

DECEMBER

09

TUESDAY

**ADVISORY DIARY**

- **PAC Update: Stable growth**
- **"It is always darkest before the day dawneth"**

**PAC Update: Stable growth**

Recently, our industry analyst just had a meeting with the representative of Dry Cell and Storage Battery JSC (HSX: PAC) where the company unveiled their business's prospect. The company operates in an industry that depends on the economic growth rate, therefore, the recovery of both economy and automobile industry able to push the demand in dry cell and storage battery. Besides, we also recognize that the firm's interior gradually change. For example (1) Improve quality product from Dong Nai manufactory by applying Japan technology; (2) Minimize expenses, especially selling expenses when using barcode control system that aid to reduce about 5-7 VND billion warranty expenses (3) Loosen selling regulation in order to gain more competitive advantage and stimulate demand for consumption. Thanks to the changes, PAC has gained more competitive advantage against their main competitor-GS Battery (Japan), simultaneously; gain two more big customers Honda and Piaggio. According to the company's sharing, the 2014 business operation is estimated to slightly pass over its guidance, in which revenue may reach VND 2,000 billion and the PAT may be at about VND 92 billion. According to our industry analyst, PAC is a good fundamental and brand company with stable business and good dividend yield (6-8%). Furthermore, the downtrend of lead is expected to be reflected in the gross margin in next year. With those reasons, we believe PAC is suitable with value investor and risk aversion, especially in the current strong downtrend of the market.

**"It is always darkest just before the day dawneth"**

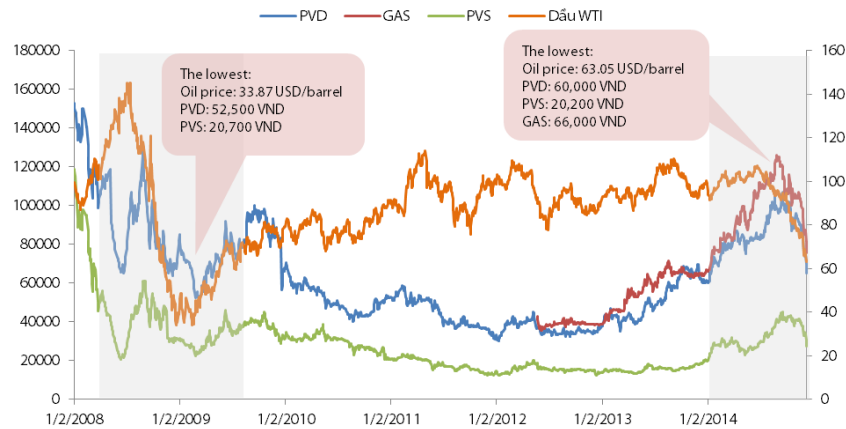
The market has experienced a "special" session but without the dramatic and unexpected. The sell-off has made extensive market plunged and absolutely no recovery in session. VN-Index closed at 555 points, down more than 16 points with the value of about 3194 billion, the highest in about one month. The decline of the market stems from "the plunge" of "P" shares with increasingly negative sentiment. Foreign investors remained net selling value on both of the floor about 22 billion transactions are limited and cautious. According to our observations, foreigners have sold nearly all of the shares of oil and gas that they have accumulated in 2014, typically as GAS, PVD and PXS.

The story of oil prices continues to be a factor excites the sell-off today. With redundant power supply is increasing, WTI crude oil prices fell to around 63 USD/barrel, while Brent oil price fell to around 66 USD/barrel. Recently, in a report released on the 5 December, Morgan Stanley has adjusted the forecast oil prices to 70 USD/barrel for 2015 and 88 USD/barrel for 2016. In addition, Morgan Stanley also made the worst scenario for the oil price is 43USD/barrel in quarter 2/2015. With the unoptimistic of information and movement of oil price, world stock markets were wearing a red "uniform" in the most recent session including DOW, NIKKEI, CHINA and HSI.

Five years ago, when the global financial crisis occurs, oil prices hit bottom in 33.87 USD/barrel. At that time, the stock price of PVD and PVS also plunged sharply until oil prices recover the price of the new shares recover. Thus, we believe that there are grounds for hope when world oil prices rebound; the price of shares of the oil industry will "revive". The question is when world oil prices hit bottom? Anticipating the worst scenario can happen to the price of oil and Morgan Stanley may be a guide for investors.

*"It is always darkest just before the day dawneth"*

**Figure: The correlation between oil price and Oil & Gas share prices**



Sources: Bloomberg, RongViet Research

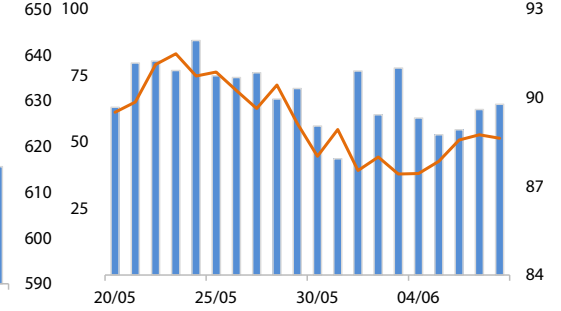
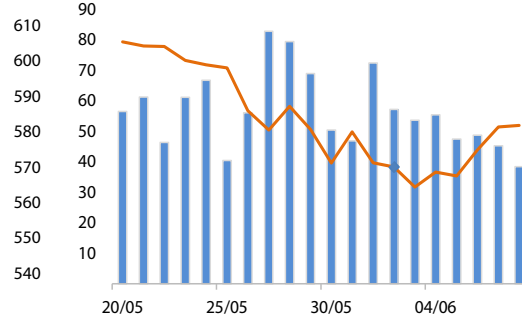
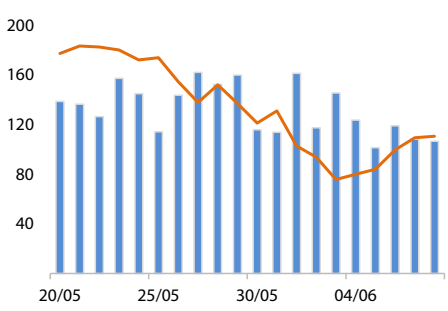
Back to today, mortgage activity has occurred on a large scale effort to dispel any "catch falling knives". Until this point, we always remember that "It is always darkest just before the day dawneth". Oil prices are still falling and maybe this is not the darkest moment and making lists of safe return status is required at this time.

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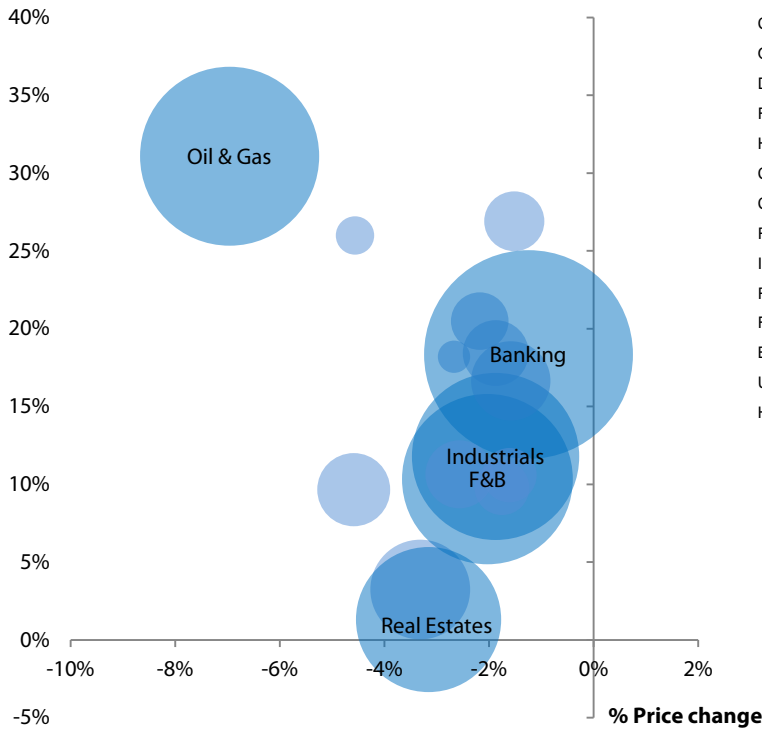
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**VNINDEX -2.86% 555.31    VN30 -2.58% 603.85    HNXINDEX -3.81% 83.85**



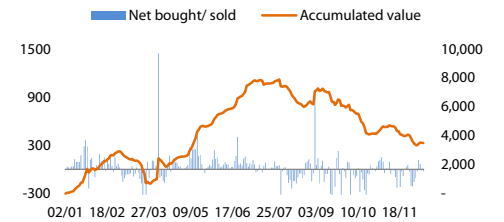
**Industry Movement**

**Industry ROE**

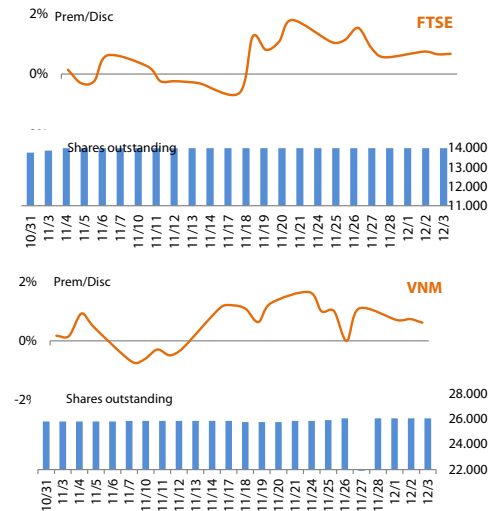


Industry	% change
Technologies	-2.2%
Industrials	-1.9%
Constructions	-3.3%
Oil & Gas	-7.0%
Distribution	-2.7%
F&B	-2.0%
Household Goods	-1.8%
Cars & Parts	-4.6%
Chemicals	-1.9%
Resources	-1.5%
Insurances	-1.6%
Real Estates	-3.2%
Financials	-4.6%
Banking	-1.2%
Utilities	-2.6%
Healthcare	-1.6%

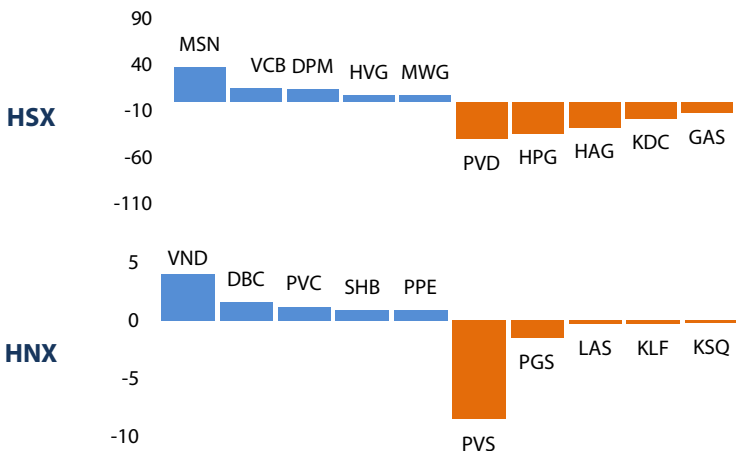
**Foreign Investors Trading**



**ETF**



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



**Top Active**

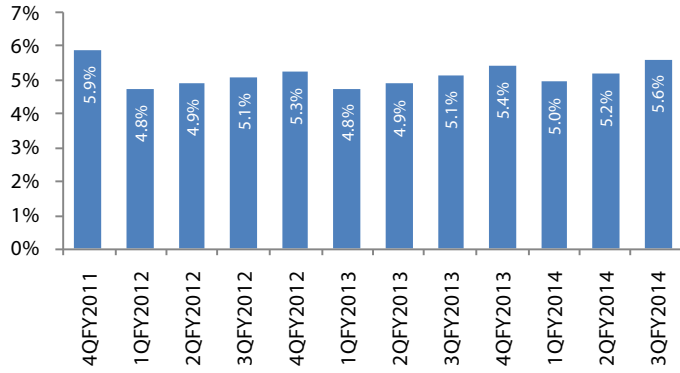
Ticker	Price	Volume	% price change
FLC	10.9	18.46	-4.4%
ITA	8.2	11.73	-5.7%
SSI	29.0	5.99	-3.7%
VHG	13.2	5.88	-6.4%
OGC	7.7	5.69	-4.9%

Ticker	Price	Volume	% price change
KLF	12.3	13.61	-9.6%
PVX	5.5	11.10	-8.3%
PVS	27.6	6.49	-9.8%
SCR	10.0	6.24	-6.5%
SHB	8.6	5.64	-3.4%

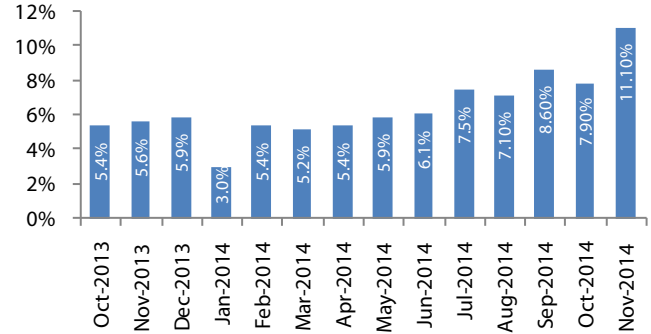
**MACRO WATCH**

**Graph 1: GDP Growth**



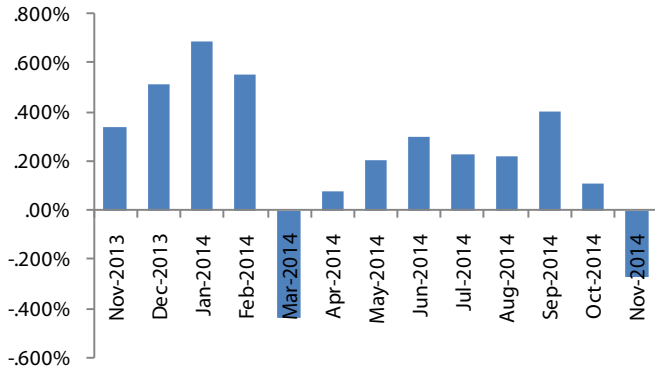
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



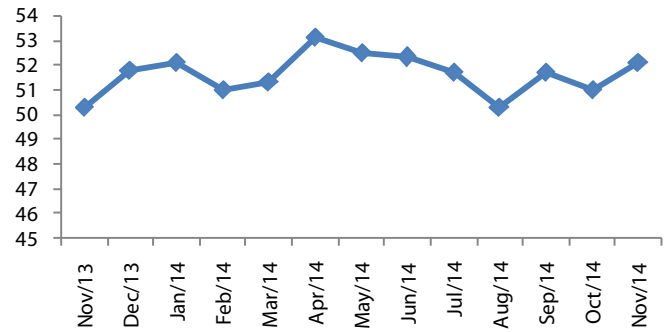
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



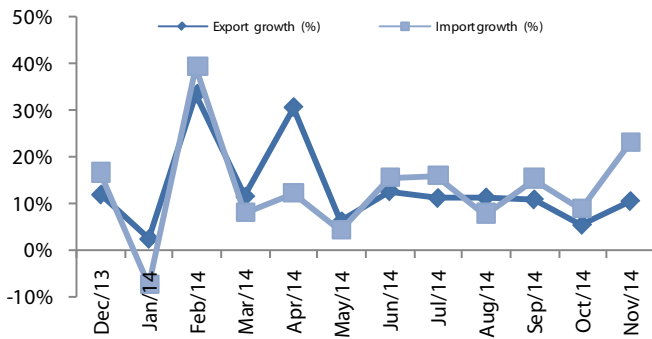
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



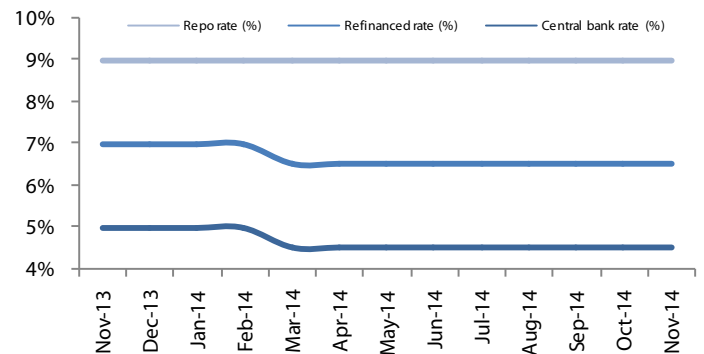
Sources: GSO. Rongviet Securities database

**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
FPT - Growth driver expected from retails	Dec 12 <sup>th</sup> , 2014	Accumulate – Long term	61,000
GDT - Still being on upward trend	Nov 27 <sup>th</sup> , 2014	Accumulate – Long term	41,300
PGS - 2015: A year of challenge	Nov 24 <sup>th</sup> , 2014	Neutral - Long term	37,800
NBB - A turning point with City Gate Towers	Nov 14 <sup>th</sup> , 2014	Buy - Long term	26,800
CMI-Project restarts spark new hopes	Nov 13 <sup>th</sup> , 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	25/11/2014	0-0.75%	0-2.5%	11,766	11,765	0.01%
VEOF	25/11/2014	0-0.75%	0-2.5%	10,091	10,223	-1.29%
VF1	04/12/2014	0.20% - 1.00%	0.50%-1.50%	21,927	21,723	0.94%
VF4	26/11/2014	0.20% - 1.00%	0.00%-1.50%	9,906	10,131	2.22%
VFA	28/11/2014	0.20% - 1.00%	0.00%-1.50%	7,429	7,522	-1.24%
VFB	28/11/2014	0.30% - 0.60%	0.00%-1.00%	11,823	11,961	-1.15%
ENF	21/11/2014	0.00% - 3.00%		10,943	11,064	-1.09%
MBVF	20/11/2014	1%	0%-1%	11,075	11,096	-0.19%
MBBF	19/11/2014	0-0.5%	0-1%	11,752	11,742	0.09%

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