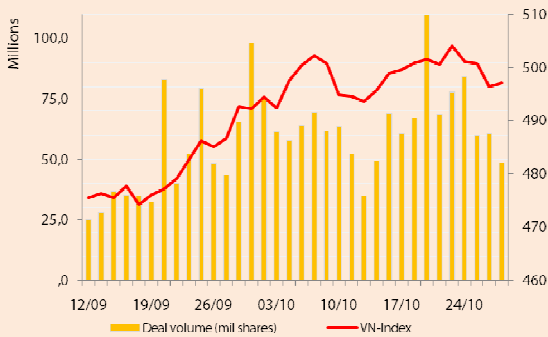
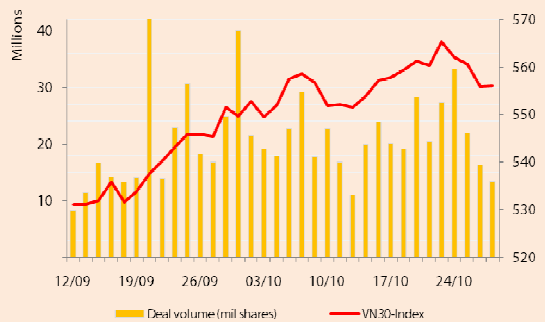


**MARKET REPORT**

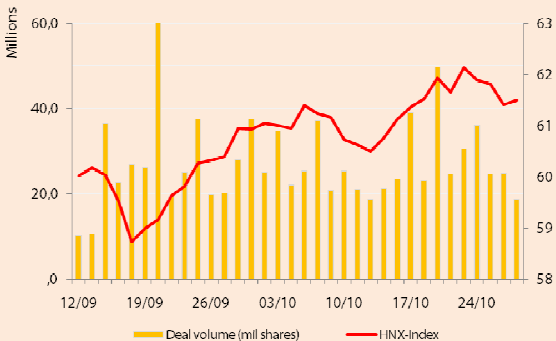
Index	VN-Index	VN30-Index	HN-Index
<b>29/10/2013</b>	497.08	556.15	61.50
<b>Change (%)</b>	0.12%	0.04%	0.15%



Liquidity	HSX	VN30	HNX
<b>Deal Volume (share)</b>	48,772,840	13,423,670	18,802,654
<b>Total Volume (share)</b>	57,866,550	22,205,330	20,602,879
<b>Deal Value (VND bn)</b>	629.50	316.13	156.07
<b>Total Value (VND bn)</b>	909.83	592.29	168.03



Foreign Activity	HSX	VN30	HNX
<b>Foreign Buy (VND bn)</b>	193.30	172.41	6.11
<b>Foreign Sell (VND bn)</b>	176.54	147.53	3.93
<b>Foreign Net (VND bn)</b>	16.76	24.88	2.18



**SUMMARY:**

- ❑ **Unexpected higher demand, VNIndex closed in green.**
- ❑ **FDI exceed the planning in 2013.**
- ❑ **LAS: No growth spurt, still fertile.**

**Markets ended higher today.** VNIndex rose 0.12% to 497.08 points, VN30 gained 0.04% to 556.15 points and HNIndex up 0.15% to 61.5 points.

**Liquidity decreased compared to the previous trading session.** HSX had about 48.8 million shares changed hands, worth of VND629.5billion (-10.3%). On the other hand, HNX had about 18.8 million shares changed hands, worth of VND156.07 billion (-29.4%). Put-through transaction was eventful with exciting with about 6.5 million shares of CTG changed hand successfully.

**Blue-chips recovered, indices reversed.** The prudence continued in the morning session and indices was still in correction. However, the demand at blue-chips increased surprisingly in the evening session and sending VNIndex higher than reference level. VN30 group closed with positive market breath, in which, there was 16 gainers and 6 losers, the strongest stocks today were BVH, GMD and PET.

The recovery of large-cap also helped market sentiment better, the increase of some stocks improved significantly in the last minutes like SII, DIG and FCN. Industries were differentiated today, Mechanics was the strongest industry while the opposite was Electric Appliances.

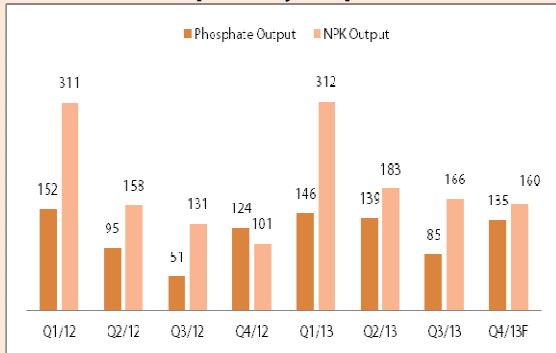
**Recovering at the same time with VNIndex, HNIndex increased slightly at the close.** Most of leading stocks on HNX bourse closed higher a little bit or stood still at the reference price today. SHB was still the most favorite stock of foreigners on this exchange with net bought volume about 380,000 shares.

**MARKET COMMENTARY**

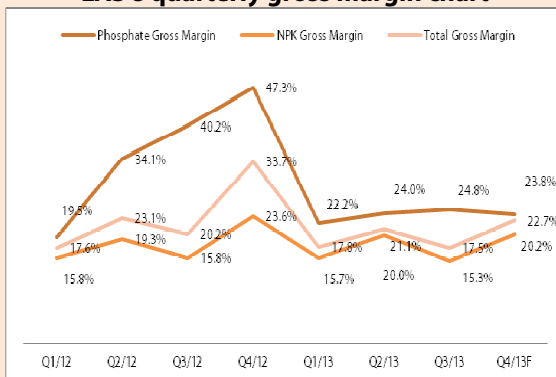
**According to the latest updates from Foreign Investment Agency (FIA), FDI exceed the planning in 2013.** Sepcifically, by 20 Oct, total newly registered and raised FDI capital reached USD 19.234 billion, up 65.5% yoy and equivalent to 1.5x of the target of USD 13-14 billion of 2013. Total disbursed capital gained by 6.4% yoy to USD 9.58 billion. The industrial and processing sector is the most favourites sector with USD 14.923 billion, accounting for 77.6% of the total registered investment capital. It is followed by production and distribution of electric, gas, water and real estate sectors. The big economies in Asia continues to be lead partners in Vietnam as Japan and South Korea with FDI capital accounted for 46% total regesitered capital. FDI businesses has grown strongly in import and export, in the first 10 months of 2013, they had a trade surplus of USD 10.095 billion meanwhile national trade balance was USD 187 milion deficit.

**Unexpected higher demand, VNIndex closed in green.** After two-day retreat, today the market rebounded thanks to increasing efforts in price of a series of stocks in some last minutes. Although foreigners became to be net buyers today but liquidity decreased a lot made we think that it is not really sustainable. A rally session is not compelling for us to believe that the market will continue to be more prosperous in coming sessions yet there is no more supporting information released. However we think that indices will not adjust strongly and move in narrow range before determining a clearer trend.

**LAS's quarterly output chart**



**LAS's quarterly gross margin chart**



**BUSINESS UPDATES**

We have released the brief report of Q3 business results on the **Lam Thao Fertilizers (LAS – HNX)** with main ideas as follows: (to see the full information please visit the website [www.vdsc.com.vn](http://www.vdsc.com.vn))

**Sales dropped from Q2 as mandated by the business cycle while output still on the growth.**

As noted in our previous update, there is a mid-year plunge in LAS' earnings patterns. The third quarter saw a cascade in phosphorus fertilizers consumption and a slight decline in NPK output. For the three-month period ending on Sept 30, revenue was posted VND1,022 billion, down by 19% from the previous quarter.

From a year ago, however, the company grew up to 26% in sales, driven mostly by its fresh aggressiveness in selling activities. Phosphorus fertilizers and NPK output volumes added 65% and 72% from the previous year to 85,000 and 166,000 tons respectively.

**Profitability shrank on eased selling prices and a shift in the product structure.**

LAS compromised on its selling price in respond to a drop in raw material (S, SA and Potassium) prices while pushing selling activities. The gross profit margin thus contracted substantially from that of Q2.

Besides, we infer that there is a cyclical movement in the proportionate shares of high-concentration and low-concentration NPK fertilizers in LAS' output throughout the year. That should explain the fall of NPK gross profit margin in Q3 and the overall margin decrease to 17.5% from 21.1% Q2.

More active selling brought SG&As expenses up by 12% y-o-y so that Q3 sales expanded to a great extend but NPAT added only 7% to VND56.5 billion. For the 9-month period, revenue and NPAT were reported VND4,156 billion and VND325 billion, respectively fulfilling 86% and 100% of the annual targets.

**Sales are seen positive and the gross profit margin may rebound in Q4.**

We highly value the company's effort in to boost sales in Q3 given the unfavorable market conditions for fertilizer manufacturer in the trough of the business cycle. We expected to see further growth should the firm keeps its current stance considering demand for its fertilizer products often picks up later in the calendar year when the planting season of annual crops starts off. The total output in Q4 is projected at 295,000 tons, up by 17.5% from Q3 and 31% from a year earlier. Besides, the business cycle implies that higher weights will be applied for high-margin NPK products in Q4 sales, which should also elevate the gross profit margin of the whole NPK line to about 20.2%. The margin of Phosphorus fertilizers may remains around 23.8%, the mark it has been orbiting since the beginning of the year.

In general, we are rather positive about LAS' sales and profitability in Q4. However, also noted in our previous update, the costs recognition later in the year may lift selling expenses and gnaw away at profits. Q4 revenue and NPAT are estimated VND1.556 billion and VND72 billion, meaning a whole-year profits figure of VND397 billion and EPS of VND5,107.

**The year 2014 may not significant changes in business**

Now that the growth of demand for fertilizers has yet to accelerate, LAS may not set off the installation of new NPK line next year. The current line is now running 17% above its the design capacity, leaving tight room for NPK output growth. We expect



the output of this line around 826,000 tons and that of phosphorus fertilizers around 510,000 tons for 2014.

The prices of sulfur, SA and potassium move in conjunction with agriculture products prices, planting area size and the supply of fertilizers in the world market. The start button pressed for a large number high-tech fertilizer plants across the globe (US, Middle East, Canada, Russia, Belarus, China, Argentina, Jordan, Laos...) has driven prices downward and caused oversupply. Experts may have a point saying that fertilizer prices will slide further on the downside in the period between 2014 and 2015.

On the other hand, the fact that materials essential to the productions of fertilizers have grown substantially cheaper in the recent time may fuel bounces in prices during the year. Besides, the price of apatite (an input of phosphorus fertilizers) has picked up 10% so far this year. Therefore, there is a real possibility that Vinachem will adjust their price accordingly in coming years. We thus maintain our opinion that production cost for the phosphorus fertilizers and NPK line in increase 6% and 2% in 2014. Next year's revenue and NPAT is estimated VND5.509 billion and VND401 billion, translating into EPS of VND5.159.

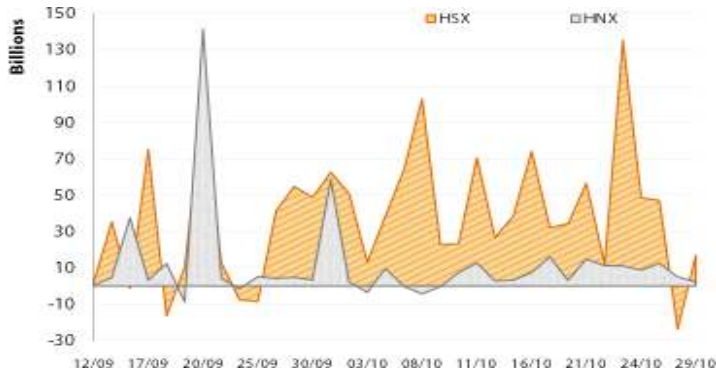
**Enlarged cash pile raise dividend expectation.**

With a substantial amount capex set further into the future (at least until 2015 in our opinion), it is likely that LAS will increase its dividend payouts as it did last year. As announced in the AGM, 2013 dividend ratio was agreed at 20%, which we expected to be revised up to 30%. At the end of Q3, LAS' cash pile was reported VND550 billion, up by VND319 billion from the beginning of the year. In 2014 year-end, the amount may reach as high as VND627 billion.

**Outlook and valuation:** There is little chance for a leap in LAS' Q4 earnings. A solid, less risky business structure and the possibility of more lucrative dividend should support the LAS share price before the company heads to the peak of its business cycle in next year's first half.

With this report, we alter some of our assumptions and revise our target price from VND39.800/share in the last update to VND39.000/share and thus conclude with a ACCUMULATE recommendation for the stock.

**FOREIGNERS TRADING**



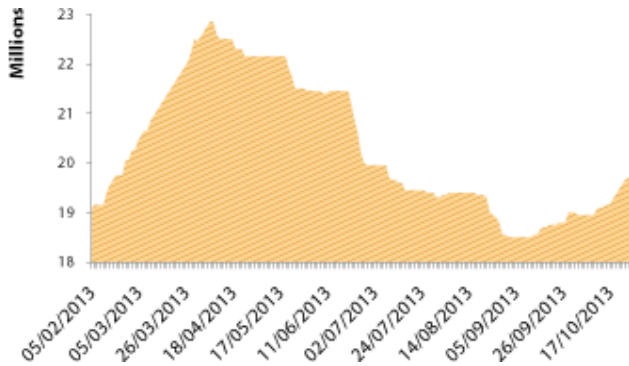
Today, the foreigners backed to be net buyers on both exchange with overall net bought value about VND19 billion. Top net bought stocks were HPG, NTL and PHR; on the other hand, ITA, STB and NBB were top net sold stocks.

VNM ETF is currently trading at premium about 0.45% while FTSE ETF is trading at discount about -0.23%. Number of outstanding shares of both ETF remained unchanged.

**ETFs VIEW**

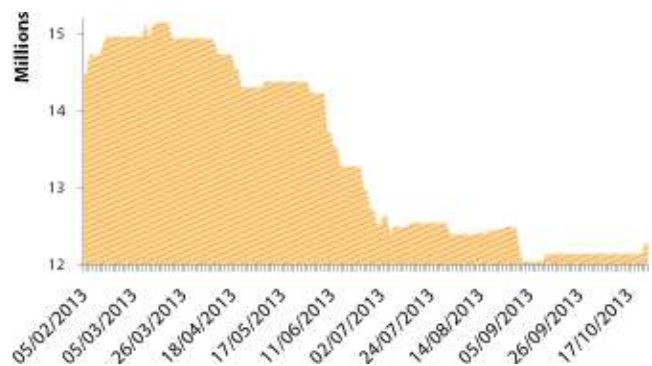
**Market Vector Vietnam ETF**

**Shares Out**

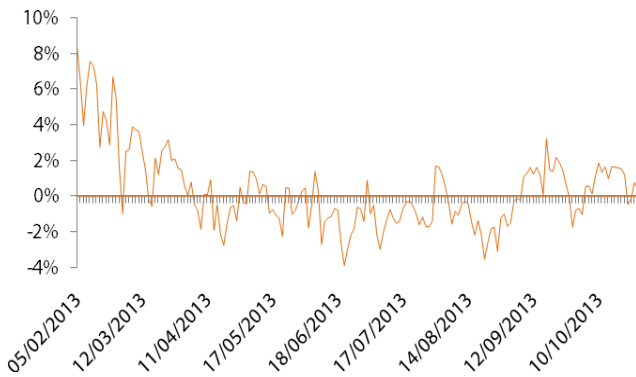


**FTSE Vietnam ETF**

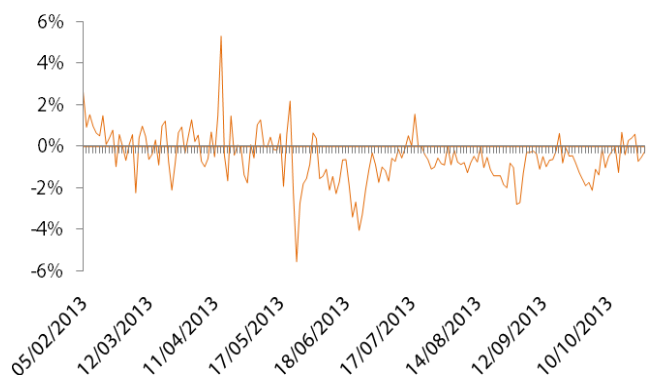
**Shares Out**



**Difference between Price and NAV (%)**



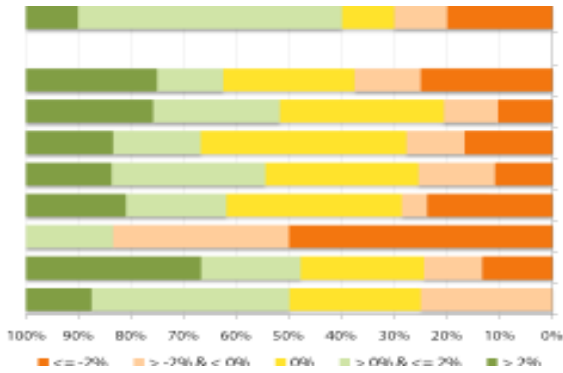
**Difference between Price and NAV (%)**



**MARKET SUMMARY**

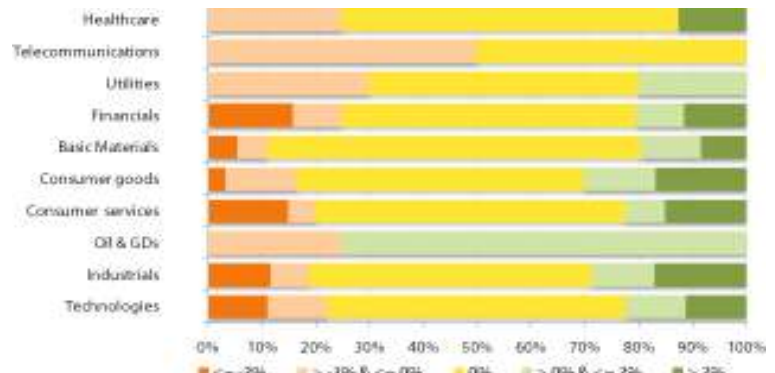
**HSX**

**Sector Performance**



**HNX**

**Sector Performance**



**Top 05 Gainers/Losers**

Ticker	Price	(+) %	±% (T-10)	Ticker	Price	(+) %	±% (T-10)
<b>UDC</b>	3,1	6,90%	0,00%	<b>CMT</b>	5,4	-6,90%	-5,26%
<b>VHG</b>	12,4	6,90%	26,53%	<b>SVT</b>	6,9	-6,76%	-18,82%
<b>VNG</b>	6,2	6,90%	6,90%	<b>CYC</b>	4,3	-6,52%	-6,52%
<b>ITD</b>	5,1	6,25%	24,39%	<b>VTB</b>	8,6	-6,52%	-14,00%
<b>APC</b>	12,0	6,19%	6,19%	<b>HU3</b>	8,7	-6,45%	-5,43%

**Top 05 Gainers/Losers**

Ticker	Price	(+) %	±% (T-10)	Ticker	Price	(+) %	±% (T-10)
<b>PCG</b>	5,5	10,00%	10,00%	<b>FDT</b>	29,7	-10%	-2,94%
<b>TIG</b>	5,5	10,00%	37,50%	<b>KLF</b>	19,8	-10%	-3,41%
<b>VE4</b>	8,8	10,00%	0,00%	<b>MCC</b>	12,9	-9,79%	-9,79%
<b>SCL</b>	13,2	10,00%	22,22%	<b>SDY</b>	2,8	-9,68%	-9,68%
<b>SJC</b>	6,6	10,00%	4,76%	<b>SDG</b>	21,0	-9,48%	0,00%

**Top 05 Leading Volume/Value**

Ticker	Volume (1.000 share)	Weight (%)	Ticker	Volume (VND billion)	Weight (%)
<b>ITA</b>	7,09	6,4	<b>ITA</b>	44,63	6,36
<b>PVT</b>	2,66	4,4	<b>PPC</b>	30,98	4,41
<b>OGC</b>	2,58	3,8	<b>OGC</b>	26,88	3,83
<b>VNE</b>	2,40	3,6	<b>PVT</b>	25,42	3,62
<b>TNT</b>	2,03	3,5	<b>FCN</b>	24,76	3,52

**Top 05 Leading Volume/Value**

Ticker	Volume (1.000 share)	Weight (%)	Ticker	Volume (VND billion)	Weight (%)
<b>SHB</b>	3.057	12,58	<b>PVS</b>	33,86	15,60
<b>VND</b>	2.431	10,00	<b>VND</b>	22,73	10,47
<b>VCG</b>	2.349	9,66	<b>VCG</b>	21,63	9,97
<b>SCR</b>	2.342	9,64	<b>SHB</b>	21,25	9,79
<b>PVS</b>	2.090	8,60	<b>FIT</b>	20,31	9,36

**Top net buy/sell value by Foreign (VND bn)**

Ticker	Buy Value	Sell Value	Net buy	Ticker	Buy Value	Sell Value	Net Sell
<b>HPG</b>	7,25	0,22	7,03	<b>NHW</b>	-	61,23	(61,23)
<b>NTL</b>	5,33	-	5,33	<b>DRC</b>	1,96	10,17	(8,20)
<b>OGC</b>	5,23	-	5,23	<b>ITA</b>	4,18	9,21	(5,03)
<b>PPC</b>	4,43	0,08	4,34	<b>EIB</b>	0,01	2,31	(2,31)
<b>GMD</b>	3,96	0,01	3,95	<b>STB</b>	-	1,12	(1,12)

**Top net buy/sell value by Foreign (VND bn)**

Ticker	Buy Value	Sell Value	Net buy	Ticker	Buy Value	Sell Value	Net Sell
<b>SHB</b>	3,98	0,03	3,94	<b>DBC</b>	-	1,94	(1,94)
<b>PVS</b>	1,38	0,09	1,29	<b>PVC</b>	0,03	0,42	(0,40)
<b>ACB</b>	0,78	-	0,78	<b>VCG</b>	-	0,13	(0,13)
<b>NTP</b>	0,67	-	0,67	<b>HAD</b>	0,00	0,07	(0,07)
<b>SED</b>	0,18	-	0,18	<b>VC5</b>	-	0,06	(0,06)


**CORPORATE ACTIONS**

Stock	Ex-right date	Record date	Event	Ratio	Year	Execute Date	Register Period	Transfer Period	Price
BBS	18/11/2013	20/11/2013	Cash payment	12%	2012	06/12/2013			
C32	15/11/2013	19/11/2013	Cash payment	12%	1-2013	19/12/2013			
HSG	06/11/2013	08/11/2013	Annual General Meeting 2014						
KHP	06/11/2013	08/11/2013	Cash payment	5%	1-2013	19/11/2013			
LCD	06/11/2013	08/11/2013	Unusual shareholder meeting 2013						
NHC	06/11/2013	08/11/2013	Cash payment	10%	2013	19/11/2013			
PSD	06/11/2013	08/11/2013	Cash payment	30%	2013	25/11/2013			
HAD	30/10/2013	01/11/2013	Stock payment	35%	2011& 2012				
HAD	30/10/2013	01/11/2013	Cash payment	5%	1-2013	18/11/2013			
PHS	30/10/2013	01/11/2013	Consulting shareholders in writing						
PHR	29/10/2013	31/10/2013	Cash payment	15%	1-2013	26/11/2013			
PHR	29/10/2013	31/10/2013	Consulting shareholders in writing						

Sources: HSX, HNX

## INVESTMENT CERTIFICATION INFORMATION

Dealing day	Fund Name	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
21/10/2013	VFF	0.75%	0.75%	10,299	10,293	0.06%
25/10/2013	VFB	-	0.50%	10,126	10,102	0.24%
25/10/2013	VFA	1.00%	0.50%	7,193	7,160	0.46%

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