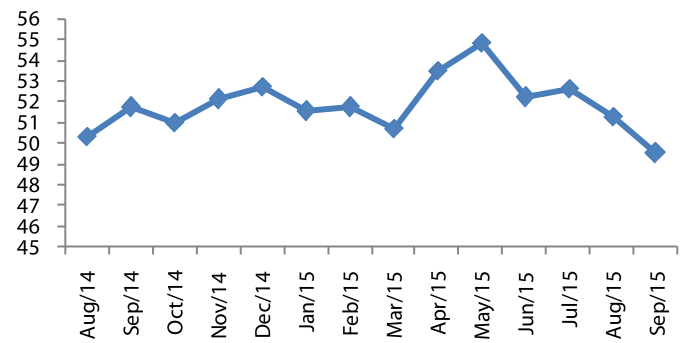
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



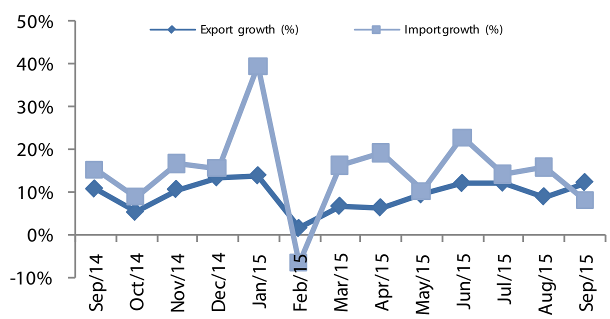
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



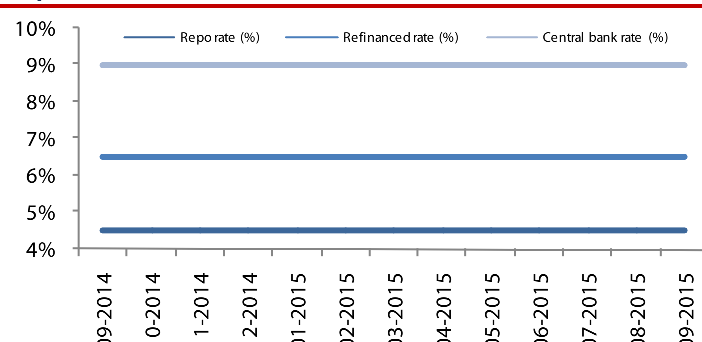
Sources: GSO. Rongviet Securities database

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
PVT - Upside potential outweighs short-term risks	October 20th, 2015	Buy – Long-term	15,900
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

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	06/10/2015	0% - 0.75%	0% - 2.5%	11,935	11,922	0.11%
VEOF	06/10/2015	0% - 0.75%	0% - 2.5%	10,347	10,241	1.14%
VF1	16/10/2015	0.2% - 1%	0.5%-1.5%	23,599	23,545	0.23%
VF4	16/10/2015	0.2% - 1%	0%-1.5%	10,558	10,511	0.45%
VFA	16/10/2015	0.2% - 1%	0%-1.5%	7,488	7,457	0.42%
VFB	16/10/2015	0.3% - 0.6%	0%-1%	12,409	12,391	0.14%
ENF	09/10/2015	0% - 3%	0%	11,842	11,582	2.24%
MBVF	08/09/2015	1%	0%-1%	10,696	10,574	1.15%
MBBF	07/09/2015	0%-0.5%	0%-1%	12,395	12,383	0.10%

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