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FRIDAY

- **Emotional trading week at low level of the index**
- **Seeking opportunities from ETFs' reviews**

Emotional trading week at low level of the index

This week has been perceived as a bottom session with some investors but also considered as bull-trap sessions for some investors, especially who having high cash in accounts. VNIndex closed still lower than previous weekend by 1.43% and HNX also dropped by 1.15%. After a bearish month, this week experienced a surge session on 8/12. On that day, there were many investors believing in a bottom-up signal and expecting that market could strongly recover. However, up to this moment, there is no such recovery. Instead, market has fluctuated at approximately 80 – 90 million trading shares on HSX per day, even only 78 million shares today. This is not a supportive sign for strong recovery since demand remains weak. Usually, "bottom-up" session has to have strong demand with 120 – 150 million order-matching shares. Therefore, we still expect such session upcoming weeks, especially with several special events (FED meeting, ETFs' trading days).

Foreigners put high selling pressure on market. In this week, they have sold over VND1,000 billion in HSX and over VND 75 billion in HNX. This selling activities focused on VIC (-VND460 billion), VCB (-VND81.6 billion), PVD (-VND 66.3 billion), HQC (-VND 45.8 billion), MSN (-VND49 billion). Also, the two ETF Funds withdrew over VND 350 billion.

Asia markets have yet stopped their downward trend. Asia index (expressed by MSCI Asia ex Japan – MXASJ Index) decreased 2.3% in this week (data up to 10/12), which was due to (1) drop of crude oil price (WTI down 8% in this week to USD36.7/ barrel) and (2) Chinese Yuan depreciation of over 1.2% in this week (based on USDCNH rate)

Under pressure of negative world markets movement, especially Asia markets and some uncertainties ahead, market would probably gain more momentum for a new trend in end of next week. After a deep decrease of 9% in one month, downside risk seems to recede. However, market is awaiting new supporting signal such as supportive news or high liquidity sessions for establish the new trend. In general, investors having high cash in accounts could consider to accumulate reasonably in decline sessions while investors holding stocks should not sell if market witnesses high intraday correction. Usually, at bottom of market, large cap stocks or leading stocks such as VNM, VIC, VCB, BVH, FPT,…. are candidates having the strongest momentum for bouncing.

"Emotional trading week at low level of the index"

Seeking opportunities from ETFs' reviews

ETFs seem to take some impact on local investors' psychology, especially in their review period. Local investors have tried to find abnormal return by trading stocks added and deleted out FTSE and VNM ETF's portfolio, especially in the end of calendar quarter. Therefore, since 2011, brokerage companies have usually given their predictions for portfolio restructuring result of those funds, which in part helps individual investors to buy or sell before funds' action. However, unexpected cases at BID and HHS, a ticker which most of brokers said must have been added by FTSE ETF fund, show that finding abnormal return by tracking ETF trading has become riskier than in history. Before portfolio restructuring result of VNM ETF to be released tomorrow, Rongviet Research would like to introduce a research to answer *whether abnormal returns (ARs) from tracking ETF's transaction would be probably realized or not.*

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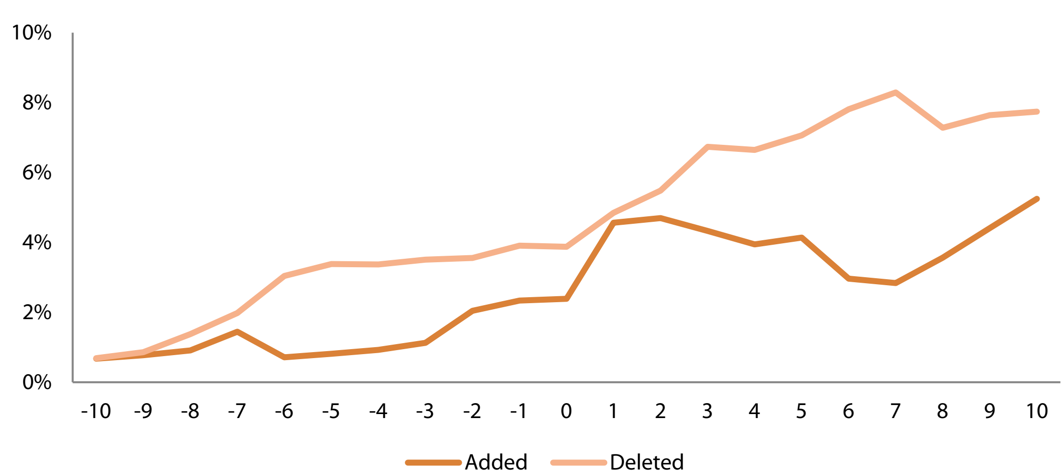
Table: Average abnormal returns (ARs) of deleted/ added stocks

Day	Average abnormal returns (ARs) of added stocks	Average abnormal returns (ARs) of deleted stocks
-10	0.68%*	0.69%*
-9	0.10%	0.17%
-8	0.14%	0.52%*
-7	0.54%*	0.60%*
-6	-0.73%*	1.06%*
-5	0.10%	0.34%*
-4	0.11%	-0.01%
-3	0.20%	0.14%
-2	0.92%*	0.05%
-1	0.29%*	0.35%*
0	**0.05%**	**-0.03%**
1	2.18%*	0.97%*
2	0.13%	0.63%*
3	-0.37%*	1.25%*
4	-0.38%*	-0.09%
5	0.19%	0.42%*
6	-1.17%*	0.75%*
7	-0.13%	0.48%*
8	0.73%*	-1.01%*
9	0.85%*	0.36%*
10	0.84%*	0.10%

Notes:
(*) Significant at 10% level
T = 0: official announcement date

The results show the abnormal return are significant 2 days prior to the announcement of adding new constituents and 3 days after the publication of which deleted from the portfolios. It is quite interesting that in spite of being deleted, those stocks can still provide abnormal return for investors, which implies that *deletion should not be view as a negative event.*

Graph: Cumulative abnormal returns of stocks added/ deleted

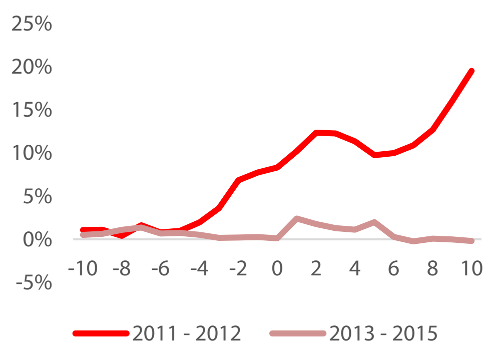


Source: RongViet Research

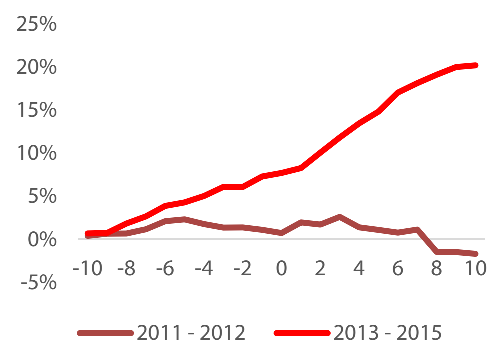
We calculate cumulative abnormal returns (CARs) and find out the slopes are quite flatter prior to T0. We believe that this is due to the uncertainty of investors who would not make their bets in forecasted results of securities. Besides, the graph also points out that performances of stocks seem to fluctuate significantly 3 days after the official announcement. For those that added to the portfolio, we see a downward sloping in the CARs while it is a upward sloping for the deleted ones. *Once again, the CARs prove the same conclusion as the ARs do: deletion does not mean stocks are not worth buying.*

For deeper understanding, we split our observations into two non-overlapping periods: year 2011 – 2012 (when ETFs started to impact on markets) and 2013 – 2015 (the period when there were noticeable differences between the forecasted and actual results of new portfolios).

Graph: CARs of added stocks



Graph: CARs of deleted stocks



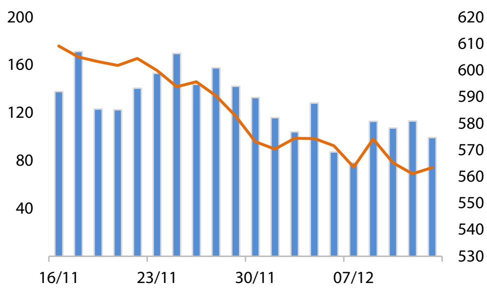
Source: RongViet Research

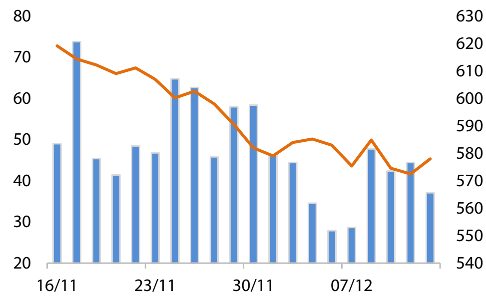
During 2011- 2012, it was quite easy to buy and hold adding constituents between [-10;10] days. However, investors struggled in searching for ARs from 2013 – 2015 by following the same strategy. Another interesting point we have discovered is the "buy and hold" strategy yielded desirable ARs for the deletion! So far, there are no convincing reasons for such anomaly. One possible explanation might be that ETFs are becoming more "unexpected and ingenious" than we can imagine.

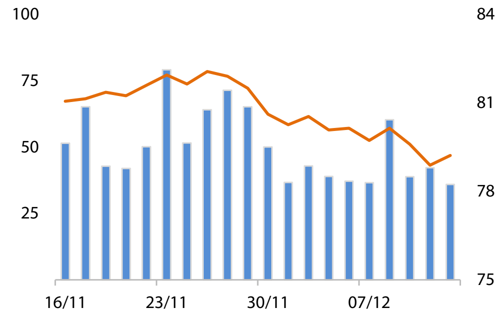
In addition, we observe stocks in the list of FTSE ETF and VNM ETF's portfolios and realize that accumulated abnormal income of tickers, which were added / removed from FTSE ETF, did not follow any certain rules from the period of 2013 to now. The main reason is probably derived from the different types of both funds in which VNM ETF operates as conventional replication and FTSE runs as synthetic replication (likely include derivative application). As a result, the VNM ETF's aim of 100% tracking to Index was met in which trading a great number of stocks based on portfolio review but the story is less predictable in FTSE.

According to the statistic with acceptable reliability of 90%, we believe trading in same trend of ETF is still possible but more difficult. Some advices given to investors are ***(1) only acting after ETF's publishing officially portfolio restructure result***; ***(2) deleted tickers might not move downward*** (due not to explaining the reason for no consistent of profit and excluded information in this content, we do not recommend to buy these tickers), so investors can consider to buy, especially with low price when VNM ETF will sell significantly in ATC session of the last day of portfolio restructure period and ***(3) trading with VNM ETF activities as FTSE ETF acting is more complicatedly Moreover, there are also domestic ETF funds being well-operated***. However, due to small gap between NAV and the trading prices, it is hardly to seek for arbitrage opportunities; thus, such funds are only suitable to long-term and passive investors.

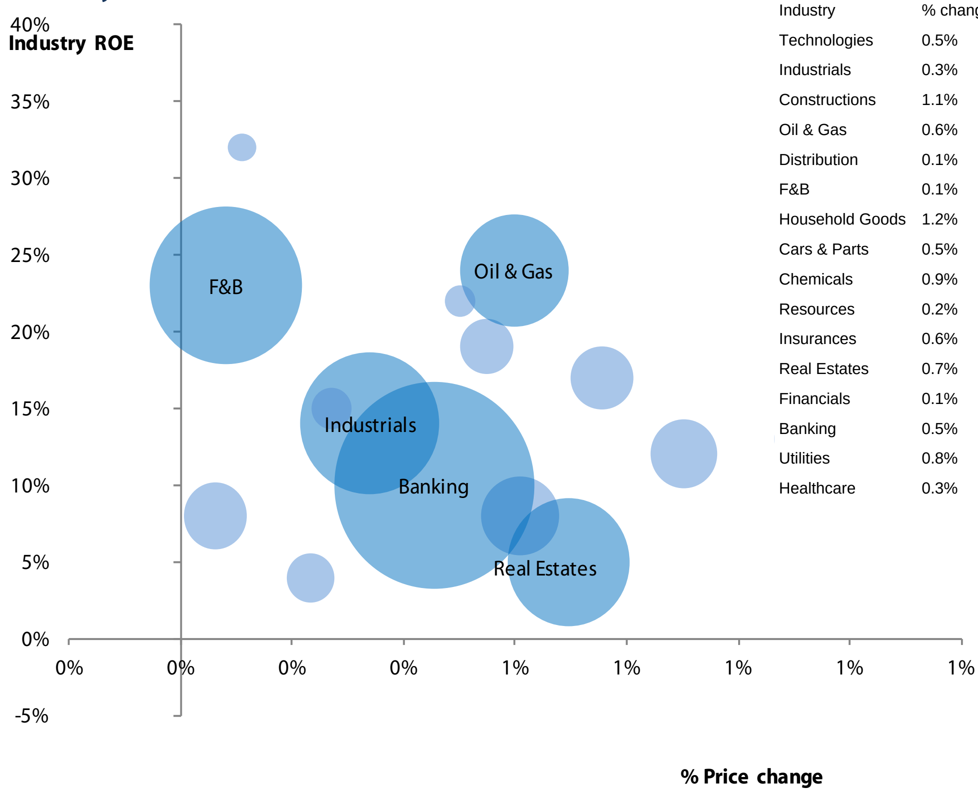
VNINDEX	0.43%	563.43	VN30	0.96%	578.01	HNXINDEX	0.42%	79.22





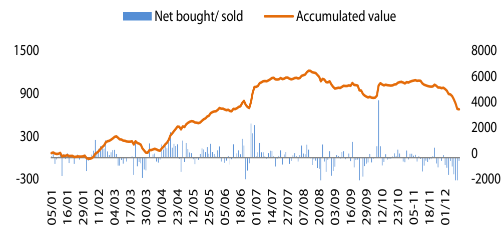


Industry Movement

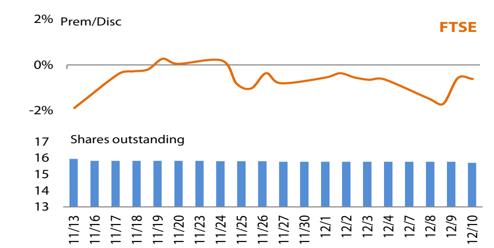


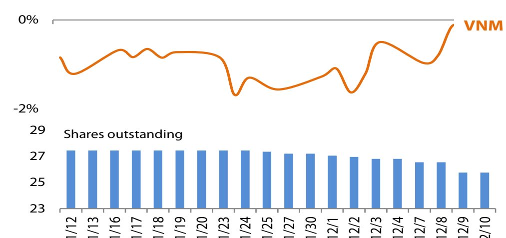
Industry	% change
Technologies	0.5%
Industrials	0.3%
Constructions	1.1%
Oil & Gas	0.6%
Distribution	0.1%
F&B	0.1%
Household Goods	1.2%
Cars & Parts	0.5%
Chemicals	0.9%
Resources	0.2%
Insurances	0.6%
Real Estates	0.7%
Financials	0.1%
Banking	0.5%
Utilities	0.8%
Healthcare	0.3%

Foreign Investors Trading



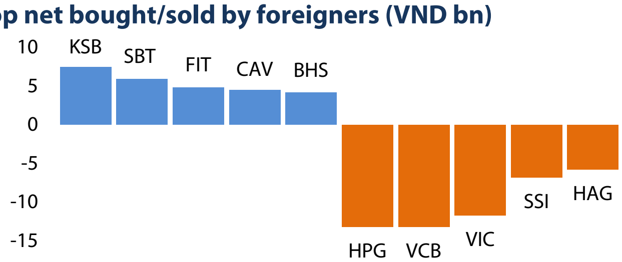
ETF



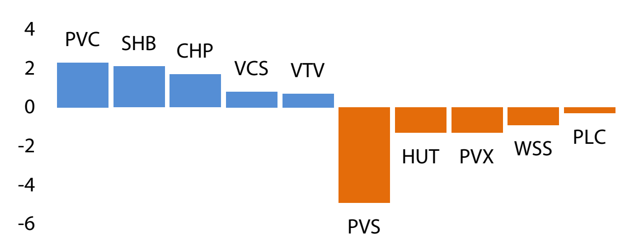


Top net bought/sold by foreigners (VND bn)

HSX



HNX



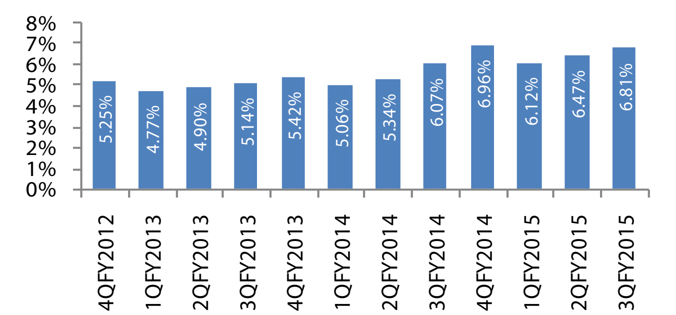
Top Active

Ticker	Price	Volume	% price change
FLC	7.7	8.91	1.3%
SHI	11.4	3.30	-0.9%
HAG	11.4	3.03	-0.9%
SBT	19.4	2.91	1.0%
HQC	5.8	2.70	1.8%

Ticker	Price	Volume	% price change
TIG	11.8	2.41	0.9%
SCR	8.0	2.39	0.0%
KLF	4.5	2.28	2.3%
KHB	4.2	1.51	0.0%
VIX	7.2	1.47	1.4%

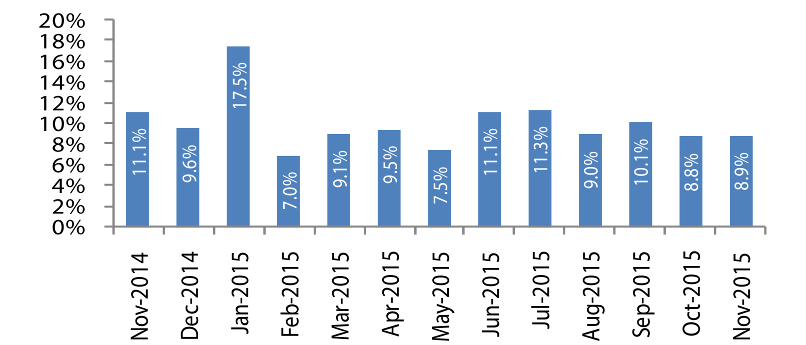
MACRO WATCH

Graph 1: GDP Growth



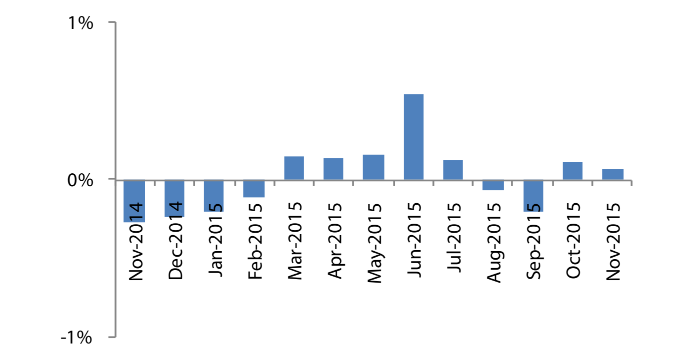
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



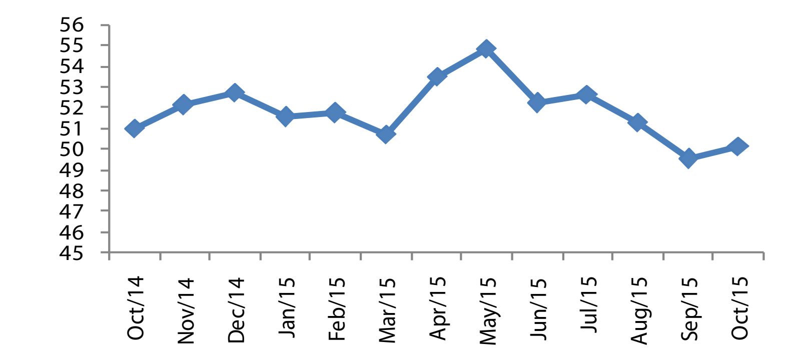
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



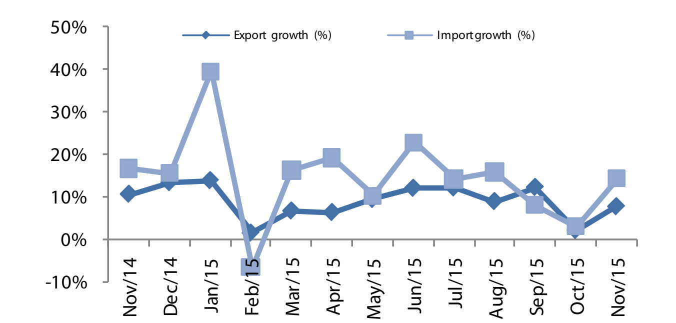
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



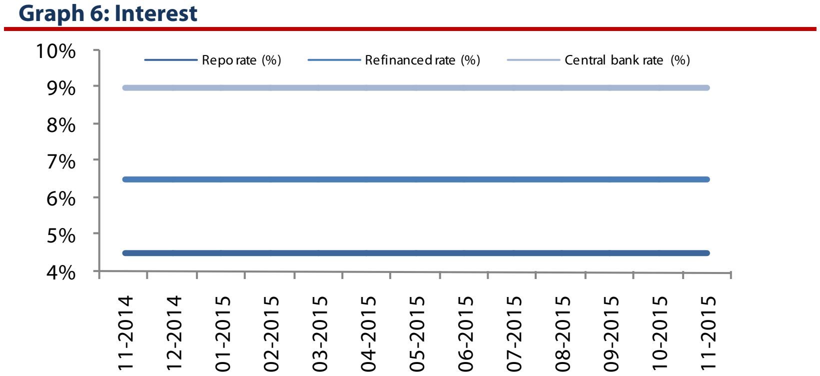
Sources: GSO. Rongviet Securities database

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
LHG - In the right time, in the right place	November 17th, 2015	Buy – Long term	25,700
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

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	17/11/2015	0% - 0.75%	0% - 2.5%	12,109	12,099	0.08%
VEOF	17/11/2015	0% - 0.75%	0% - 2.5%	10,276	10,663	0.59%
VF1	25/11/2015	0.2% - 1%	0.5%-1.5%	23,903	23,764	0.59%
VF4	25/11/2015	0.2% - 1%	0%-1.5%	10,847	10,768	0.74%
VFA	19/11/2015	0.2% - 1%	0%-1.5%	7,429	7,418	0.15%
VFB	19/11/2015	0.3% - 0.6%	0%-1%	12,523	12,506	0.14%
ENF	20/11/2015	0% - 3%	0%	12,225	12,156	0.57%
MBVF	19/11/2015	1%	0%-1%	10,740	10,902	-01.49%
MBBF	18/11/2015	0%-0.5%	0%-1%	12,494	12,485	0.07%

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