

MAY

19

MONDAY

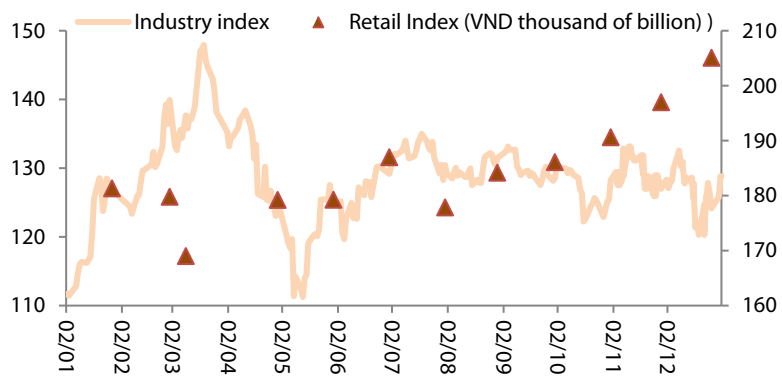
ADVISORY DIARY

- **1Q2015's update results – Kraft packaging industry**
- **Significant net buying of foreign investors**

1Q2015's update results – Kraft packaging industry

From our observations, the index for stock performance of the packaging industry has been tracking retail sales index at a lag of approximately 2 months. Thus, a spectacular growth rate of 15.4% yoy in Q4/2014 has promised a positive business results in Q1 / 2015.

Figure: the correlation between packaging industry and retail sales index in 2014



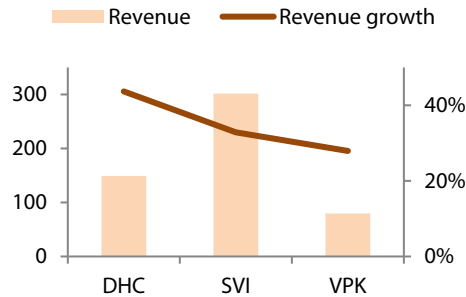
Source: Bloomberg

“Significant net buying of foreign investors”

As the corporations’ representatives, many enterprises have worked perfunctorily especially after Tet periods in annual 1st Quarters, but this year, companies pushed productivity up to 3 shifts/day right in the beginning of the fiscal year. At the AGM last April, SVI said that consumer demand had recovered since early 2015, leading to an increase in orders; hence, the results were over expected. Refer to those positive factors; we are more confident in expecting a growth in kraft packing industry, especially in the context of signed multilateral and bilateral agreements. Q1 results of this industry’s companies have clarified this fact as revenues of DHC increased 43.6%, SVI increased 32.8% and VPK increased 27.9%.

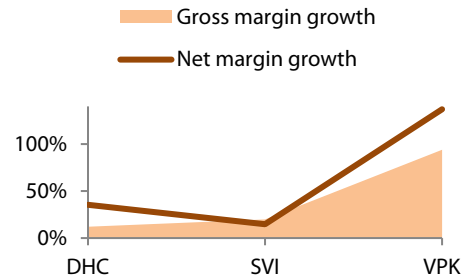
Additionally, due to falling prices of direct materials, gross profit of these companies also improved notwithstanding lowering selling prices to reinforce the competitive strength. The most notable company- VPK has a significant grow of 94% in gross profit as to (1) VPK has reserved paper material when the input price declined in late 2014, (2) the machine has operated stably to minimize the faulty goods, which helped to reduce the error rate.

Figure: Revenue Q1/2015



Source: Bloomberg

Figure: Gross and net margin growth Q1/2015



Source: Bloomberg

Despite positive results, stock prices of some listed companies in the industry have yet matched the growth prospects. Particularly, DHC closed today at VND19,900/share, 32%, lower than our target price of VND 26,200/share in the Brief update report dated 24 April 2015. SVI and VPK, based on FY2015 plan, are trading at respectively 5.4x and 6.6x P/E forward (the industrial P/E forward is estimated at 7x). However, low liquidity is a constraint for 2 stocks. Investors should observe these stocks closely and wait liquidity improvement from bonus shares or divestment of major shareholders.

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Significant net buying of foreign investors

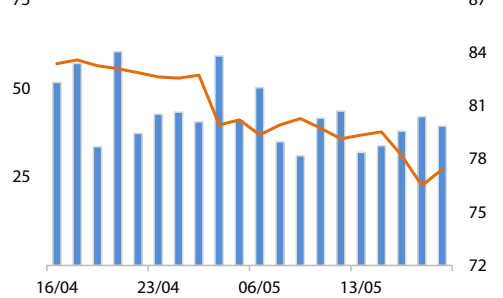
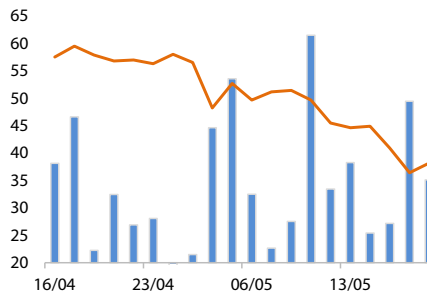
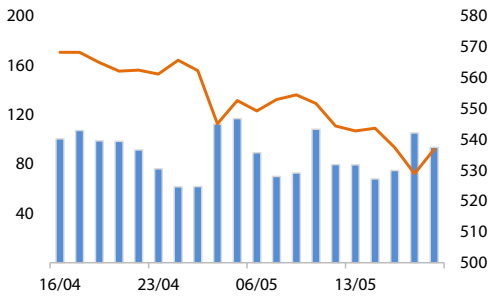
HSX and HNX advanced respectively at 1.49% and 1.22%. This was an expected trend since a rally session usually succeeded a tumble day after the holiday period. The green color was all over the market today from small-caps to blue chips stocks. However, the vital factor remains the relatively weak cash flow from investors. Despite that today saw a 14.2% fall in liquidity with the trading value of VND1500 billion. The most positive thing today was the net buying activity from foreign investors at VND131 billion, 2.6 times to yesterday's session in equivalent.

In the period lacking information, investors have concerned to pour cash flow into the market. Additionally, a bad news from Bien Dong has also impacted negatively on investors' psychology. With this movement, we still remain the view about waiting for a clearer signal relating to liquidity improvement to disburse.

VNINDEX 1.49% **536.82**

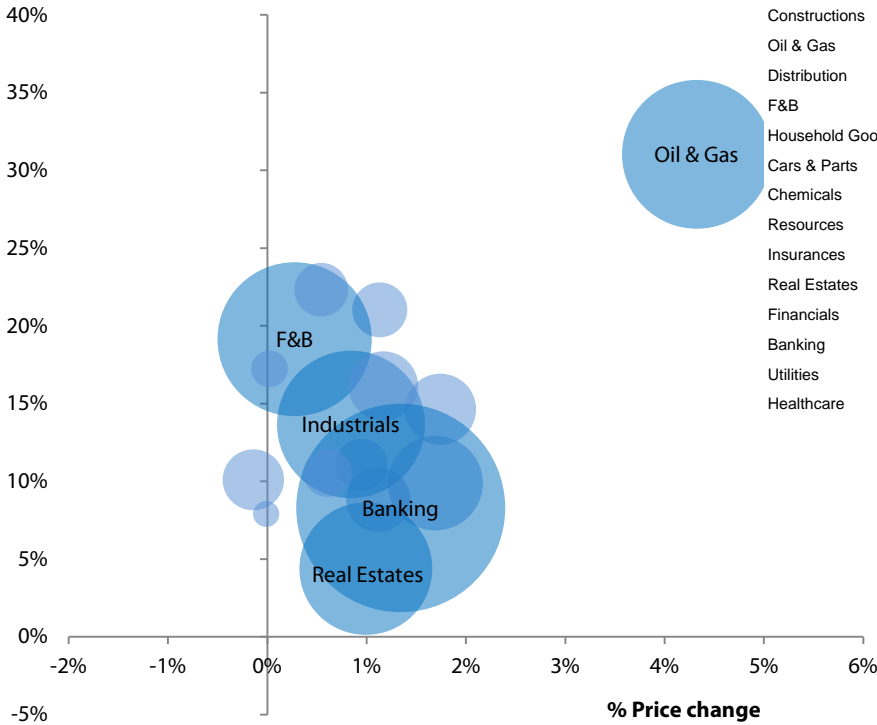
VN30 0.64% **556.44**

HNXINDEX 1.22% **77.44**

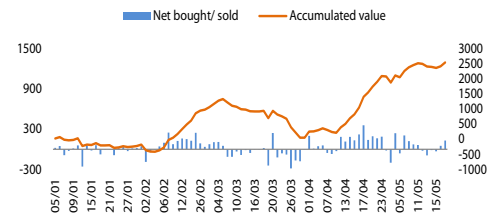


Industry Movement

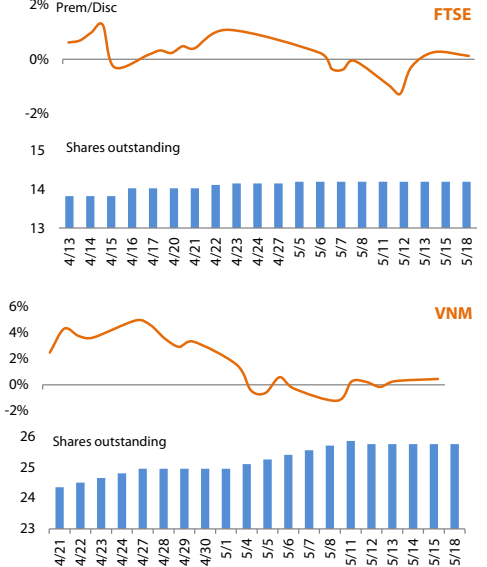
Industry ROE



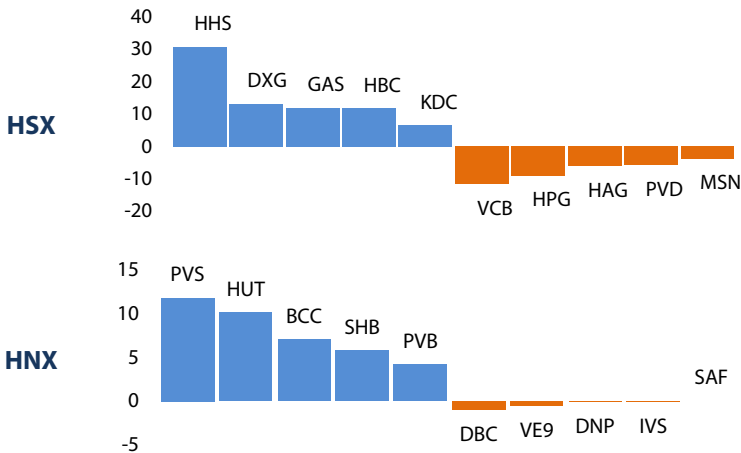
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



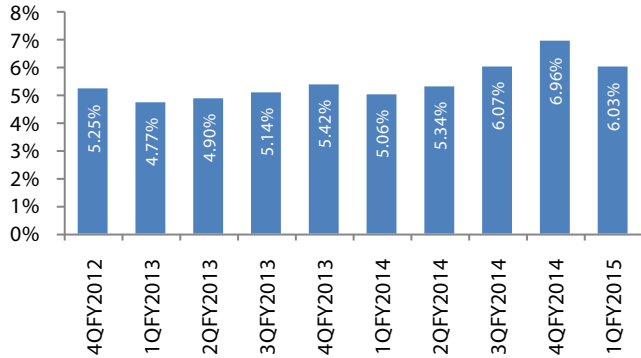
Top Active

Ticker	Price	Volume	% price change
OGC	2.5	7.00	-3.8%
FLC	9.4	6.10	3.3%
CII	21.2	4.35	0.0%
HHS	24.3	4.28	6.6%
HAI	8.2	4.19	2.5%

Ticker	Price	Volume	% price change
KLF	6.6	5.12	3.1%
VFR	19.4	3.11	9.6%
FIT	13.2	3.08	2.3%
SCR	6.3	2.78	0.0%
PVX	3.6	2.32	2.9%

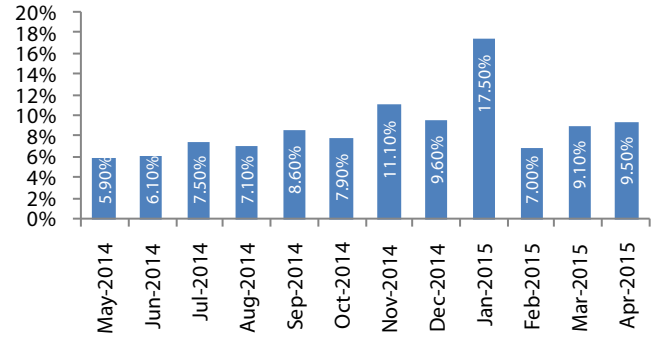
MACRO WATCH

Graph 1: GDP Growth



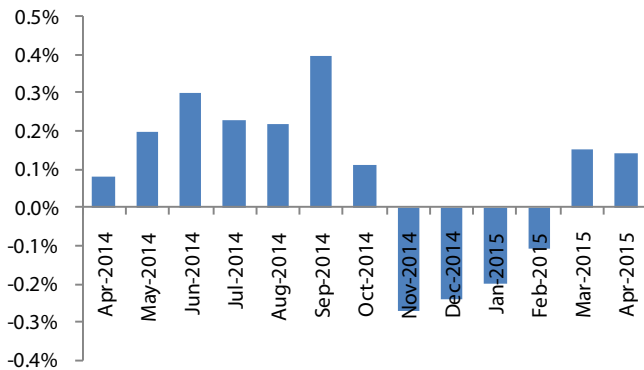
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



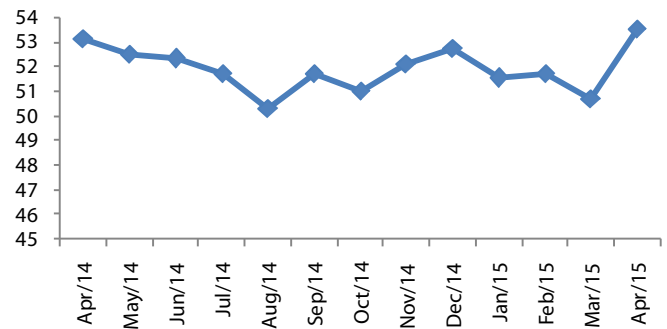
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



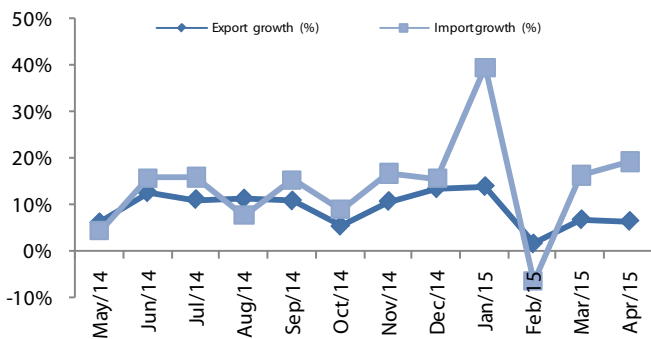
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



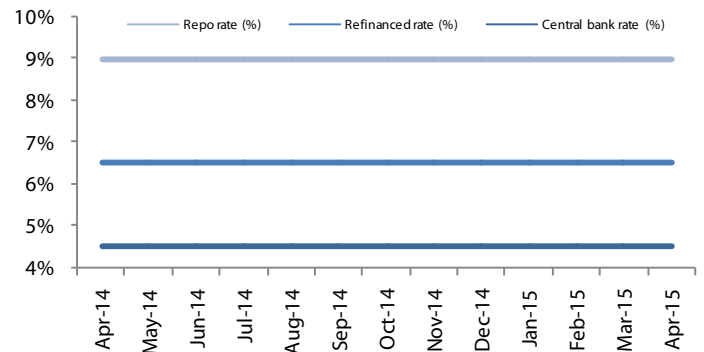
Sources: GSO. Rongviet Securities database

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
GSP- Heading for a new growth period	May 11 th , 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7 th , 2015		30,800
VPH - Emerging from its lowest	May 5 th , 2015	Buy – Intermediate term	15,300
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24 th , 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14 th , 2015	Accumulate – Intermediate term	40,000

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

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