

NOVEMBER

07

FRIDAY

“Vietnam issued dollar bonds aboard successfully”

ADVISORY DIARY

- **Vietnam issued dollar bonds aboard successfully**
- **Comments on investment agreement between GEM and HAG**
- **Weekly Technical Analysis**

Vietnam issued dollar bonds aboard successfully

At the end of the week, investors received positive news related to macro-economic, which is Vietnam sold 1 bn USD of 10-year securities to yield of 4.8%. Notably, the auction received great attention from international investors, the final order book closed at 10.6 bn USD, the most successful tender ratios in Asian debt capital markets history. This implies that most of international investors put their faith in the stability of Vietnam economy, according to the latest data, Vietnam’s 5-year CDS is narrower at 185.04 bsp, to approach the lowest level of this year. In our opinion, this could be a good news for investors in Vietnam stock market. Perhaps for that reason, indices rebounded at the end of morning session and maintained high till the end of the trading day. Liquidity also increased but the cautiousness still remained at fundamental stocks or blue-chips and cash flow just focused on property shares like FLC, KBC, HAG, ITA or CII. One of the examples was KDC - though being supported by the news that KDC will be added to MSCI Frontier Markets Index, this share closed at red with the loss of 2.36%.

With regard to trading summary for the week, VNIndex went down by 0.29%, whereas HNIndex increased by 1.73%. The average trading volume jumped by 8.5% as compared with last week and foreign investors still kept net bought although net bought value was just 46% of last week’s value. Information related to reducing petrol price made known in this week with a decrease of VND950 per litter as the same of some investors’ forecast. In media, some people said that even though oilfuel price went down by 11.7% (as compared to the beginning of year), transportation cost remained unchanged, while consumer prices remained stable. This shows that the cost sharing of the enterprises to the consumer is very little and still affects negatively the growth of domestic demand.

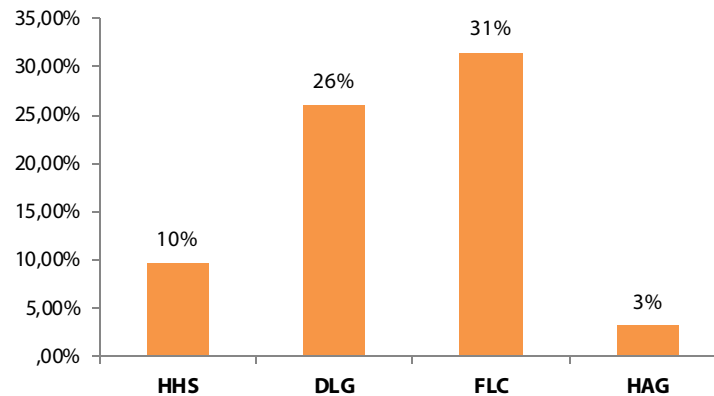
Comments on investment agreement between GEM and HAG

HAG is the most outstanding shares at the beginning of the trading day with price surged and fast frequency trading. Such phenomenon may be the reaction of investors about the news that Global Emerging Markets (US-based investment group – GEM) committed to purchase VND1,700 bn (roughly 80 million USD) worth of HAG shares. According to sharing at the investment signing ceremony, GEM will purchase up to 10% shares of HAG, all transactions is expected to be completed within the next three months with the commitment to trade on the floor of HOSE. At the closed price as of Nov, 07 2014, based on the investment agreement, we calculated that the number of shares which GEM will buy is approximately 65.9 million (~8.3% shares of HAG). If the transaction is completed, GEM could join HAG’s Board and get priorities to buy shares when HAG issues more shares. In addition, GEM could invest into agricultural segment of the Company through shares or convertible bonds. Besides, GEM may support the Company listed in the overseas market.

As we know, GEM is a 23-year-old global diversified investment group of 3.4 bn USD that has successfully invested in 305 transactions in 65 countries. The investment criteria include: (1) the establishment of new business (3-5 years) or in the development stage; (2) 30-50 million USD in revenue per year. Recent investments of GEM are diversified, not focus on specific industry with the investment period from 3-5 years. At the moment, we are still unclear that whether GEM

commits to long-term investment in Vietnam or not. In 2014, this investment group announced some major investments to listed companies in Vietnam stock market like HHS, FLC, DLG... Those investment agreements could bring short-run effects on stock prices, however, we encourage investors consider risk factors if they have intention to trade based on this information .

Chart: Return since the investment announcement of GEM till now



Source: Bloomberg

Table: Recent transactions of GEM

Year	Company	Country	Industry	Investment value	Time
2014	HAG	Vietnam	Real Estate	USD80 million	na
	Swede Resources AB	Sweden	Energy	SEK40 million	36 months
	DLG	Vietnam	Real Estate	20% of shares	na
	FLC	Vietnam	Real Estate	USD40 million	na
	HHS	Vietnam	Automobiles & Parts	USD16 million	30 months
	Nation Lanka Finance PLC	Sri Lanka	Financial	LKR1.4 billion	na
	Zucchi	Italia	Furniture	USD15 million	5 years
2013	Scrips America	The USA	Drug manufacturing	USD2 million	na
	Recyctec Holding AB	Sweden	Chemicals	SEK22.25 million	5 years
	Astra Resources PLC	England	Gold, iron, steel mining	EUR80 million	3 years
	Eos Petro	The USA	Energy	USD400 million	na
	Sacom Spa	Italia	Consumer Goods	EUR9 million	3 years

Source: RongViet Research

RongViet Research has just issued GMD's report, among that, our analyst recommend Buy in the Intermediate term the stock of GMD with a target price of VND44,400/share, after adding a factor related to Saigon GEM project to model valuation. In valuation, our analyst made known that Port services and logistics services are two spotlights in the general company's view. In the coming years, the expected strong growth related to the demand of logistics services is bring positive outlook due to its revenue and profit margin. In terms of risk factor, although GMD's new project is projected to have many potentials in medium and long term, we suppose that in the next 5 years financial capital demand will affect GMD's profitability. Therefore, investors who consider GMD could hardly count on cash flow improvement, instead that, instead, investors' sentiment would put high weight on company assets and the efficiency of projects processing by the Company.

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WEEKLY TECHNICAL VIEW

VN-Index

VN-Index gained 1,75 points (or 0,29%), closed at 602,59. Trading volume increased slightly with 551 million shares changed hands (+4,5%).

VN-Index is now moving just below its resistance at about 605. Traders should watch for a break out above this resistance or a move down to test the 590 to test the 200-day moving average again.

The current trading range of VN-Index is quite narrow (595-605), reflects an accumulating period. In a long-term, the uptrend of VN-Index is in progress. In an intermediate-term, the state is correction. In a short-term, VN-Index is fluctuating in a trading range (580-605).

Looking at technical indicators, the MACD and the RSI appears slightly bullish.

If VN-Index breaks above threshold at 605 on high volume then it has great opportunity to finish its intermediate-term correction.



HNX-Index

HNX-Index performed much better than VN-Index when it climbed 1,52 points (or 1,73%), closed at 89,55. Liquidity rose 12,2% with 258 million shares changed hands.

HNX-Index cut above the 26-day and 50-day moving averages. These averages also turned upward. However, the trading volumes of HNX-Index were not impressive when they were mainly below the 10-day average volume.

Traders should watch for a continuing recovery to its previous peaks at around 91 or a correction to retest the 26-day exponential moving average.

Looking at technical indicators, both the MACD and the RSI turned bullish.



Recommendation:

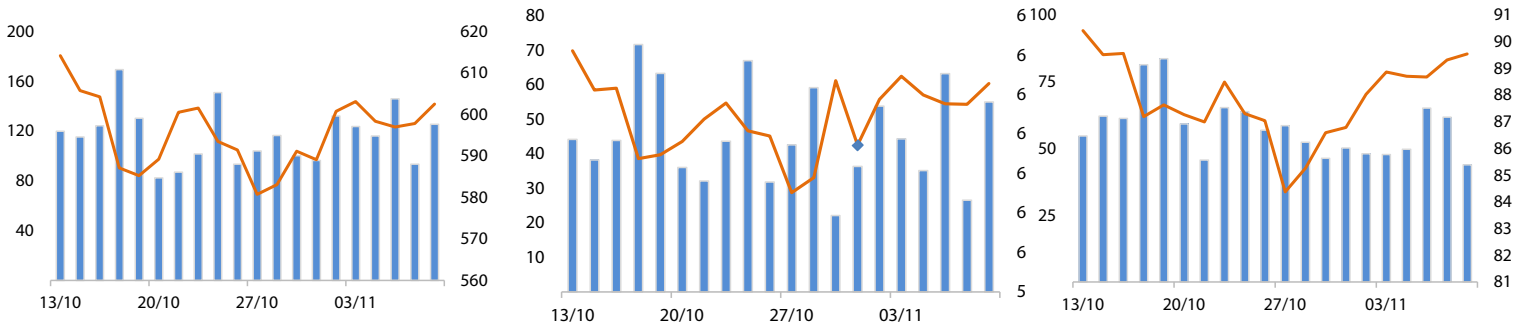
The two indexes went up slightly on average volumes. The markets are now quite balance. Traders should accumulate stocks for long-term purposes, especially on corrective sessions.

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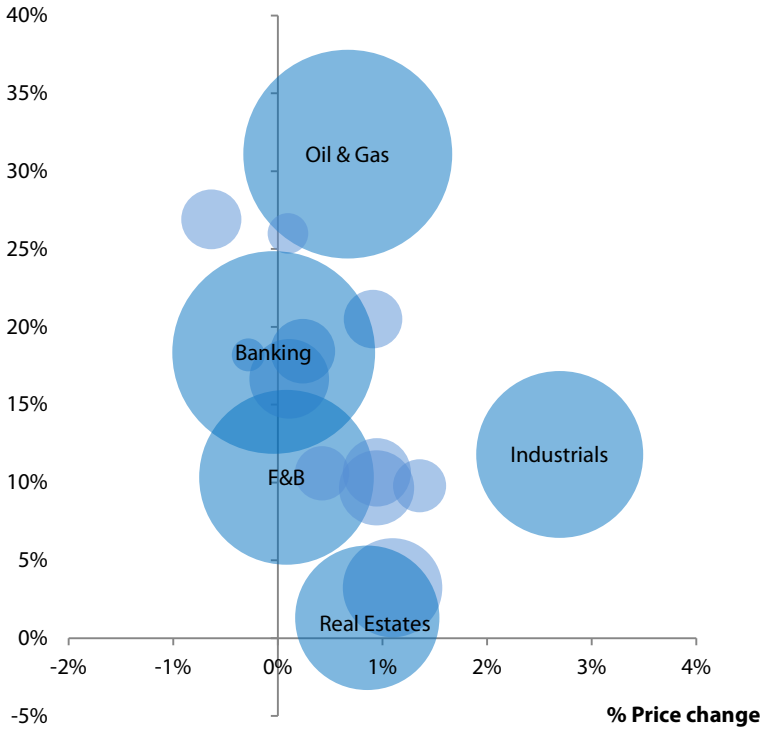
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VNINDEX 0.79% 602.59 VN30 0.82% 642.77 HNXINDEX 0.26% 89.55

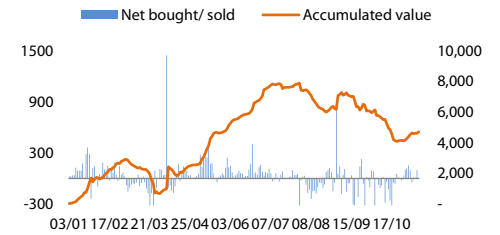


Industry Movement

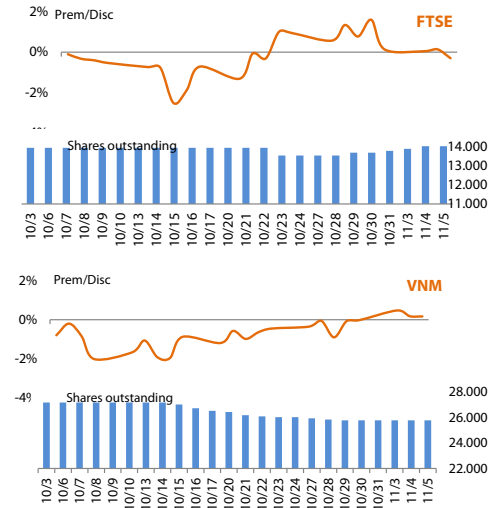
Industry ROE



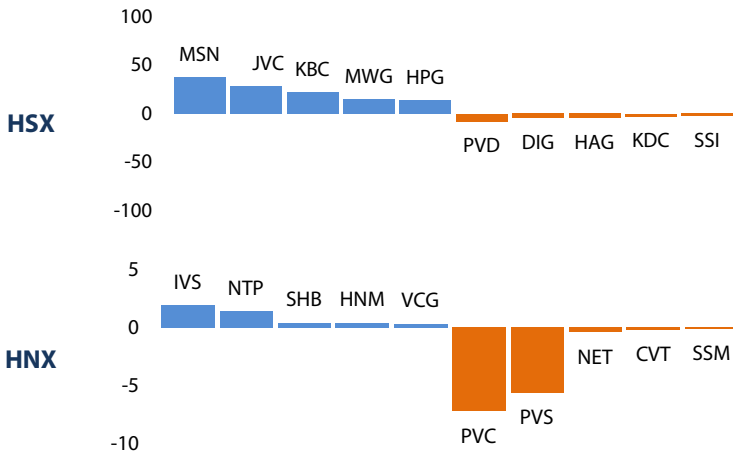
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



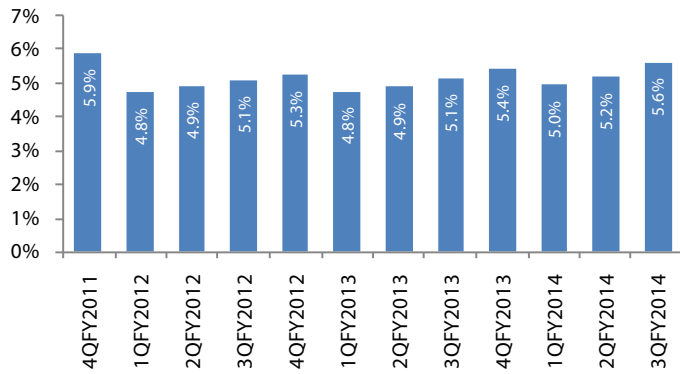
Top Active

Ticker	Price	Volume	% price change
FLC	11.7	22.80	5.4%
KBC	17.8	8.02	6.6%
HAG	25.8	7.51	1.2%
VHG	16.1	5.19	0.0%
DLG	12.1	4.93	2.5%

Ticker	Price	Volume	% price change
KLF	11.60	5.21	0.0%
HUT	12.50	3.09	6.8%
FIT	28.80	2.91	-0.6%
PVX	6.40	2.52	0.0%
SCR	10.20	2.20	0.9%

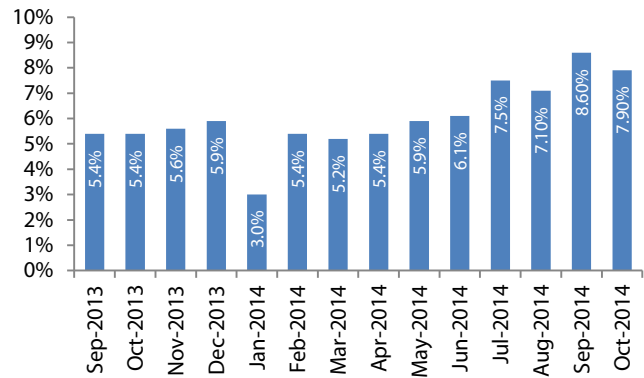
MACRO WATCH

Graph 1: GDP Growth



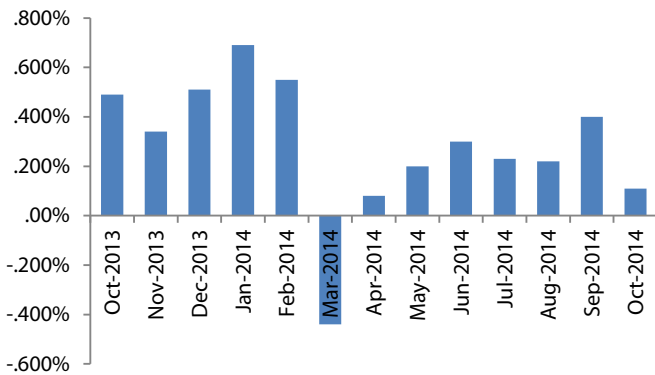
Sources: GSO. Rongviet Securities database
(*) Comparison price in 1994

Graph 2: IIP



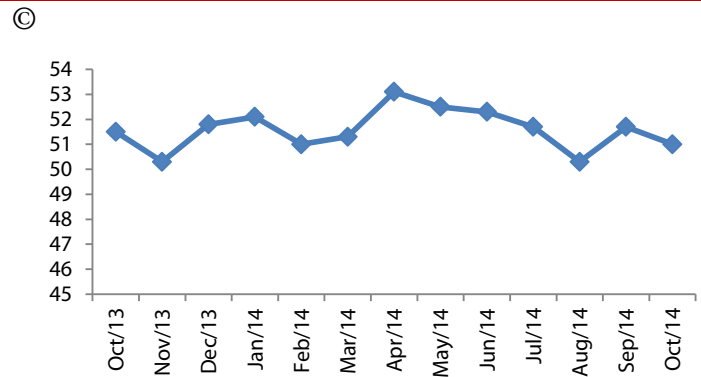
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



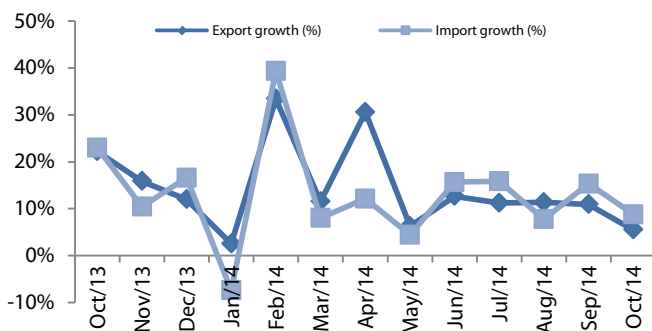
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



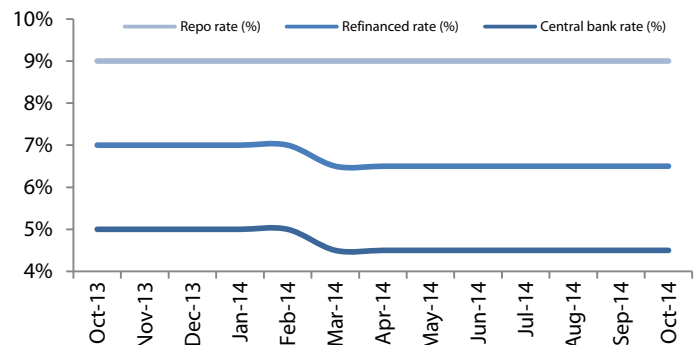
Sources: GSO. Rongviet Securities database

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
BMP -Every cloud has a silver lining	Oct 30 th , 2014	Buy – Long term	87,700
SBA - Growth season ahead	Oct 24 th , 2014	Buy – Intermediate term	14,500
APC - Incremental demands for irradiation industry	Oct 23 rd , 2014	Buy – Intermediate term	22,000
TCM - Moving up the value chain	Oct 14 th , 2014	Accumulate – Long term	42,500
DHC - Restructuring yielded juicy fruits	Sep 29 th , 2014	Buy – Intermediate term	25,200

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
FF	28/10/2014	0-0.75%	0-2.5%	11,821	11,829	-0.07%
VF1	03/11/2014	0.20% - 1.00%	0.50%-1.50%	22,943	22,604	1.50%
VF4	29/10/2014	0.20% - 1.00%	0.00%-1.50%	9,998	10,274	-2.69%
VFA	31/10/2014	0.20% - 1.00%	0.00%-1.50%	7,527	7,560	-0.44%
VFB	31/10/2014	0.30% - 0.60%	0.00%-1.00%	11,938	11,932	0.05%
ENF	24/10/2014	0.00% - 3.00%		10,535	10,641	-1.00%

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