OCTOBER

ADVISORY DIARY

03

MONDAY

- **Taking a shortcut to TPP information: overwhelming gainers**
- **Assessment of foreign investors' activities**

Taking a shortcut to TPP information: overwhelming gainers

Flat and boring markets did not occur today. Opening sessions were quite encouraging. VNIndex and HNIndex moved up 1.37% and 0.73% consecutively. Gainers nearly doubled decliners to ratio as 1.8 gainer per decliner. In September, VNMid seemed to be the most attractive but large cap, representative by VN30 index took its reign today as it gained 1.38% while VNMid only changed another 1.05%.

However, supporting information was not strong enough and investors were still doubted about instability; hence, participants (domestics and foreign investors) did not confidently open strong buy position. Therefore, liquidity did not improve much with total match volumes were around 124 million shares, up by 22.8% compared to last week's average but remained 13.8% lower than annual average. Meanwhile, foreigners were still net sellers with a minor value of VND16 billion in both exchanges.

Assessment of foreign investors' activities

Contrast to bullish as they were in 1H2015, foreigners have turned net sellers in August and September to the tune of more than VND1,300 billion in Vietnam stock market. This may be a big concern of many investors recently. We will discuss about 2 questions: (1) how long will the net sale extend? and (2) is that net selling really a big concern in stock market?

Foreign capital turns its back to emerging markets

"Assessment of foreign investors' activities"

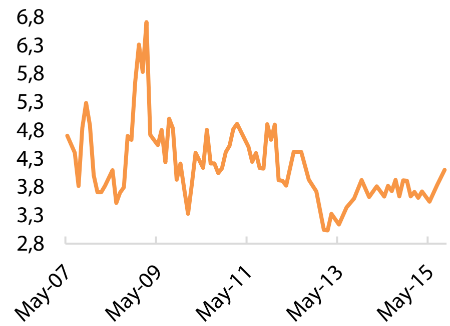
Over the September, the decision from FED to hike the rate could not become the reality. Not only during September, FED hiking rate has been mentioned several times since earlier 2015. Therefore, the capital withdrawn trend from emerging and frontier markets happened this year (since 07/2014). The result from September meeting could not solve this issue and the lack of actual time for rate hike even increases the risk assessments of these markets. In addition with the instability in Chinese economy, global hedge funds have reduced the proportion of risky assets in these markets, especially stocks. According to JP Morgan, cash ratio of funds operating in emerging markets has reached 4.1%, which is the highest proportion since 09/2012 by mid September. A report on capital flows of International Institute of Finance (IIF) showed that about USD40 billion has been withdrawn from 30 main emerging markets in Q3/2015. Standard Chartered also added that the YTD capital outflow from emerging stock markets has reached the number USD60.4 billion, which is a significant number compared to only USD1.5 billion withdraw in 9M2014.

Thien Bui

+ 84 8 6299 2006 | Ext: 1321

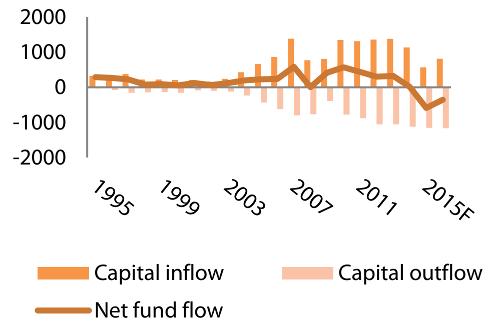
Thien.bv@vdsc.com.vn

Graph: Cash proportion of funds investing in emerging stock markets



Source: JP Morgan, RongViet Research

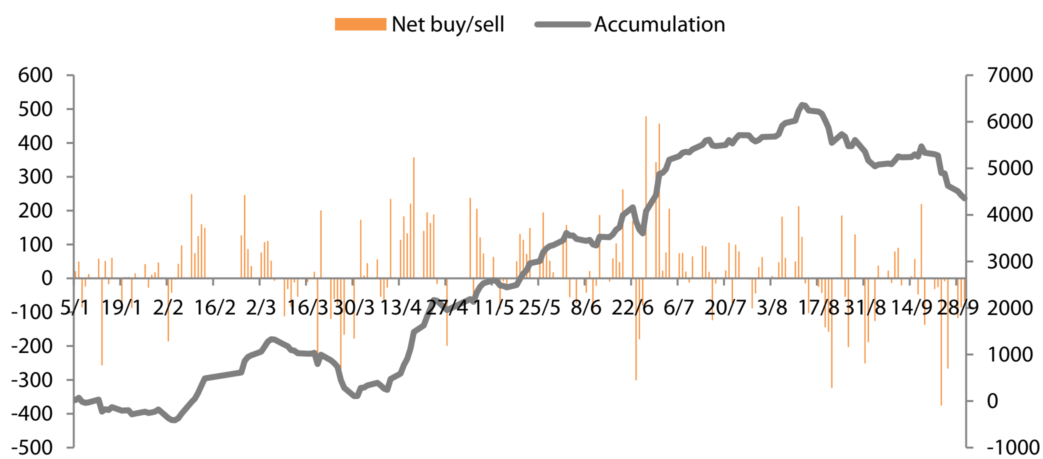
Graph: Capital inflow/outflow emerging markets



Source: IIF, RongViet Research

Foreigners' trading in September: highest net selling value

Figure: Foreign investors net buying/selling value



Source: Bloomberg, RongViet Research

In September, foreign investors turned net sellers to the tune of more than VND1,000 billion, the highest value in 2015. Foreigners net sold VND912 billion in HCM and VND88 billion in Hanoi.

Also, Vietnam CDS 5-year tenor surged to around 300 pts after having stable for 6 months. It seems that concerns about risks of Vietnam market have increased rapidly causing foreigners sold out Vietnam's stocks recently. 5-year tenor CDS in other countries in South East Asia like Thailand, Philippines, Malaysia and Indonesia was also increasing sharply from July to September.

Figure: CDS of Asean countries

Source: Bloomberg, RongViet Research

In brief, foreign capital turned its back to almost every emerging market around the world and Vietnam is not an exception. However, after considering hitorical and current data of foreign trading, we have some below comments:

Net selling trend will come to the end soon

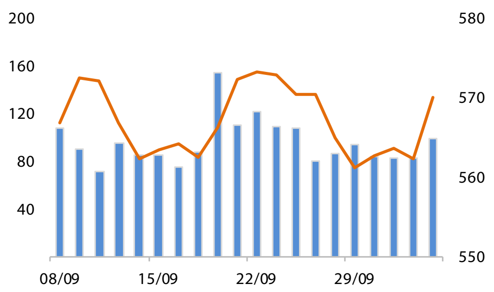
In the last days of September, total selling value of foreigners had a downward tendency from VND376 billion (on 23/09) to VND67 billion (on 30/09). Though strong sale in September from foreigners, markets were quite flat. Hence, we could tell that there was great effort from domestic buyers to enter a tug-of-war with foreigners. From other perspectives, foreigners tended to sell for only 3-5 months per annum during 2012 – 2014 period. From the beginning till now, there were 4 months (Jan, March, Aug and Sep) when foreigners turned net sellers, very close to the upper limit 5 months discovered in history. Moreover, the accumulation net buying/selling value from these participants has dropped dramatically 47.56% from the highest record VND6,430 billion on 12/08/2015. Last but not least, CDS has slightly dropped from around 300 pts in the end of September to 292 pts on 05/10/2015. Taking into account all above arguments, we think that trading activities of foreign participants will be more balance: it could be minor net sale or even net purchasing.

Minor participation, minor effect on stock market

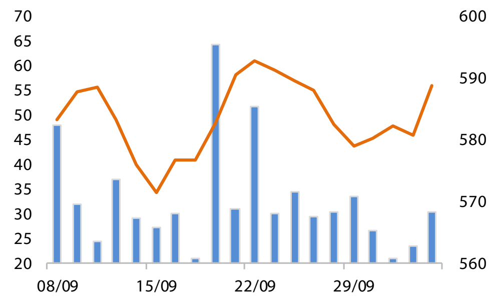
Besides, to answer the second question, we calculated net foreign capital ratio and saw a stable proportion fluctuating between 11% (2014) and 15% (2012 and 2013). In brief, foreigners' capital contributes a relative low part to total trading value in Vietnam stock market. In other words, as we have analyzed above in "Vietnam Stock Market section", domestic investors are truly having an important, dominant role in current market.

***Back to market movement**, with landmark deal TPP reached by 12 countries, market sentiment in next days would be more active and more likely witness sudden surge due to strong demand at stocks relating to TPP such as: textiles, fishery,…However, net position of foreign investors would be hardly changed. Therefore, investors should remain cautious in choosing investment strategy of this month. Besides, investors can take our strategy report published today for more reference.*

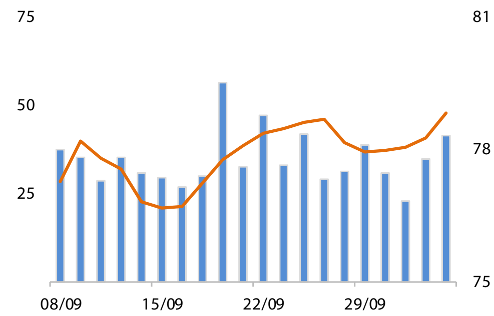
VNINDEX 1.37% 570.00



VN30 1.38% 588.73

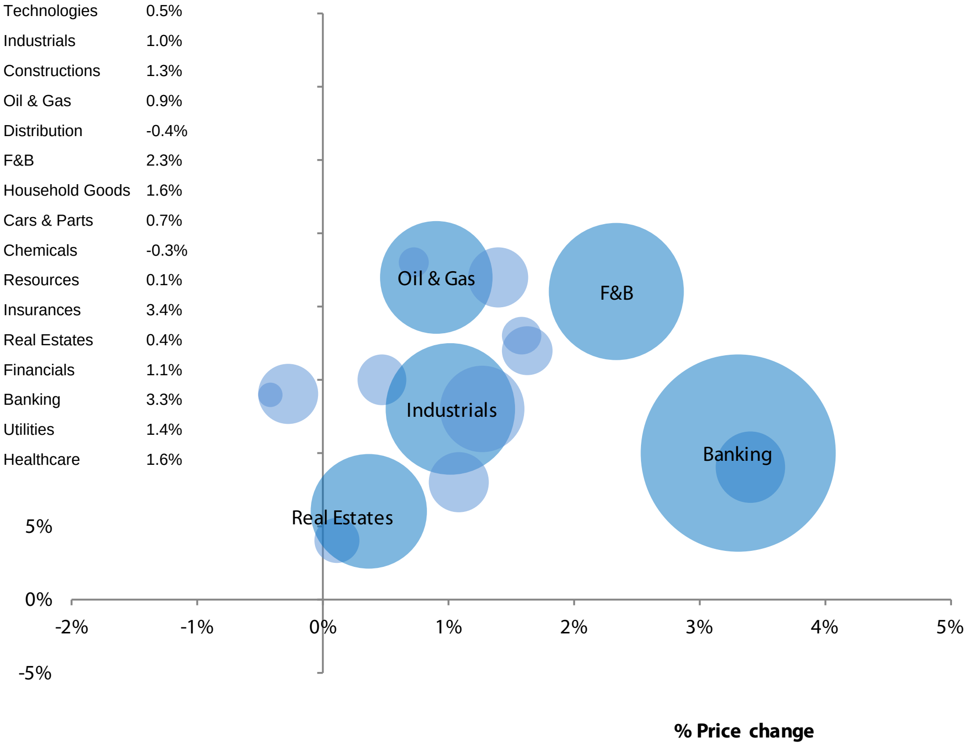


HNXINDEX 0.73% 78.82

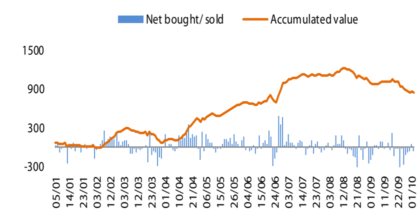


Industry Movement

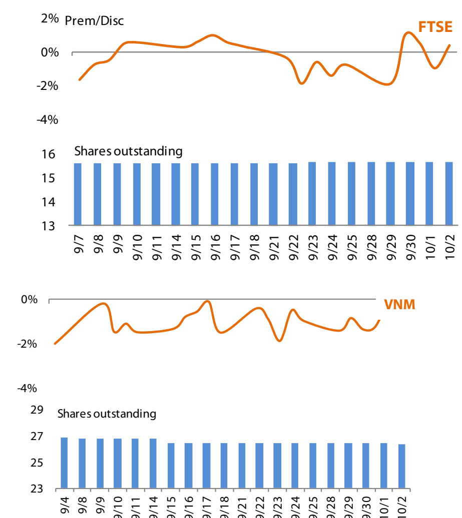
Industry	% change
Technologies	0.5%
Industrials	1.0%
Constructions	1.3%
Oil & Gas	0.9%
Distribution	-0.4%
F&B	2.3%
Household Goods	1.6%
Cars & Parts	0.7%
Chemicals	-0.3%
Resources	0.1%
Insurances	3.4%
Real Estates	0.4%
Financials	1.1%
Banking	3.3%
Utilities	1.4%
Healthcare	1.6%



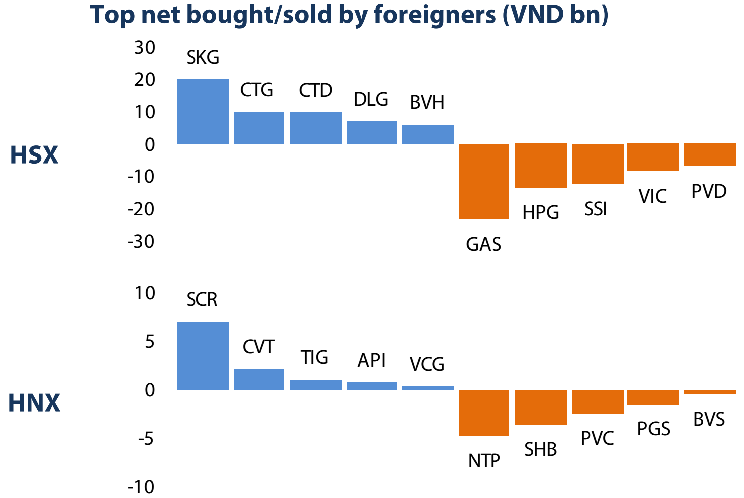
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



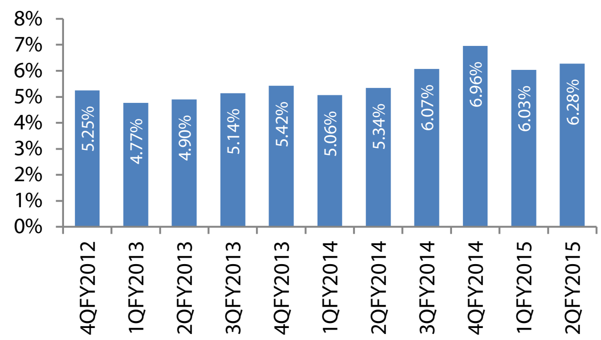
Top Active

Ticker	Price	Volume	% price change
HQC	5.1	0.04	0.0%
SBT	14.4	0.03	0.7%
NT2	25.8	0.03	2.8%
BCG	20.9	0.03	6.6%
HHS	16.9	0.02	0.6%

Ticker	Price	Volume	% price change
SCR	8.0	4.51	3.9%
KLF	4.2	2.07	0.0%
HUT	11.3	1.45	4.6%
TIG	9.5	1.29	1.1%
SHB	6.8	1.27	1.5%

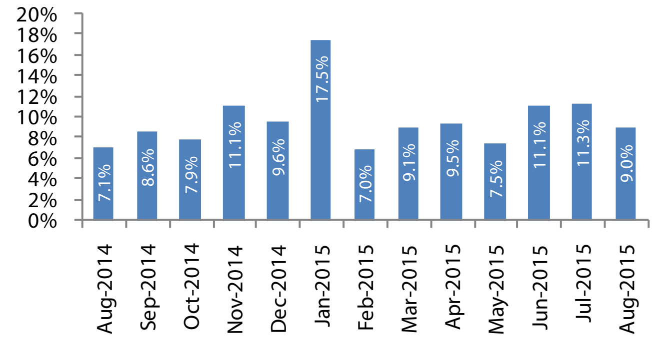
MACRO WATCH

Graph 1: GDP Growth



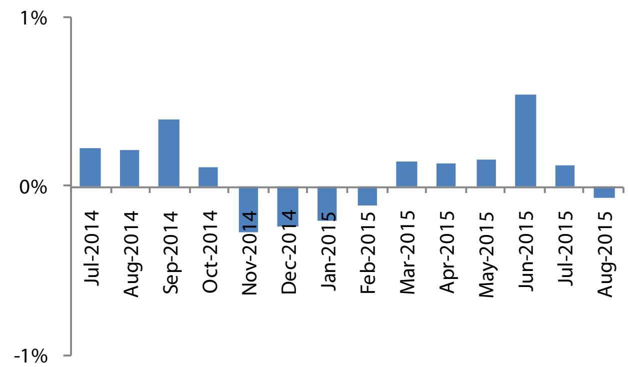
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



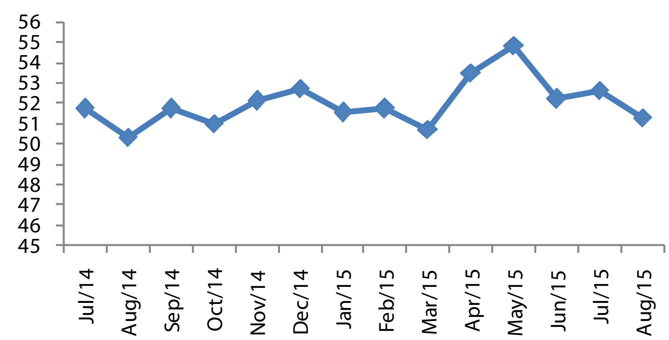
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



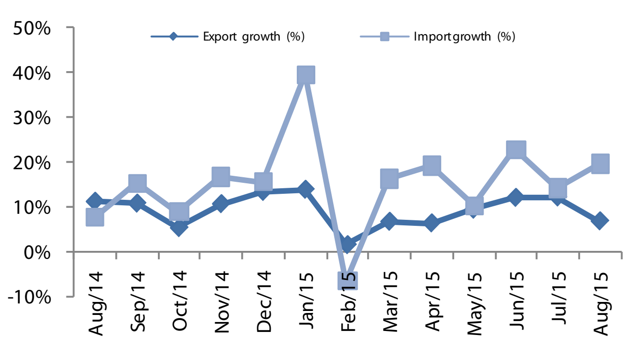
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



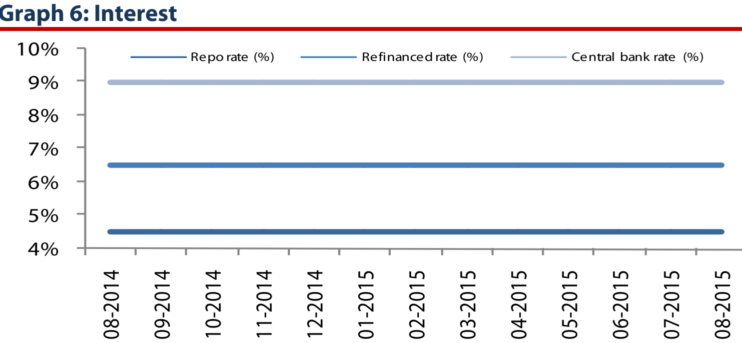
Sources: GSO. Rongviet Securities database

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	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	22/09/2015	0% - 0.75%	0% - 2.5%	11,900	11,880	0.17%
VEOF	22/09/2015	0% - 0.75%	0% - 2.5%	10,156	9,884	2.75%
VF1	25/09/2015	0.2% - 1%	0.5%-1.5%	22,966	22,939	0.12%
VF4	24/09/2015	0.2% - 1%	0%-1.5%	10,255	10,231	0.23%
VFA	25/09/2015	0.2% - 1%	0%-1.5%	7,217	7,040	2.52%
VFB	25/09/2015	0.3% - 0.6%	0%-1%	12,361	12,329	0.26%
ENF	18/09/2015	0% - 3%	0%	11,326	11,348	-0.19%
MBVF	17/09/2015	1%	0%-1%	10,391	10,408	-0.16%
MBBF	16/09/2015	0%-0.5%	0%-1%	12,336	12,331	0.04%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 1308

truc.dtt@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 1309

my.tth@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 1317

trien.lh@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 1319

Hoang.nh@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 1310

tai.ntp@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 1315

tam.bt@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 1313

lam.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 1311

my.ttd@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 1314

huong.pt@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 1316

Van.btt@vdsc.com.vn

Trinh Nguyen

+ 84 8 6299 2006 | Ext: 1331

Trinh.nh@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 1320

Kien.nt@vdsc.com.vn

Thien Bui

+ 84 8 6299 2006 | Ext: 1321

Thien.bv@vdsc.com.vn

HEADQUARTER
Floor 1-2-3-4, Viet Dragon Tower
141 Nguyen Du Street, Dist.1, HCMC
T + 84 8 6299 2006
F + 84 8 6291 7896
E info@vdsc.com.vn
W www.vdsc.com.vn

HA NOI BRANCH
2C Thai Phien street, Hai BaTrung Dist., Ha Noi city
T + 84 4 6288 2006
F + 84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

NHA TRANG BRANCH
50 Bis Yersin street, Nha Trang city, Khanh Hoa city
T + 84 058 3820 006
F + 84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CAN THO BRANCH
08 Phan Đinh Phung street, Ninh Kieu Dist., Can Tho city
T + 84 0710 381 7578
F + 84 0710 381 7789
E info@vdsc.com.vn
W www.vdsc.com.vn