SEPTEMBER

ADVISORY DIARY

30

WEDNESDAY

- **Market in low PE ratio position and domestic demand absorbed selling pressure of foreigners**

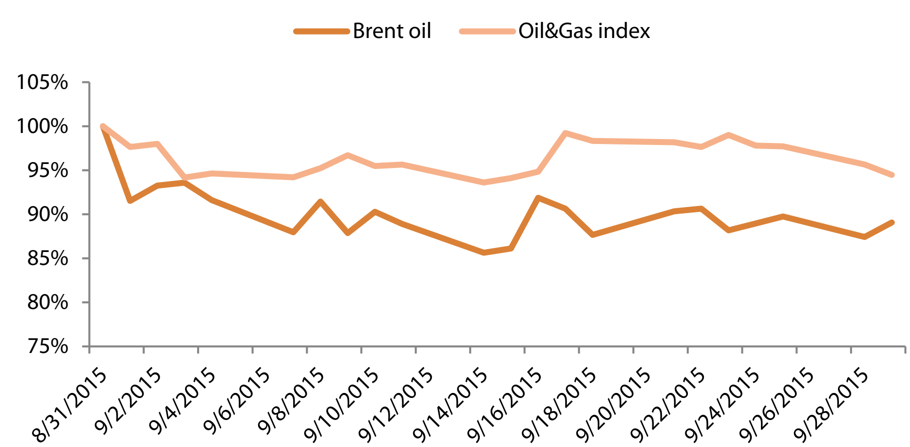
After significant decline in August, stock markets this month gradually regained the balance. In Strategic report in September from Rongviet Research, we believe that "with the shocks in August, markets need time to stabilize the temper. Therefore, stock markets could be difficult to create a transparent trend in September". Indeed, over the September, markets experience unclear trend and side-way position between 554 and 574. Markets ended today trading session with 562.64 points, slightly declined by 2.1 points compared to the last day of August. Cash flow remained at low level. Average trading volume in HSX was approximately at 82.1 million shares, lower than previous month and yearly average by 27% and 18% respectively. However, if we exclude the period of excitement from TPP and room expansion information (20/5 – 28/7), the monthly average liquidity was relatively lower by 9%.

The domestic demand is positive upon the significant selling pressure from foreign investors. In September, foreign investors were in net-selling position at 1,000 billion dong, equivalent to March 2015. However, during March, the demand from domestic investors was not been so optimistic. As a result, markets dropped by 8%, equivalent to 42 points. In addition, another difference in trading activities from foreign investors between March and September was the impact from ETFs. In March, foreign investors net-sold at VND 930 billion, with the total selling value from ETF at VND 841 billion, mainly concentrated in ETF VNM. We believe that the positive demand from domestic investors could be the optimistic aspects for the markets during "empty" information zone. The reason is that domestic investors account for a large proportion of the markets with the ratio between domestic and foreign segment at 92%:8%.

Another highlight from large-cap industries. In September, the largest group in market capitalization – banking segment – has been positively traded with many leading session. For the whole month, banking industry increased 2%. Two major segments which have the significant impact on markets were Oil & Gas and securities service. Accordingly, oil & gas mainly declined over the first two sessions this month (resulted from the negative movements of crude oil prices with 6.7% decline in Brent). If we exclude such significant sessions, oil & gas segments was only in side-way position, equivalent to the tug-of-war situation of crude oil prices.

"Market in low PE ratio position and domestic demand absorbed selling pressure of foreigners"

Figure 1: Brent oil and oil and gas index movement



Source: Bloomberg, Rongviet Research

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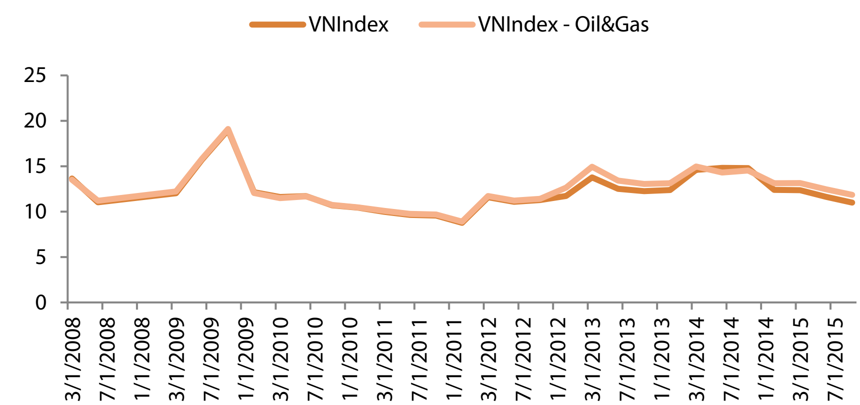
Moreover, considering the historical transactions, PE Vietnam market is trading at relatively low levels. Current PE is estimated at around the average PE in 2011, which is the final mark of a downtrend cycle. However, investors remain concerned whether the oil and gas group is the factor that plunged the market PE. We calculated PE VNIndex excluding the impact of oil and gas stocks (PVD, GAS, PXS, PGD, PXT). The gap between the PE (including O&G) and the PE (excluding O&G) is quite low. Specifically, PE market excluding O&G is only 11.6, 5.7% higher than that of including O&G.

Figure 2: PE of VNIndex including Oil&Gas stocks and excluding Oil&Gas stocks



Source: Bloomberg, Rongviet Research

Otherwise, in a survey of 15 tickers accounting for 70% of market capital of HSX, we realize that that group is trading at high PE ratio of about 18x, higher than average of HSX at 11x. Therefore, the remaining tickers (accounting for 30% market capital of HSX) is trading at attractive PE ratio.

Table 1: PE ratio of tickers accounting for 70% market capital of HSX

Ticker	Index weight (%)	Market cap (Billion dong)	P/E
VNM	11.09	121,214	18.84
VCB	10.56	115,128	22.66
GAS	8.02	87,142	7.01
VIC	7.11	77,165	35.92
CTG	6.74	74,095	12.76
BID	6.15	81,365	12.66
MSN	5.10	54,510	31.09
BVH	2.92	32,254	23.31
HPG	2.05	22,427	6.88
STB	1.88	18,737	8.83
HNG	1.85	20,111	14.94
MBB	1.65	18,032	7.23
FPT	1.63	17,686	10.23
EIB	1.37	14,753	NA
PVD	1.10	12,007	6.30

Source: Bloomberg

Our industry, yesterday, informed 9M macro-economic outlook, "**Vietnam 9M2015 macro-economic landscape looks brighter in the region".** Today, a review on September market movement, we see that **"With low PE, especially mid-small cap group, domestic demand absorbed positively selling pressure of foreign investors".** Besides, the two large market cap groups also come in accumulating price range. Therefore, we judge that market is more likely to increase in October as well as remaining months of this year. The accumulating recommendation was mentioned in out September strategy report and AD of 31/08/2015. We remain our recommendation on stocks having seasonal business result in second half. Our investors can take that AD to have more details. On Monday 5/10/2015, Rongviet Research will publish **October Strategy Report** so our investors can refer to investment strategy as well as macro-economic and market outlook.

Table 2: Price movement of tickers having seasonal business result in second half (m 31/8/2015)

Ticker	8/31/2015	9/30/2015	+/-
LGC	23,300	22,400	-4%
CTI	15,041	16,700	11%
TIG	11,300	9,500	-16%
VCS	34,500	40,200	17%
HHS	15,600	16,500	6%
DQC	54,500	64,500	18%
HAG	14,800	14,800	0%
TMP	28,500	29,600	4%
TCL	25,800	26,600	3%
VNS	32,500	31,700	-2%
DMC	38,012	41,600	9%
CTD	97,000	98,500	2%
FCN	19,700	20,100	2%
LIX	42,000	47,900	14%
PTB	49,500	55,000	11%
PDR	16,000	14,400	-10%
HUT	9,700	10,900	12%
OPC	26,737	29,300	10%
SHI	12,000	13,000	8%
VHC	37,100	36,500	-2%
BIC	24,400	22,700	-7%
VSC	52,527	60,500	15%
FPT	44,200	44,500	1%
VSH	14,000	14,100	1%
NNC	49,900	51,500	3%
CSM	28,400	28,600	1%
IJC	8,500	8,800	4%
SJD	26,300	25,800	-2%
PAC	24,464	28,900	18%
DHG	70,500	66,500	-6%
KSB	27,500	29,000	5%
PTI	21,000	19,900	-5%
VCB	42,500	42,900	1%
VNM	100,000	100,000	0%
Simple average			4%

Source: Rongviet Research

Some update on market news

Securities settlement time will be shortened from 9 am on T+3 to 4:30 pm on T+2. Investors may be benefit from reducing interest expenses occurring from advance payment and margin borrowing. However, investors who are using services from companies have policies on collecting expenses on T+2 won't be benefit much. New policy also brings flexibility to stocks ready for trading. Though investors can not buy or sell after offcial trading time, they can still pledge those shares or conduct other transactions if need to convert into cash immediately. Thus, considering all of those factors, we do not think this policy meet the expectation of investors.

MA between SDF and MBB - a sustainable growth and dividend payout in banking group. MBB's extraordinary AGM will be held on October 6th to reach a consensus on merging with SDF (Song Da Finance JSC) at a conversion rate of 2.2:1 (2.2 SDF's shares will be converted into 1 MBB's share). MBB currently holds 12.83% of SDF (equivalent to 8.8 million shares). After conversion, each MBB's shareholder will receive an extra 0.25%. Assessing BVPS of MBB, we think that shareholders' interest will not be affected much from this deal. Before merging, BVPS was calculated at VND11,104 and will slightly decrease to VND11,082 after completion. On the other hand, merging with SDF brings bigger chance for MBB to move faster on its way toward consumer finance segment. Moreover, thanks to large assets (MBB is ranked 2nd among listed commercial banks that have most assets) and the most well-qualified risk management system, MBB is totally able to support the restructuring process of SDF.

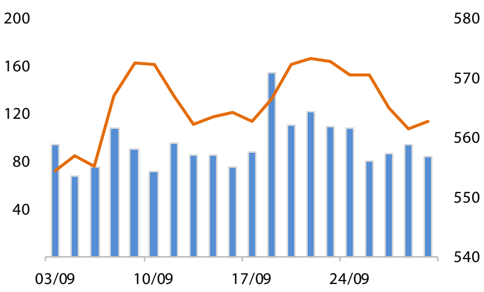
Expected issued shares:	31,181,818	
Shares outstanding after issuance:	1,631,181,818	
Change in shareholder's structure:		
	Before MA	**After MA**
- Viettel Corporation	15.00%	14.75%
- Viettel Import – Export Limited Company (Viettelimex)	4.64%	4.57%
- Saigon Newport Corporation	7.65%	7.52%
- Vietnam Helicopter Corporation	7.97%	7.84%
- SCIC	10.00%	9.83%
- Maritimebank	7.43%	7.30%
- Vietcombank	7.16%	7.04%
Foreign Ownership	*7.46%*	*7.34%*
Remaining available shares for foreign investors(*):	*40,582,444 (**)*	*43,402,082 (**)*

(*): Base on FOL 10%.

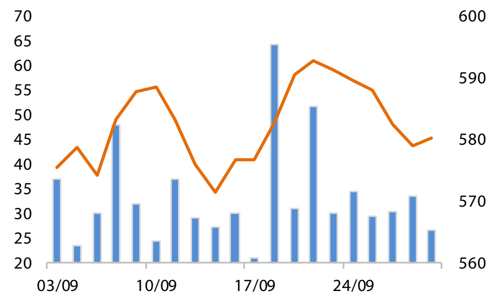
(**): 40,582,444 shares will come in force after 08/10/2015 according to an announcement dated on 30/09; 2,819,638 shares will come in force after MBB issues 31,181,818 converted shares.

Today,04/09/2015, RongViet Research would like to release a report of Central Hydropower Joint Stock Company (CHP - HNX). Please download file HERE

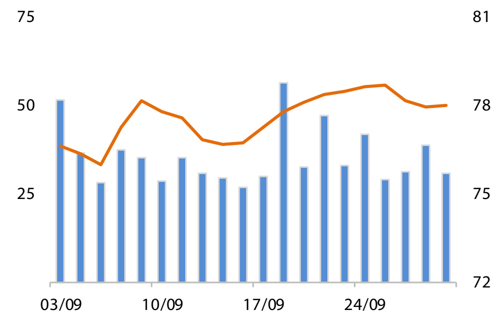
VNINDEX	0.26%	562.64



VN30	0.23%	580.32

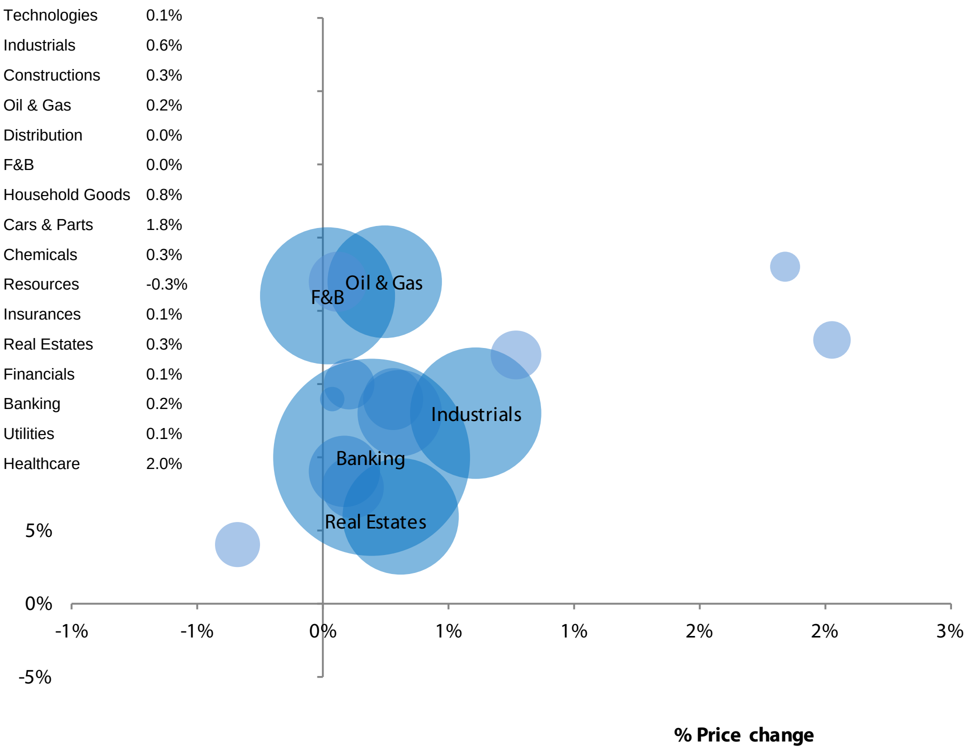


HNXINDEX	0.04%	77.97

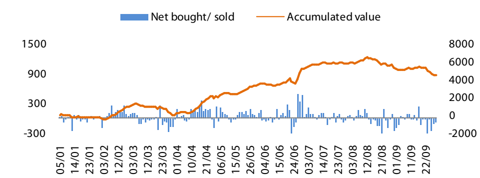


Industry Movement

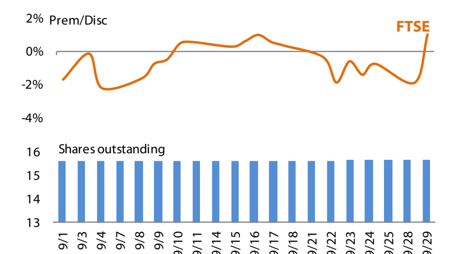
Industry	% change
Technologies	0.1%
Industrials	0.6%
Constructions	0.3%
Oil & Gas	0.2%
Distribution	0.0%
F&B	0.0%
Household Goods	0.8%
Cars & Parts	1.8%
Chemicals	0.3%
Resources	-0.3%
Insurances	0.1%
Real Estates	0.3%
Financials	0.1%
Banking	0.2%
Utilities	0.1%
Healthcare	2.0%

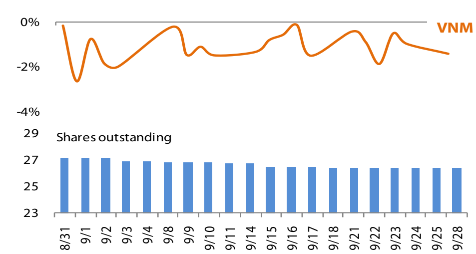


Foreign Investors Trading



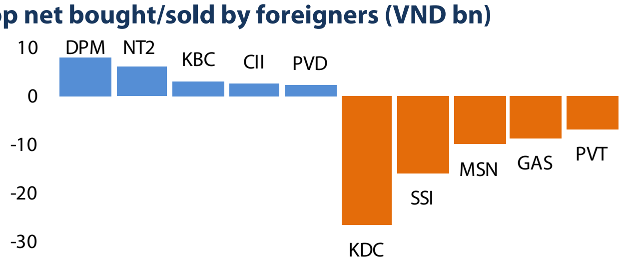
ETF



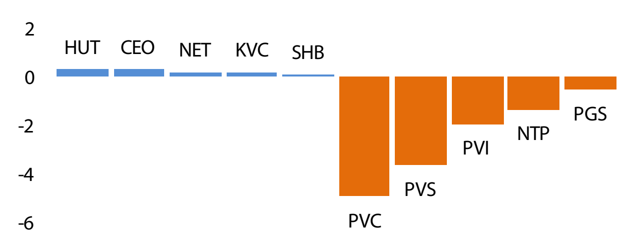


Top net bought/sold by foreigners (VND bn)

HSX



HNX



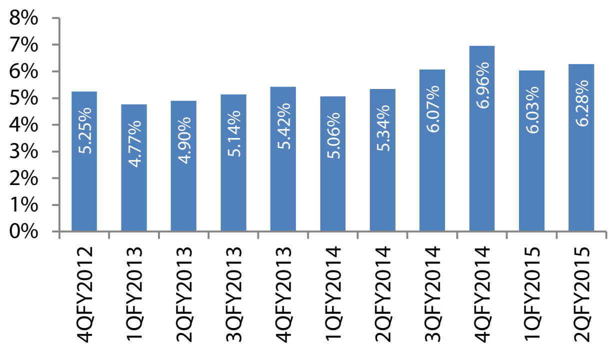
Top Active

Ticker	Price	Volume	% price change
HHS	16.5	4.58	3.1%
FLC	6.4	3.13	-1.5%
LDG	14.0	2.97	-2.8%
SSI	23.5	2.36	0.0%
SBT	13.7	2.14	0.0%

Ticker	Price	Volume	% price change
KLF	4.2	2.00	-2.3%
TIG	9.5	1.36	2.2%
API	11.6	1.18	0.9%
HUT	10.9	1.09	1.9%
SHB	6.7	1.09	0.0%

MACRO WATCH

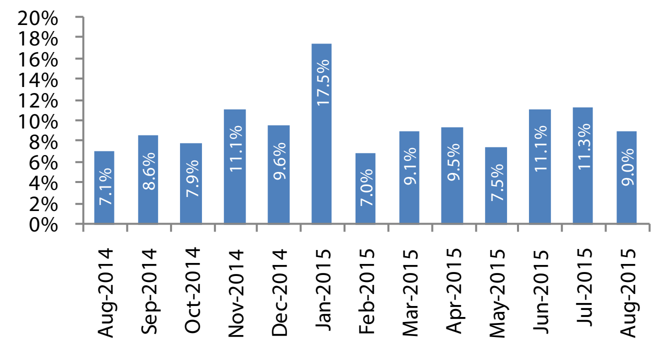
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

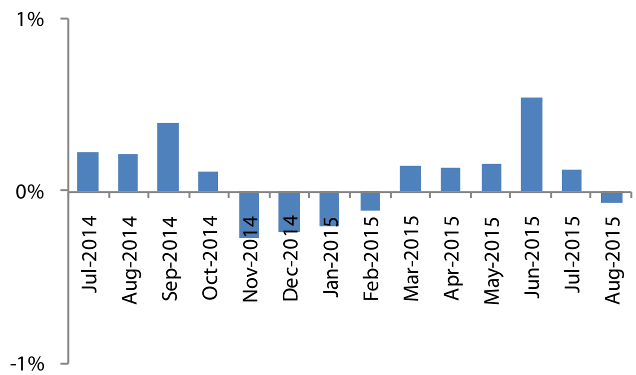
(*) Comparision price in 1994

Graph 2: IIP



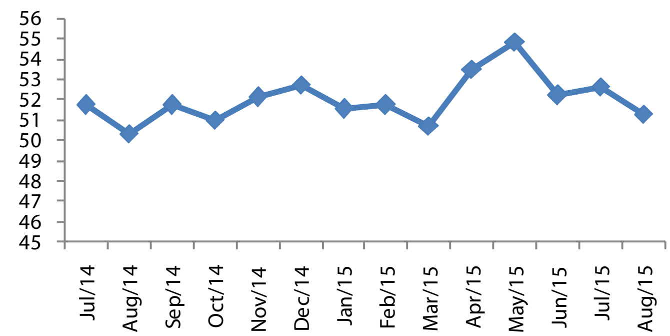
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



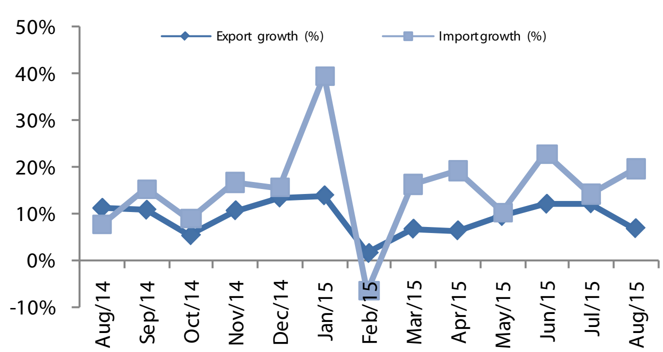
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



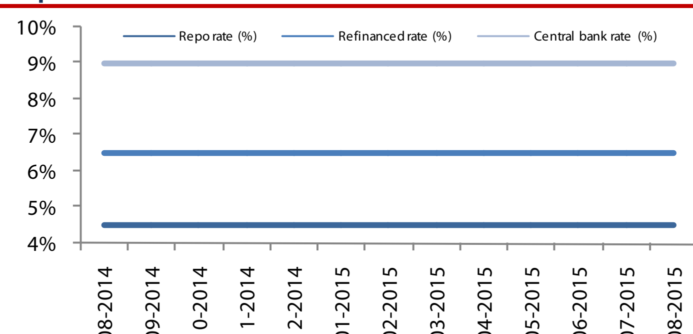
Sources: GSO. Rongviet Securities database

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
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
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600

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%

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