

MARCH

20

FRIDAY

“Are ETF funds in Asia EMs being withdrawn? NO and YES!”

ADVISORY DIARY

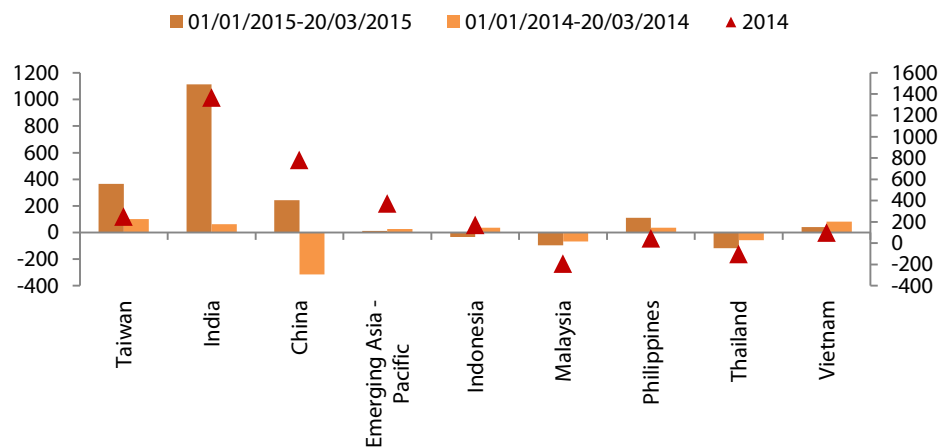
- **Are ETF funds in Asia EMs being withdrawn? NO and YES!**
- **The best trading day thanks to ETFs**

Are ETF funds in Asia EMs being withdrawn? NO and YES!

In ETF VFMVN Annual meeting yesterday (March 19th, 2015), VFM representative raised the risk from “FED rate hike could make a huge impact on Vietnam market’s capital inflows”. Specially, after the withdrawal (~USD17.8mil) by VNM ETF in Thursday trading session, several investors raised concerns with RongViet Research about the current movements of capital inflows in emerging markets, especially in Asia – Pacific region.

According to our statistics, ETF funds in this region continue to attract large inflows, reaching at USD1.67bil, equivalent to 59.4% of total amount of inflows capital in 2014. It is worthy to note that ETF funds were withdrawn approximately USD94.6mil at the same time last year. Therefore, the ETF funds capital flow in this region had positive reversal in Q12015.

Exhibit: ETF Fund Flows in Emerging & Frontier Market in Asia - Pacific



Sources: ETF.com, RongViet Research

However, on a closer look and inspection, capital flow was only increased in several markets such as India, China, Philippines and Taiwan. Conversely, some markets witnessed significant withdrawal (Thailand, Indonesia, Malaysia) meanwhile capital inflow to Vietnam market dropped by 49.2% yoy*. Thus, there is a clear divergence in ETF’s global investors due to the risk factors. When investing in ETF funds, market and macro-economic factors are more concerned than the fundamental of specific company. Simultaneously, ETF fund flows are commonly short-term capital and quickly respond to macro-economic changes (market policies’ changes, macro-economic outlook, FED policy...). As we could see, the movement of these capitals is in compliance with investors’ expectations base on each market. Therefore, it is unlikely to say that a rate hike by FED will negatively affect EM capital. Due to Vietnam market, we should not expect a huge capital inflow from ETFs this year.

* Consider only flow of funds from VNM ETF

The best trading day thanks to ETFs

At the end of the trading week, stock market had a significant session with the surge of liquidation and trading volume from two ETFs. However, the volatility of the index, stock prices and value of

net buy from foreign traders could not meet the expectation of several investors. VN-Index just increased by 0.3%, some stocks in two ETFs' portfolio had relatively low volatility (HSG had the largest decline (-4.4%) and FLC had biggest increase (+6.03%)) while foreign investors net bought value was approximately 173.1bil VND. Outstanding aspects from last trading session are the surge of liquidation (due to ETF) and positive trading in several small-cap stocks with low liquidation. However, we realize that stock trading is relatively great in some stocks with high dividend yield such as PVB, DPM, PCT... and stocks in cement industry like HT1, BTS... Recently, in weekly team meeting, our market experts believe investors should consider buying high dividend-paying stocks while the prices are falling. Dividend yield which is higher than the deposit rate could be a suitable strategy before the season of shareholder meetings.

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Market sentiment was negatively reflected by Draft resolution no. 210 and the changes in Decree No. 58 this week. With the experience from previous Decree No. 36, we suppose that assessing the new policy's quantity effect to securities market seems difficult. However, based on the framework, a short-term trouble will create the momentum for the market to have a sustainable and professional development.

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index dropped 10.66 points (or 1.82%), closed at 575.44. Trading volume increased 16%, up to 501 million shares.

The expected support area at around 580-585 was broken quite easily. This also means that the 200-day, 50-day and 26-day moving average were also cut down by VN-Index. In a short-time, the situation turned bad. VN-Index may keep going down to find its new support at 568 and 558 further. Conversely, the recovery of VN-Index will be resisted at 580-585 area.

Looking at technical indicators, both the MACD and the RSI turned bearish. The MACD are moving down far away the signal line while the RSI is below 50.

The ADX indicator went down to its trough around 17, showing that the current intermediate-term uptrend is weakening.

Next week, the trading range of VN-Index may be between 580 and 568.

HNX-Index

HNX-Index lost 0.59 points (or 0.69%), closed at 85.13. The liquidity increased 16.8% with 202 million shares changed hands.

HNX-Index cut down its 26-day moving average and fell to its support at around 84 (equivalent to the 200-day moving average) and a slight recovery on low volume took place. In a short-term, the resistance of HNX-Index is its 100-day, 50-day and 26-day moving averages (at around 85.5-86). In a longer term, the oscillation of HNX-Index is between 84 and 87.

Looking at technical indicators, both the MACD and the RSI remain neutral. The ADX fell to 15 areas showing that the current trend of HNX-Index is no trend.

Next week, the trading range of HNX-Index may be around the 85 landmark.

Recommendation:

Both VN-Index and HNX-Index kept going down. Traders should be vigilant and maintain a balanced portfolio between cash and stocks and wait for more signals.



Khai Tran

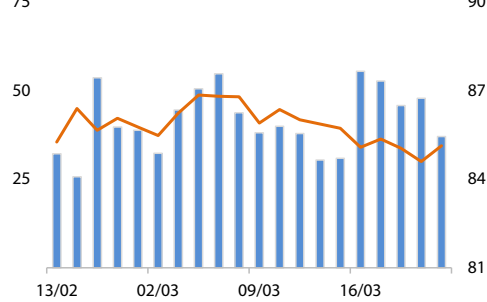
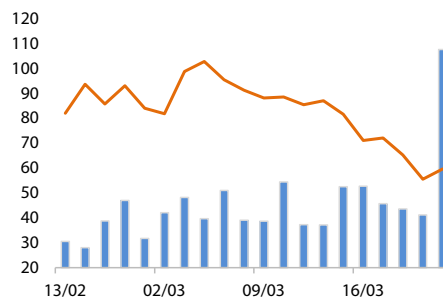
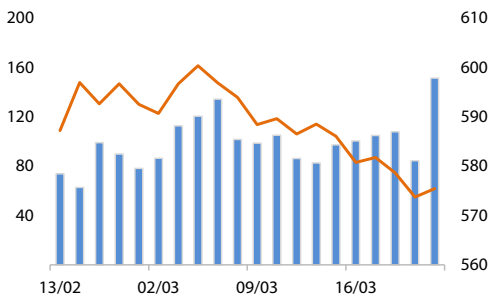
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VNINDEX 0.30% **575.44**

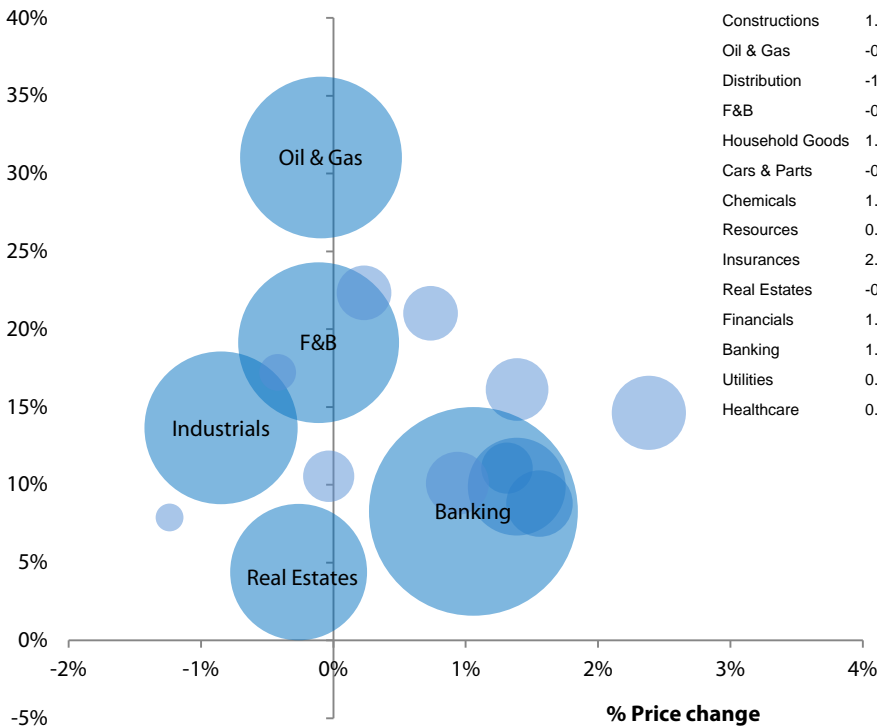
VN30 0.41% **603.76**

HNXINDEX 0.63% **85.13**



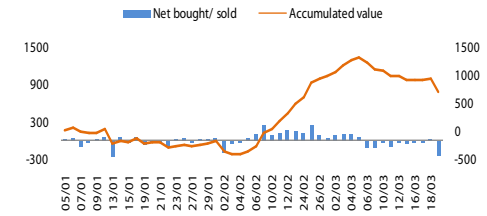
Industry Movement

Industry ROE

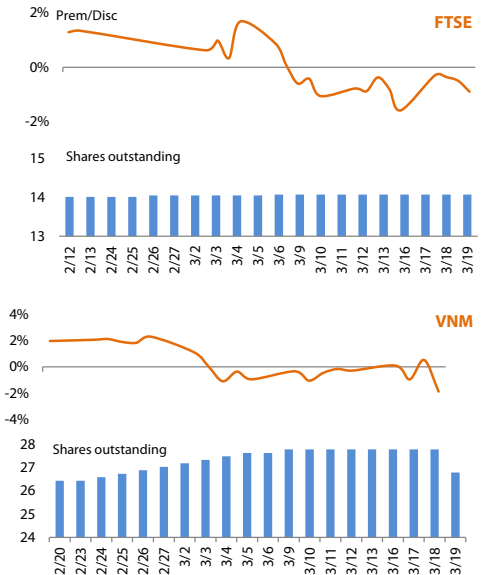


Industry	% change
Technologies	0.7%
Industrials	-0.8%
Constructions	1.4%
Oil & Gas	-0.1%
Distribution	-1.2%
F&B	-0.1%
Household Goods	1.3%
Cars & Parts	-0.4%
Chemicals	1.4%
Resources	0.2%
Insurances	2.4%
Real Estates	-0.3%
Financials	1.6%
Banking	1.1%
Utilities	0.9%
Healthcare	0.0%

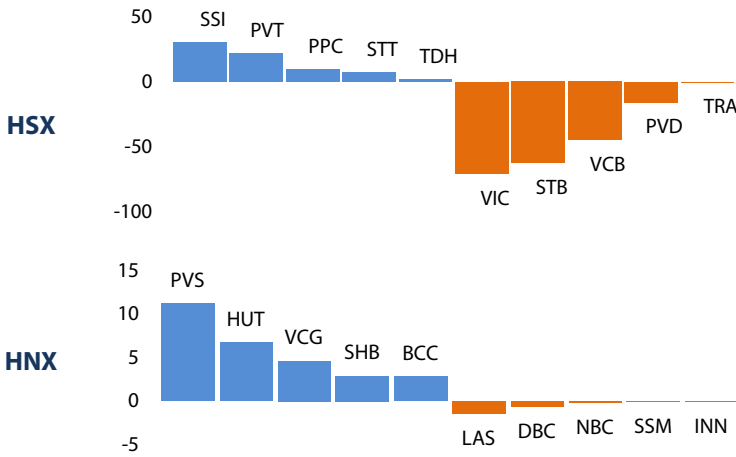
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



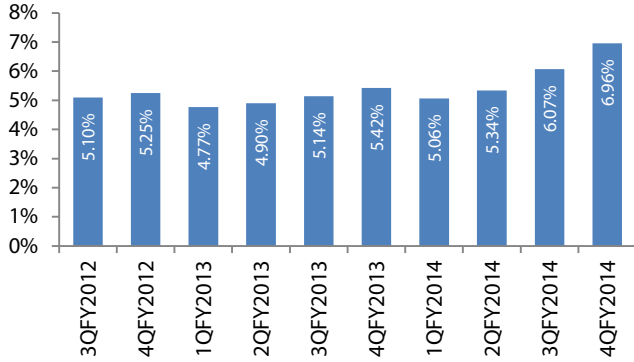
Top Active

Ticker	Price	Volume	% price change
FLC	12.3	33.03	6.0%
KBC	17.0	15.57	1.8%
KDC	48.0	6.60	1.1%
OGC	5.0	5.83	0.0%
HAG	22.1	5.68	1.4%

Ticker	Price	Volume	% price change
KLF	11.0	4.60	1.9%
FIT	19.2	3.56	0.5%
PVS	25.0	2.49	0.0%
HUT	16.7	1.59	0.6%
PVX	5.0	1.33	0.0%

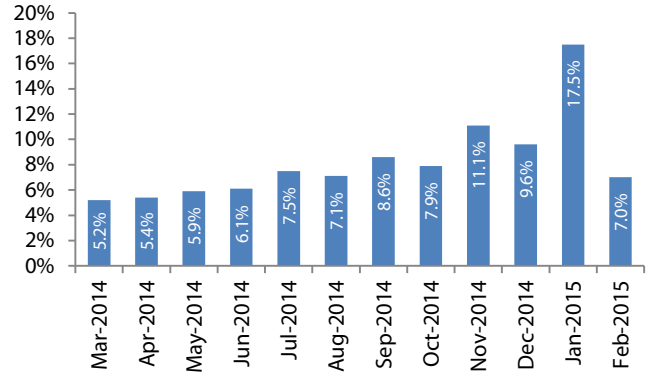
MACRO WATCH

Graph 1: GDP Growth



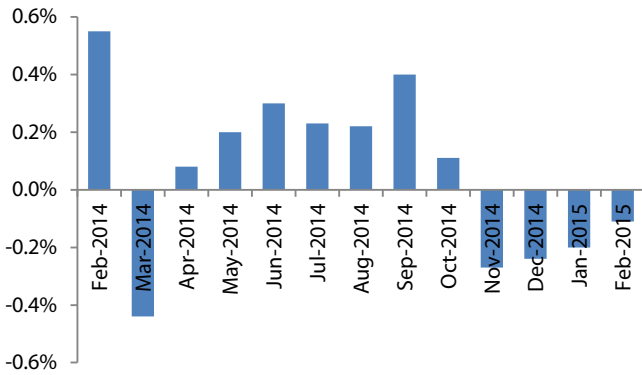
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



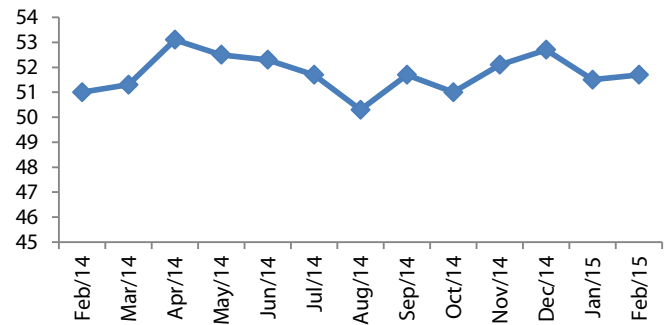
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



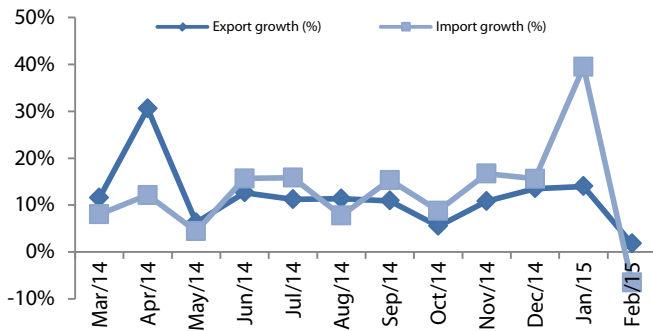
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



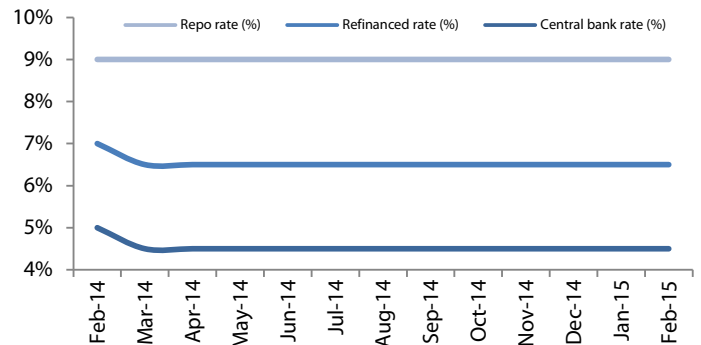
Sources: GSO. Rongviet Securities database

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
PAC- Opportunities along with challenges	Jan 14 th , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 th , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 th , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 th , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 th , 2014	Monitor	

Please find more information at <http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx>

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	10/03/2015	0%-0.75%	0%-2.5%	11,730	11,725	0.04%
VEOF	10/03/2015	0%-0.75%	0%-2.5%	9,871	9,695	1.82%
VF1	16/03/2015	0.2% - 1%	0.5%-1.5%	21,715	21,772	-0.26%
VF4	11/03/2015	0.2% - 1%	0%-1.5%	9,530	9,552	-0.23%
VFA	13/03/2015	0.2% - 1%	0%-1.5%	7,402	7,457	-0.73%
VFB	13/03/2015	0.3% - 0.6%	0%-1%	12,187	12,179	0.06%
ENF	06/03/2015	0% - 3%	0%	10,951	10,868	0.76%
MBVF	26/02/2015	1%	0%-1%	11,081	11,100	-0.17%
MBBF	11/03/2015	0%-0.5%	0%-1%	12,032	11,966	0.55%

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