NOVEMBER

ADVISORY DIARY

20

FRIDAY

- **The first rally after four consecutive decline sessions**
- **MWG: 10M business results confirmed 2015's profit after tax of over VND1,000 billion**
- **Update PNJ**

The first rally after four consecutive decline sessions

The first rally after 4 consecutive decline sessions. In the last Advisory Diary, we mentioned the statistics about 4 consecutive session phenomenon that asserted about the significant increase in VNIndex. Today, we have experienced the first positive session. VNIndex ended with 0.43% rally and liquidity has recovered, with over +17% compared to yesterday. Furthermore, over the whole week, total trading volume of HSX recorded a remarkable average figure even though VNIndex has dropped by 1.1%, with average trading volume of 127.5 million shares, raised by 7% compared to last week.

Foreigners' transactions were more positive than date of 12/11/2015. Today, they did not sell strongly for profit-taking activities as happened in bullish sessions of last week. On 12/11/2015, they had net-sold position of more than VND146 billion. However, today, they turned to net-buying position, with value of VND 10 billion after four consecutive net-selling sessions in this week. That would be a supportive factor for market sentiment in next week. Otherwise, they also showed signal for switching from large cap to mid-cap accumulating, with strong net-selling over VND 290,3 billion in VN30 but positively accumulating more than VND 80 billion of stocks in VNMid portfolio.

"The first rally after four consecutive decline sessions"

As markets closed higher today with active buying from both domestic and foreign investors, we expect markets to continue to rally next week unless there are unflavored events. Short-term investors can open new position to long large cap stocks or those that belong to logistics, technology and automobiles sectors. Otherwise, investors may choose a safer strategy to accumulate stocks that tend to move higher during year-end and new year periods.

Free trade agreement between EU and Vietnam is expected to sign in early December. After signing, in the next two years, procedural steps are going to be completed in order to the deal put into practice. In the 2009-2014, Vietnam recorded a significant growth in export to EU, corresponding to 18,2%/year. Moreover, EU is the second largest surplus trade balance (after TPP group) with Vietnam in recent years.

Trading activities between Vietnam and EU during 9M2015 continued to overweight those between Vietnam and other FTA partners. In particular, Vietnam's exports to the region grew by 12%, reaching USD 22.6 billion, while imports also witnessed a considerable increase by 24.8%, equivalent to USD 8.03 billion. The 9-month trade balance to the EU was at an optimistic level, reaching USD 14.55 billion, being second to that of TPP partners.

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MWG: 10M business results confirmed 2015's profit after tax of over VND1,000 billion

MWG announced October result. In 10/2015, MWG achieved VND19,891 billion in revenue, completed 84% of yearly plan. Profit after tax reached VND846 billion, completed 95% of the plan and increased by 56% yoy. With current growth rate, profit after tax from MWG will be almost certainly to surpass VND1,000 billion in 2015. Therefore, 2015 EPS is expected to be approximately VND7.500, equivalent to 10.5x PE forward. MWG is the company with fast pace in growth and billion US dollar in scale. As a result, such PE is relatively low. According to MWG in the recent analyst meeting in 10/2015, MWG's profit after tax in 2016 could continue to grow by about 30%, excluding the impact from BachhoaXanh store chain.

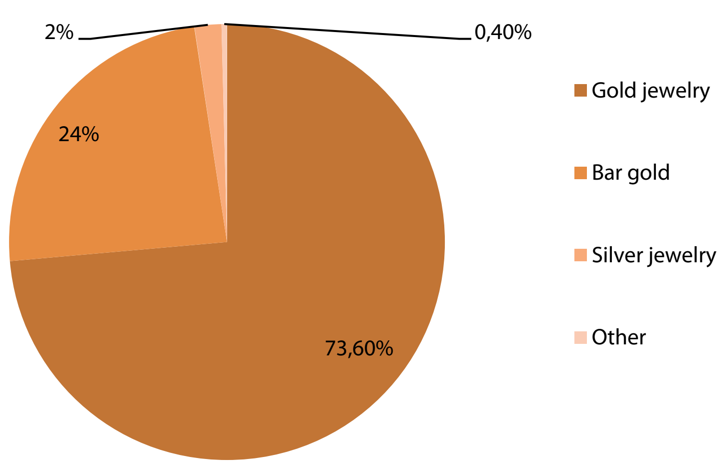
PNJ - The core business has many positive changes, but provisions for financial investments might heavily affect consolidated earnings

Along with positive growth in per capita income, the retail sector is one of favorable industry of RongViet Research in future. Besides electronics retail company like PET, FPT, MGW, Phu Nhuan Jewelry JSC (HSX - PNJ) also emerged as an enterprise with a steady earnings growth in recent years. This morning, our industry analyst attended the meeting with PNJ's management team and was updated some information relating to the first 9 months of the year.

FY2015 could be considered as a successful year for the jewelry segment. In the first 9 months, net sales of the parent company reached VND5,650.3 billion, up 7%, the gross profit also jumped 40.7% over the same period last year; which profit from the old shops rose 29%. Reportedly, the number of new stores opened during the year amounted to 45 stores, excessed 28.6% compared to the 2015 plan (35 stores). Of these, there were 42 stores contributed to the profits of PNJ. Next year, PNJ intends to expand the distribution system to 300 stores from the current 200 stores until the end of 2017. Also, PNJ will promote high-end product segment to push export.

In structure, gold's jewelry segment still accounted for the highest proportion (73.6%) in sales of PNJ. This is also the array provides a high gross margin (20%) with strongest growth in the first 10 months (49%). Despite the traditional business gold bar segment made up 24% of PNJ's revenue, the gross margin of this segment was quite low, only 0.5%. The company said it will maintain but not focus on developing this segment. The silver jewelry segment had very high gross margin (over 60%), but revenue was still modest, only VND115 billion in the first 9 months.

Graph: PNJ's revenue structure in the first 9 months of FY2015



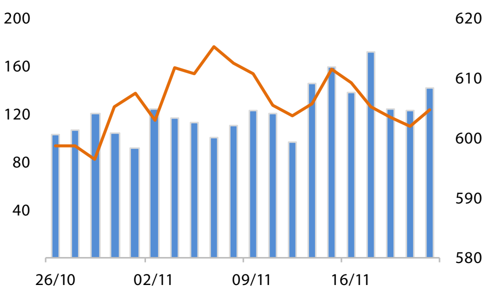
Source: PNJ

Although core operations remain good growth, the consolidated results of PNJ was somewhat less positive. In particular, the long-term investments (value VND395.3 billion) at DongABank significantly affect the financial cost of PNJ after the central bank put this bank under special control. By the end of 3Q2015, PNJ made a provision of VND191.2 billion for this investment. The jump at 273% in financial expenses made the consolidated earnings of the first 9 months of 2015 decreased 22.6% over the same period last year. PNJ intends to continue to set aside an additional VND119.4 billion for investment in DongABank. The company also recorded a loss of about VND39 billion due to divestments from M&C Real Estate JSC in 4Q2015. In 2016, PNJ might liquidate the investments in Dong A Real Estate Joint Stock Company.

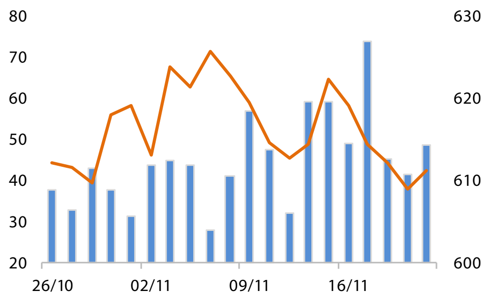
Notably, plan to issue for existing shareholders was replaced by the private issuance of bonds. Initially, PNJ is expected to increase charter capital from VND982.7 billion to VND1.179.3 billion to finance the development of distribution system. However, after considering time factor, the management decided to use private issuance of VND300 billion convertible bonds and completed this transaction.

In general, we suppose that the ability to complete 2015’s earnings plan (VND306 billion) is quite low. This may also be the reason why PNJ might adjust the dividend rate from 20% of charter capital in 2015 to 15%. The influence of financial investment losses in 2016 is still considerable but should be much lower than in 2015. Plus interest expense for the new bond, we estimate that the financial cost of PNJ in 2016 may decrease by VND220 billion compared to 2015. However, with well-known brand, sharp business strategy and high jewelry demand, we remain positive outlook for PNJ's business prospects in the long term. Today, PNJ closed up 2.3% and was traded at a P/E trailing of around 10,8x. If the market has reacted negatively to PNJ’s earnings, we believe that there will be an opportunity to accumulate the stock for long-term investors.

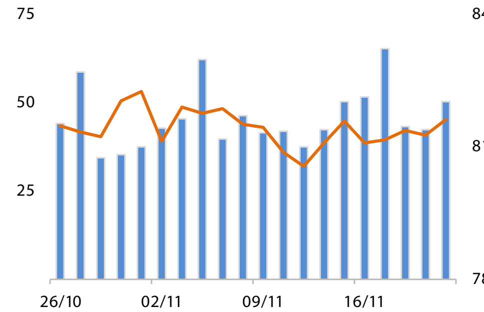
VNINDEX	0.43%	604.46



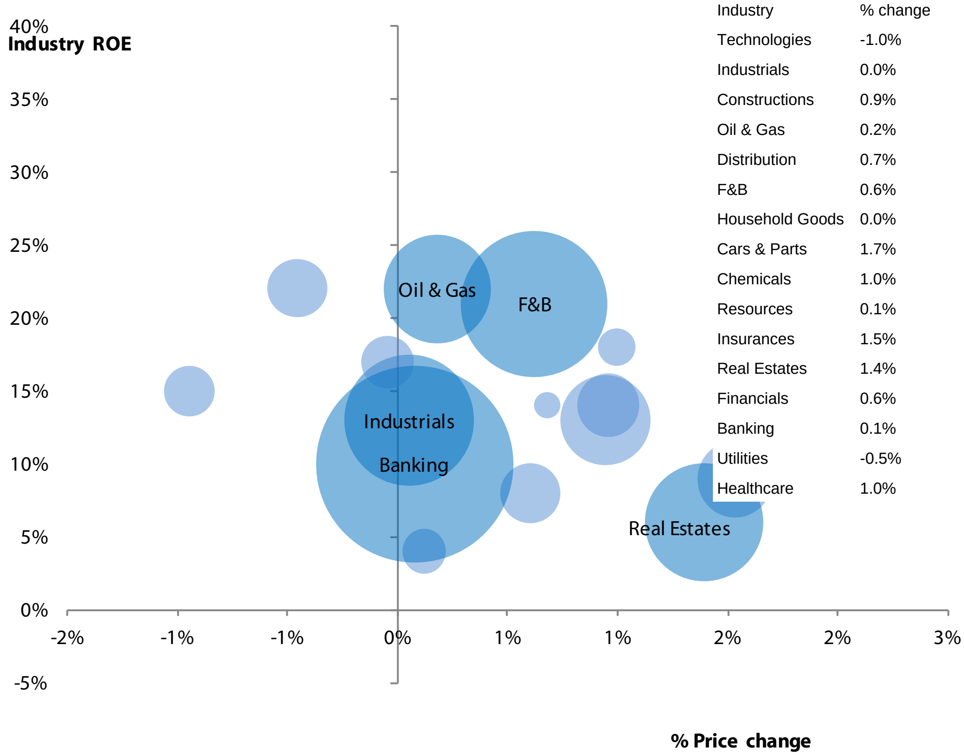
VN30	0.35%	611.16



HNXINDEX	0.43%	81.59

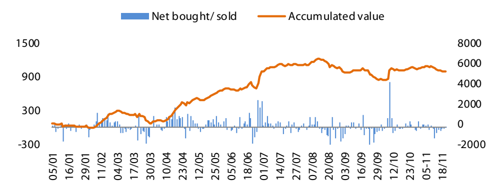


Industry Movement

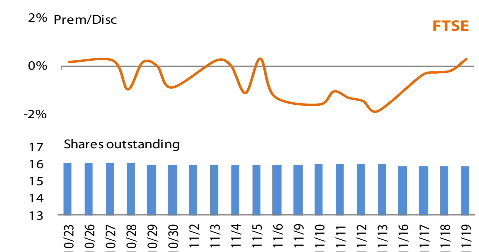


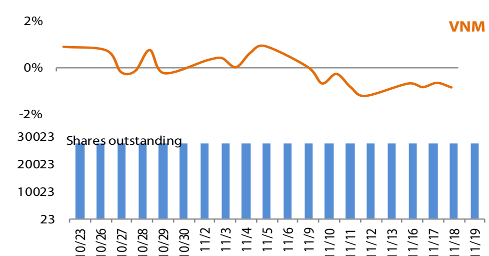
Industry	% change
Technologies	-1.0%
Industrials	0.0%
Constructions	0.9%
Oil & Gas	0.2%
Distribution	0.7%
F&B	0.6%
Household Goods	0.0%
Cars & Parts	1.7%
Chemicals	1.0%
Resources	0.1%
Insurances	1.5%
Real Estates	1.4%
Financials	0.6%
Banking	0.1%
Utilities	-0.5%
Healthcare	1.0%

Foreign Investors Trading



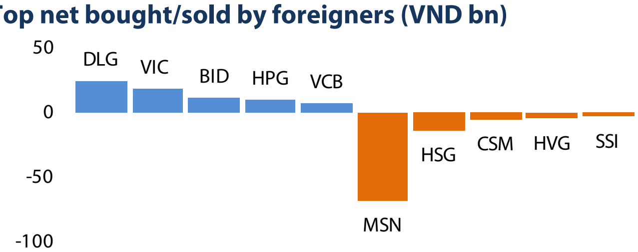
ETF



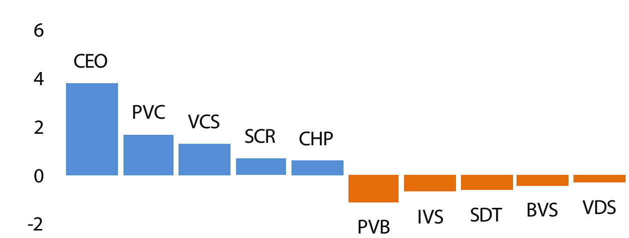


Top net bought/sold by foreigners (VND bn)

HSX



HNX



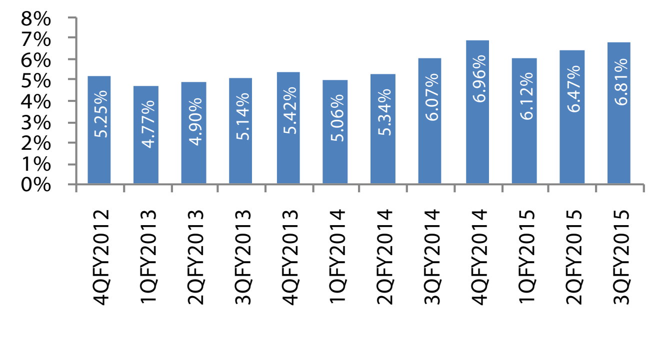
Top Active

Ticker	Price	Volume	% price change
FLC	8.8	13.65	0.0%
ITA	6.6	10.71	6.5%
FIT	10.7	7.23	0.9%
VHG	8.0	6.41	3.9%
HQC	6.7	6.20	3.1%

Ticker	Price	Volume	% price change
SCR	8.5	4.73	1.2%
KLF	4.7	3.85	-2.1%
PVX	3.1	3.37	6.9%
SHN	14.6	3.07	9.8%
TIG	10.8	2.56	-2.7%

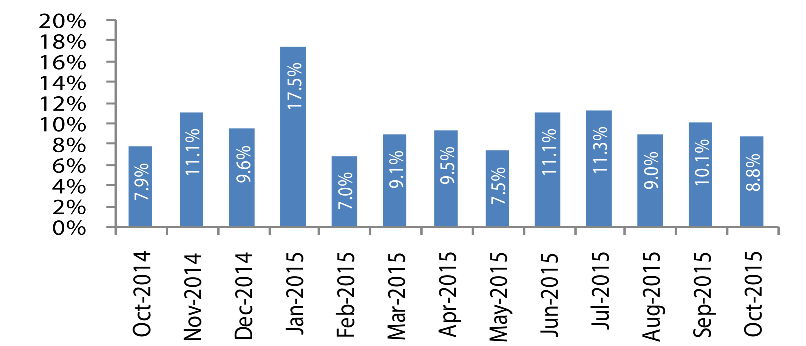
MACRO WATCH

Graph 1: GDP Growth



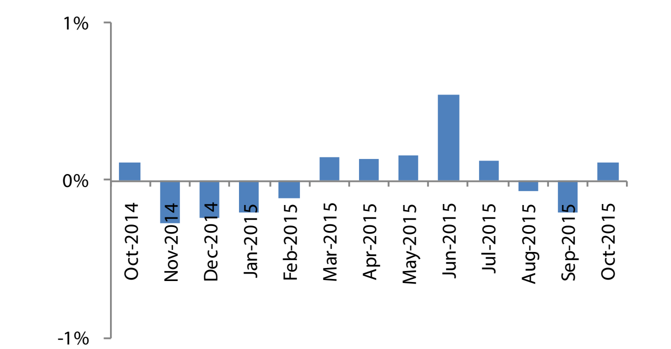
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



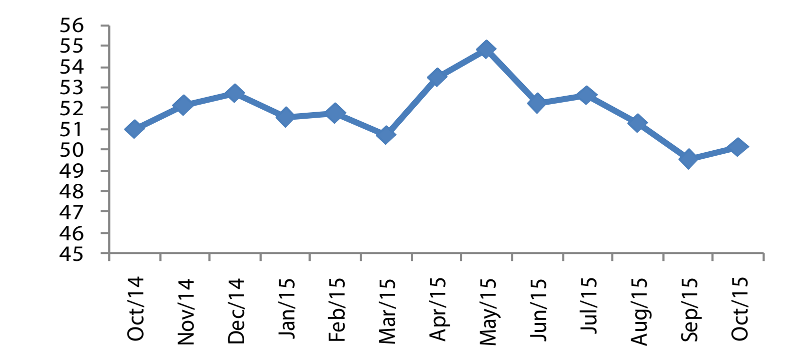
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



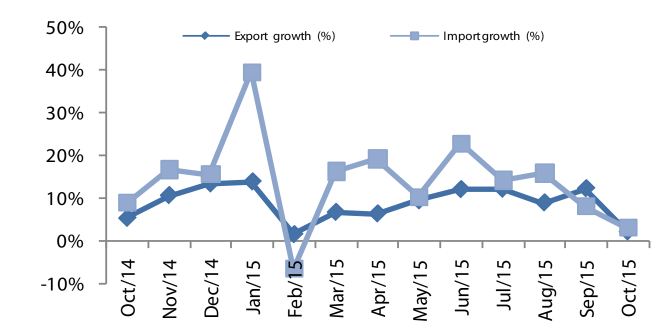
Sources: GSO. Rongviet Securities database

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
DRC - Expecting on replacement segment.	November 13th, 2015	Accumulate – Long term	52,000
NKG- Capital ravels to be untangled	November 6th, 2015	Neutral – Intermediate term	17,400
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

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	03/11/2015	0% - 0.75%	0% - 2.5%	12,058	12,047	0.09%
VEOF	03/11/2015	0% - 0.75%	0% - 2.5%	10,674	10,488	1.77%
VF1	11/11/2015	0.2% - 1%	0.5%-1.5%	24,055	24,092	-0.15%
VF4	11/11/2015	0.2% - 1%	0%-1.5%	10,886	10,869	-0.02%
VFA	05/11/2015	0.2% - 1%	0%-1.5%	7,517	7,461	0.76%
VFB	05/11/2015	0.3% - 0.6%	0%-1%	12,490	12,409	0.66%
ENF	06/11/2015	0% - 3%	0%	12,233	12,170	0.52%
MBVF	05/11/2015	1%	0%-1%	10,974	10,991	-0.15%
MBBF	04/11/2015	0%-0.5%	0%-1%	12,489	12,438	0.41%

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