

JULY

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FRIDAY

*Week of Jun 30  
– Jul 04:  
Looking into  
Cash flow*

ADVISORY DIARY

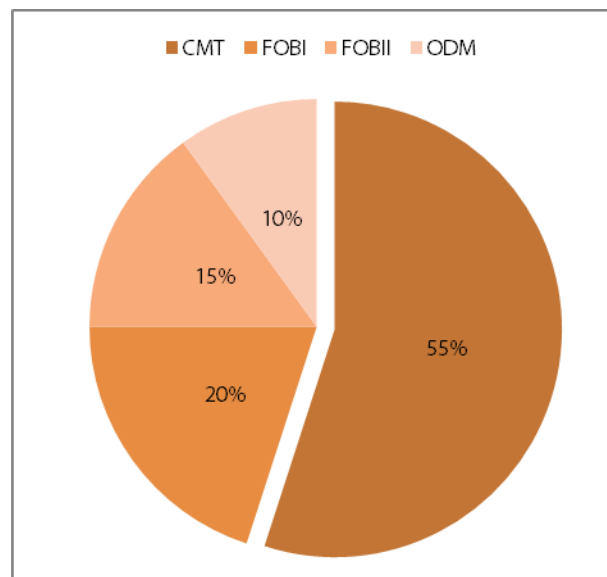
- **Week of Jun,30 – Jul,04: Looking into Cash flow**
- **Vinatex targets to change production line**
- **Weekly Technical Analysis**

**Vinatex targets to change production line.**

Today our industry analyst has joined the roadshow of Vietnam National Textile and Garment Group – Vinatex. In our evaluation, the spotlight of this roadshow was the moving trend in terms of ambitious production model that Vinatex was following. Specifically, it would be the movement from Cut-Make-Trim (CMT) method to Original Design Manufacturing (ODM) method with better gross profit margin (approximately 10% after tax compared with ~3% of CMT method). Until 2013, ODM products only accounted for approximately 10% of Vinatex’s export revenue and the corporation’s target is to increase this proportion up to 12-14% in 2014.

According to Board of Director’s sharing, this movement is a long-term process requiring full preparation with major steps: (1) Understanding and catching the fashion & market trend; (2) Building design team; (3) Building business team, (4) Building business model with the purpose of coordinating the input and output effect among phases in the production chain.

Chart: Vinatex’ export revenue structure in 2013



Source: Vinatex

According to our analyst, to meet a target of shifting production model, Vinatex must take at least a few years. Currently, Phong Phu Group is a leading company in Vinatex’s chain to provide ODM products with the ODM’s contribution of about 70% of exporting revenue. Phong Phu group is expected to be the primary factor in expansion plan of ODM products in upcoming periods. Recently, Vintatex increased its ownership at its associate from 48.88% to 51%. To invest

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in production chain, the Company said that it had been approved for a loan at ADB bank of about USD100-120 million with a term of 25 years. Moreover, the interest rate is likely to be around 1.7%/year.

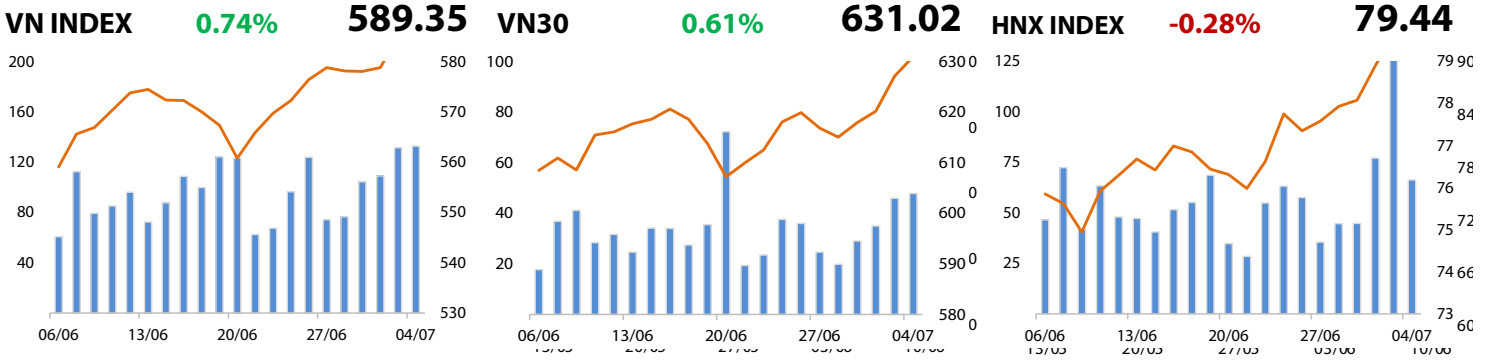
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#### **Week of Jun,30 – Jul,04: Looking into Cash flow**

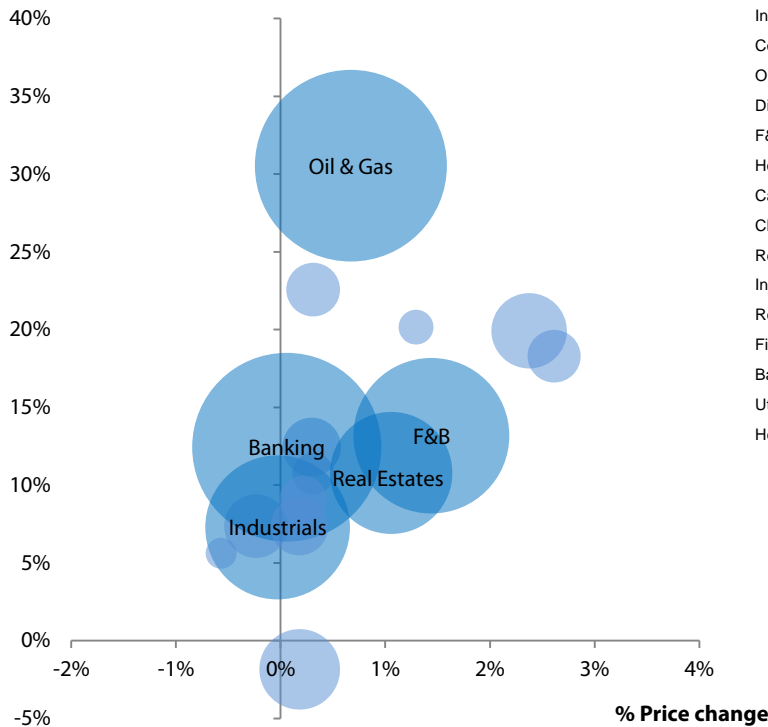
Indices continued to gain in the first week of July but we were impressed more by the improvement of market' liquidity. Compared to the previous week, average trading volume on both exchange increased about %, turnover also gained about %. Cash flow trend was positive, began with cautiousness at the early of week but more aggressive when VNIndex surpassed the psychological threshold of 580 points. In addition, we saw that there are more risk-takers in the market and they paid more attention to small-cap such as DRH, VHG, CMG, NKG,v.v...

Stock picking at the present would be a hard question for investors because there are a lot of fundamental stocks has rose during recent time. And maybe they are waiting for 2Q2014 results which are a strong foundation in order to expect a higher price for the rest of this year. From a cautious view, we supposed market could volatile in the narrow range next week and adjustment could appear. Therefore, keeping good shares and accumulating when price decreased could be a suitable strategy at the moment.

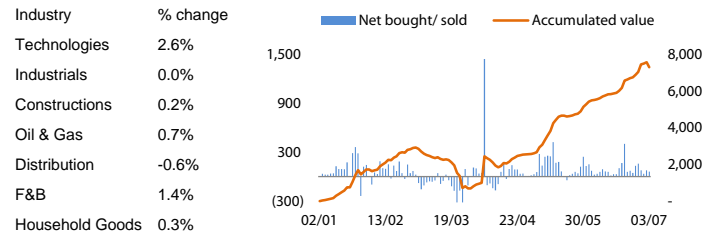


**Industry Movement**

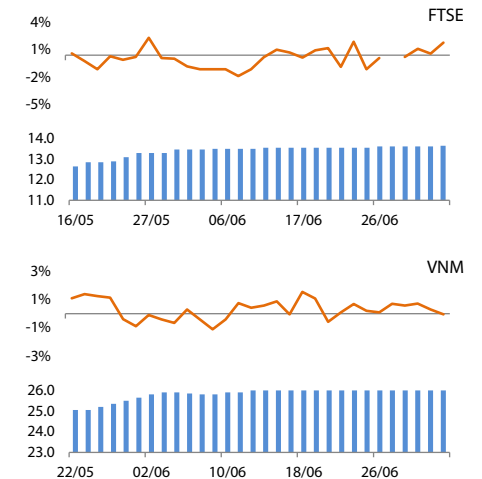
**Industry ROE**



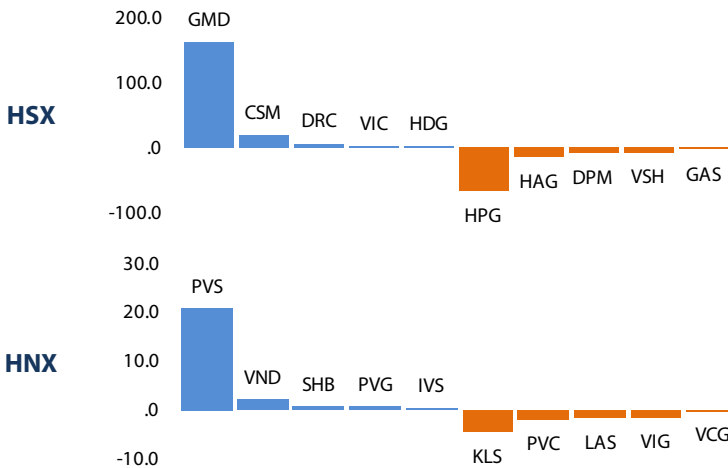
**Foreign Investors Trading**



**ETF**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

Ticker	Price	Volume	% price change
FLC	12.20	16.59	-0.8%
ITA	8.50	7.91	0.0%
HQC	8.50	5.30	1.2%
SSI	26.80	4.53	-0.4%
HAG	25.00	2.77	0.0%

Ticker	Price	Volume	% price change
SCR	9.20	8.44	2.1%
PVX	4.40	7.43	-0.7%
KLS	12.60	5.12	-0.4%
KLF	11.60	5.07	1.1%
SHB	9.30	4.86	1.2%

**WEEKLY TECHNICAL VIEW**

**VN-Index**

VN-Index rose 18,04 points (or 3,2%) higher over the past week, closed at 578,82. Trading volume reduced from 513 to 363 million shares.

After rebounding from support at 560, the index moved past its' previous peak at 577,27. Traders should watch for an extended move higher to 590 or a move back to 570 area.

Looking at technical indicators, the RSI appears relatively neutral at 61,9 while the MACD has been trading roughly even. A potential negative divergence between MACD and VN-Index appeared.

VN-Index made new high but the low volumes caused concerns.

To go further, the liquidity should increase in next trading sessions.



**HNX-Index**

HNX-Index increased 1,27 points (or 1,66%) to 77,58 as of Friday's close. Totally, 204,2 million shares changed hands (-15,6%).

HNX-Index recovered from the EMA(26) at 76 and moved towards previous peak at 77,5. Traders should watch for a break out towards 80-81 area or a move lower to its support at 76.

Looking at technical indicators, both the RSI and the MACD have been trading even for weeks. The Bollinger band continued tightening.

The ADX kept going down towards 12, indicates that at this moment, there is no trend of HNX-Index. The trading range of HNX-Index maintains in 73,5-77,5 area.



**Recommendation:** VN-Index jumped strongly while HNX-Index increased slightly. Liquidities did not increase respectively caused concerns. Short-term investors who did take profits continue to hold cash and wait for new signals while long-term investors continue holding stocks for long-term goals.

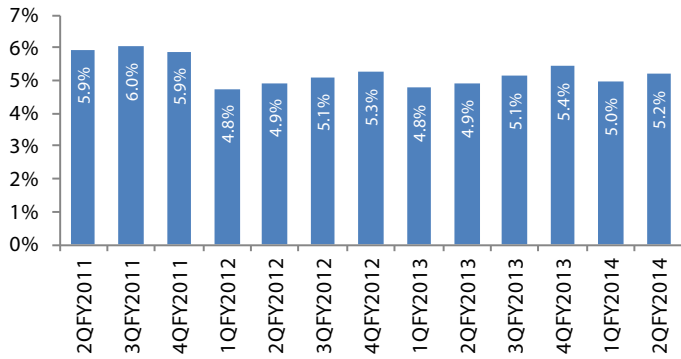
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**MACRO WATCH**

**Graph 1: GDP Growth**



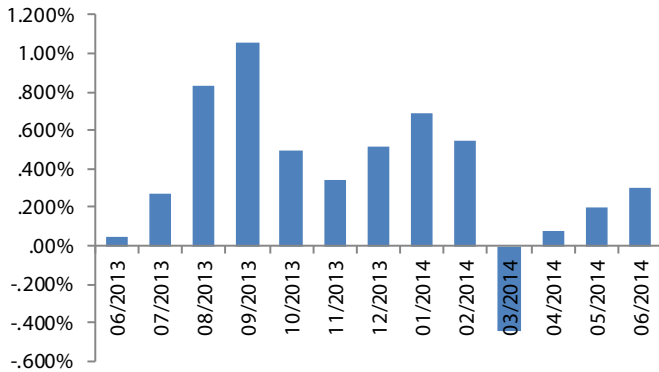
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



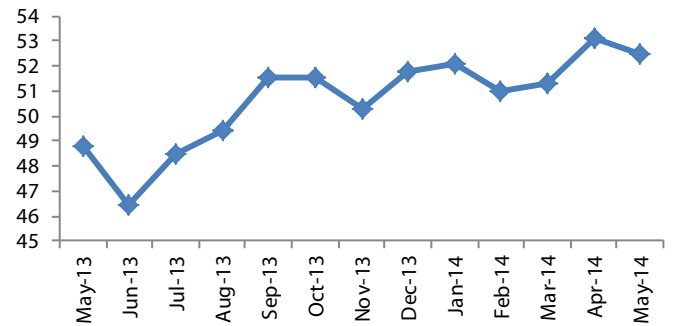
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



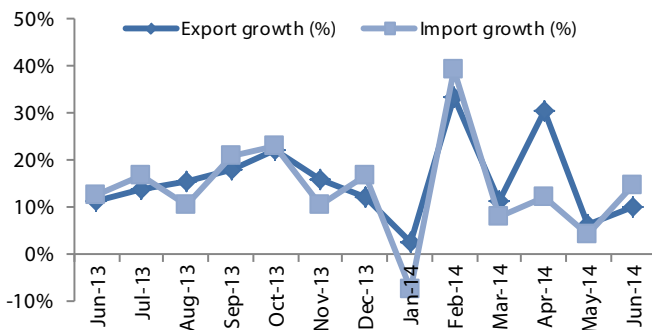
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



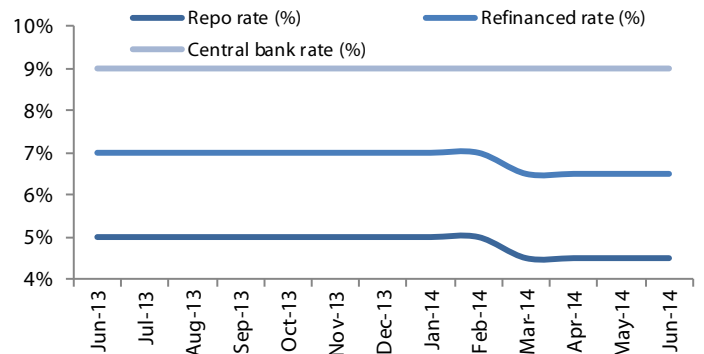
Sources: GSO, Rongviet Securities database

**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
DBC-Benefit from decline in material price	May 27 <sup>th</sup> , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 <sup>th</sup> , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 <sup>th</sup> , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 <sup>th</sup> , 2014	Accumulated – Long-term	19,200
HPG-Sustainable Development	April 24 <sup>th</sup> , 2014	Accumulated – Intermediate-term	55,100

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	24/06/2014	0.75%	0.75%	10,833	10,790	0.4%
VF1	26/06/2014	0.20% - 1.00%	0.50%-1.50%	21,100	20,974	0.60%
VF4	25/06/2014	0.20% - 1.00%	0.00%-1.50%	9,527	9,545	-0.19%
VFA	26/06/2014	0.20% - 1.00%	0.00%-1.50%	7,377	7,358	0.25%
VFB	26/06/2014	0.30% - 0.60%	0.00%-1.00%	10,799	10,788	0.10%
ENF	20/06/2014	0.00% - 3.00%		9,785	9,789	0.04%

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