

MARCH

26

THURSDAY

“Foreign investors continue to pressure on the market”

ADVISORY DIARY

- **STK – AGM Notes**
- **Foreign Investors continue to pressure on market**

STK – AGM Notes

This morning, our industry analyst attended the annual shareholder meeting of Century Synthetic Fiber Corp. At this meeting, some information attracting investor attention was shared quite detail by the company's manager.

Regarding new plans and progress of expansion projects, the Company made known that they are installing DTY producing machine and will set up POY machine this June for Trang Bang 3 plant. In which DTY machines will be tested in the second quarter before officially operating from July 2015. According to STK's estimates, Trang Bang 3 plant would increase production capacity by 20% 9 (yoy), equivalent to VND326 billion revenue. Also, at the meeting, Trang Bang 4 project had been adopted by the shareholders. Estimated total investment for the plant is about VND274 billion, of which 70% will be financed by debt. According to the plan, this factory would be operated officially since Q1/2017.

According to the positive information in 2015, Decree No. 12/2015 / ND-CP about preferential income tax rate would financially support to save VND7.9 billion tax payment. This Decree asserted that the preferential period for Trang Bang 1 factory is 2 years (2015 – 2016), Trang Bang 2 is 4 years (2015 – 2018) and Trang Bang 3 is 100% first 2 years (2015 – 2016) and 50% in the next 4 years.

Regarding the listing plan, the company said that the State Securities Commission agreed to sell ~500.000 equity shares to staffs in order to meet the requirement of the shareholder number (short of 300 shareholders). After completion of stock selling and meeting the requirement of minimum shareholders, STK will be listed at the end of 4/2015 and expected to be officially listed in the 3rd quarter 2015.

With the expansion plan regarding the development prospects of fiber industry when the trading agreements are signed (especially TPP), our industry experts strongly believe in STK long-term growth. STK expects to achieve 1.695 and 116bil VND in term of revenue and profit after tax consecutively. However, our experts evaluate this to be a cautious plan and forecast their profit after tax could reach 126bil VND, with 2.837 d/share (EPS). Even though industrial P/E is 9.1x, under positive prospects, we suggest that investors could expect a higher STK's P/E ratio. In order to have a closer look, we will release a report about Century Synthetic Fiber Corp in near future.

Foreign Investors continue to pressure on market

Today, March 26th, witnessed the fourth consecutive session closed in red. We suppose that reasons for the recent market's downturn would probably be (1) foreign investor's selling pressure and (2) concern on the possibility of the exchange rate adjusted by the State Bank.

Regarding to the selling pressure of foreign investors, they have been remaining their net-sold position for six consecutive sessions. Most of tickers sold by them are belong to leading stocks such as MSN, PVD, PVS, VCB.... In Rongviet Reseach's observation, this may be even originated from the index-based investment fund, VNM ETF managed by Van Eck.

In theory, investors will buy ETF's share when the price is above its NAV (premium) and sell them when the price is below NAV (discount). When the investors sell their shares, the fund manager will redeem their shares outstanding (equivalent to the number sold by investors) and



simultaneously sell the proportionate value of stocks in the portfolio to settle ETF's investors. In the Vietnam's market, by inspecting the historical data, we have realized that the shares outstanding would be likely to decline gradually when the discount position has remained for many consecutive days or the discount rate has been sufficiently high (~-2%) and the ETF's managers would probably sell out their stocks in the Vietnam's stock exchange.

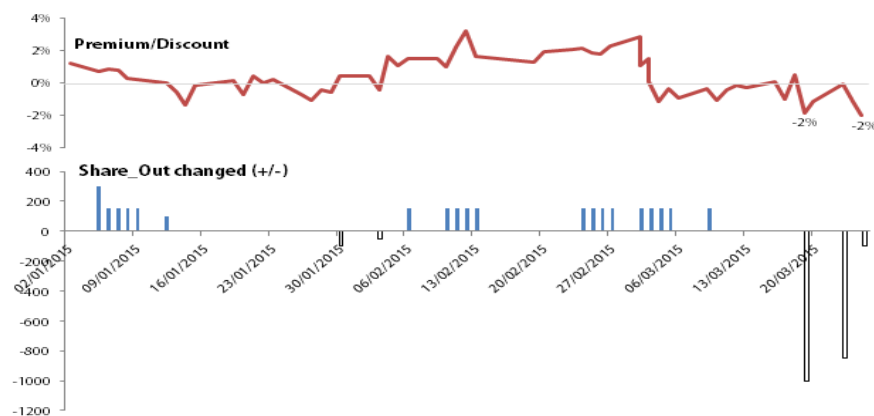
The statistic figure from early Mar 2015 showed that certificates of VNM ETF have been trading at a discount to their NAVPS, which reached -1.9% on Mar 19th. On the same day, one million shares were redeemed and foreigner sold a significant value of Vietnam stocks. This has been the situation in the past four days. Data as of Mar 25th also showed that the ETF share price was still -2% lower than its NAVPS. Therefore, redemption and foreign selling may both continue in Vietnam stock market in the upcoming sessions.

Lam Nguyen

+ 84 8 6299 2006 | Ext: 323

lam.ntp@vdsc.com.vn

Chart: Change in VNM ETF's share outstanding and its price's premium/discount



Source: Rongviet Research database

Along with pressure from foreign investors, volatility in the foreign exchange market as well as rumors about the devaluation of VND put investors in more worries. However, the SBV held a press conference yesterday to confirm that they will maintain a stable exchange rate policy for now. After SBV expressed its position, commercial banks' USD/VND exchange rate sold was down by an average VND60 to VND21,530.

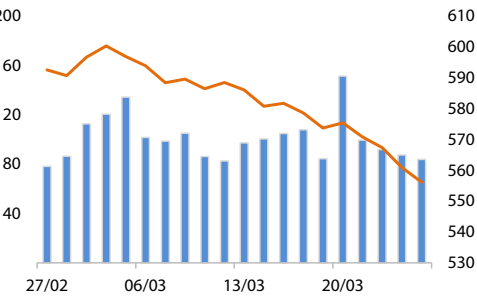
It seemed that SBV's statements did help calming stock investors. Bottom-fishers even pushed many securities including bank stocks like BID, EIB, MBB and stocks like PVD, FPT, DRC, CAV, PAC, FMC, TMT... back to the green zone. On the other hand, blue-chips such as like VIC, MSN, PVD, GAS, HAG... dropped under foreign investors' selling pressure. As we mentions above, the risk that foreigner will continue selling blue-chips and VNIndex will go down further is anything but eliminated.

GSO announced today that Vietnam GDP grew 6.03% (yoy) in 1Q2015, higher than 5.06% in the previous quarter and 5.89% in the whole year of 2014. Replacing the service sector the industrial and construction sectors took the leading role with the largest contribution to Q1 GDP growth (2.88% versus 1.88% 1Q2014). In combination with the fact that HSBC's PMI was above 50 in the 18th consecutive month in February, the expansion of the industrial sector to growth confirm the recovery of manufacturing and construction as a whole.

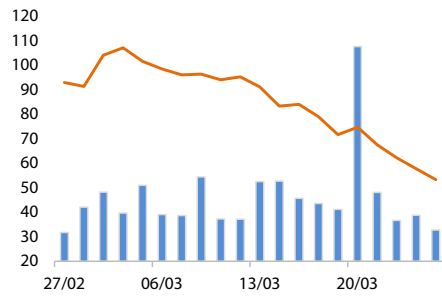
With the SBV's commitment to stabilize the exchange rate and GDP positive growth in 1Q2015, Rongviet Research believes that macroeconomic conditions are quite positive. Therefore, we think investors are better off thinking of which stocks to invest than being bothered by VNIndex fluctuations during this period. At a level of stock price now lower than earlier of the year, our

analysts agree that there are numerous stocks with a dividend yield higher than saving rates; and, accumulation of these stock does not seem to be a bad choice.

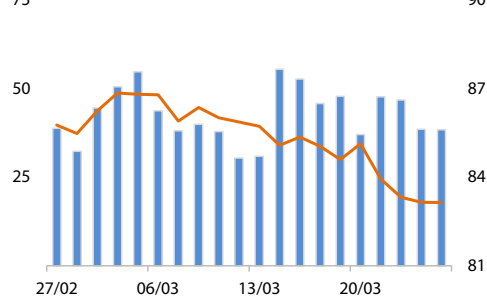
VNINDEX -0.85% 556.16



VN30 -0.59% 586.70

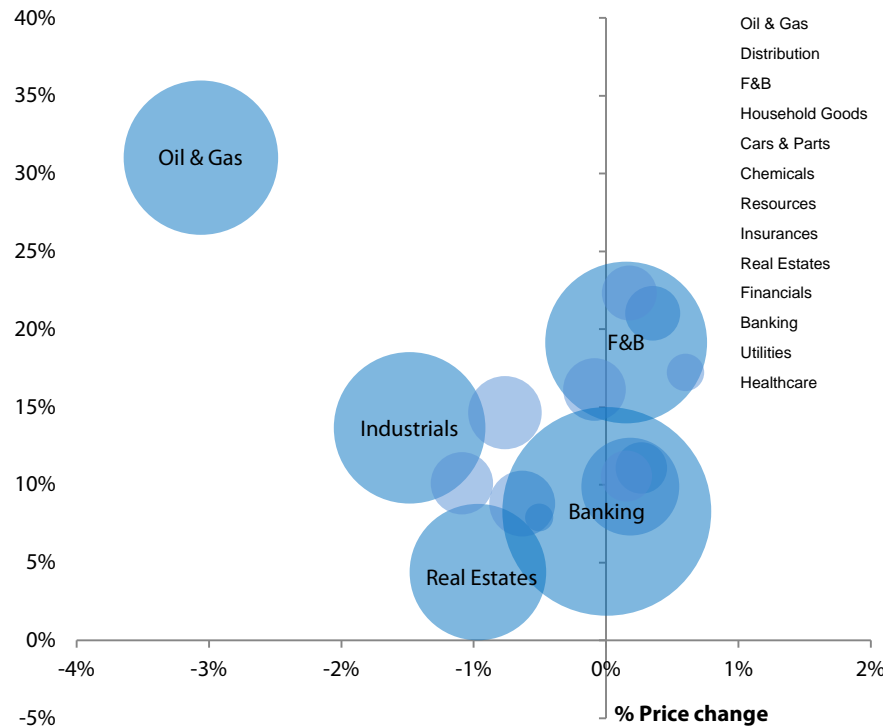


HNXINDEX -0.01% 83.14

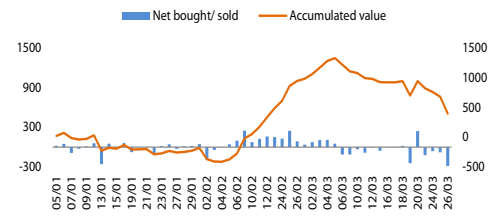


Industry Movement

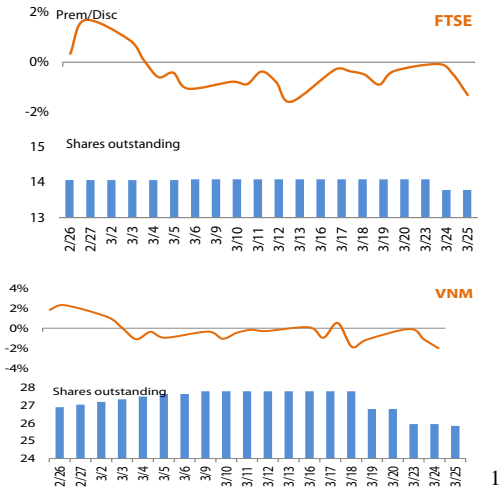
Industry ROE



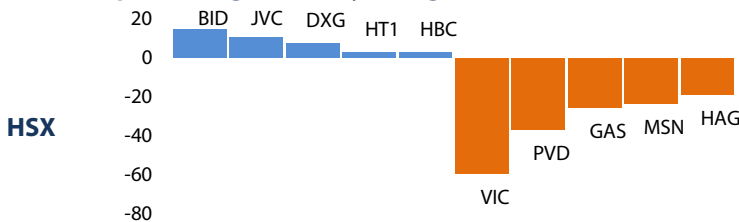
Foreign Investors Trading



ETF

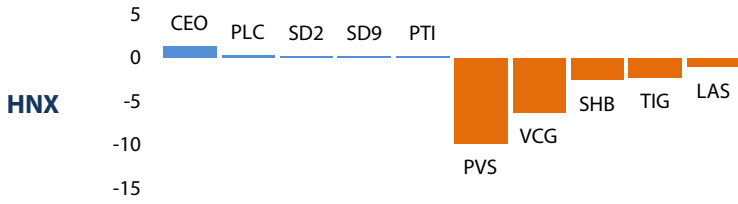


Top net bought/sold by foreigners (VND bn)



Top Active

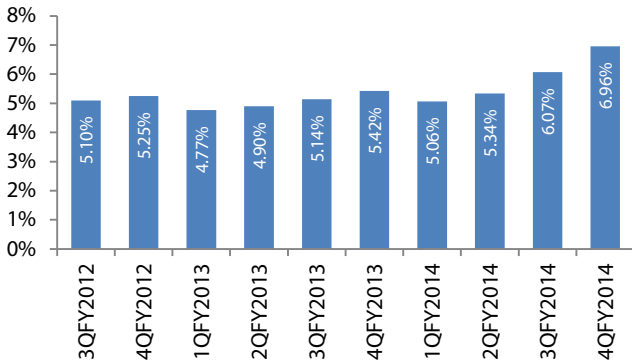
Ticker	Price	Volume	% price change
HAI	13.1	12.97	-6.4%
FLC	11.6	6.28	0.0%
CTG	17.7	2.96	-0.6%
GTN	16.4	2.81	0.6%
HAG	20.9	2.66	-1.4%



Ticker	Price	Volume	% price change
FIT	19.0	3.04	-1.6%
KLF	10.5	2.83	0.0%
SHB	8.4	2.46	0.0%
CEO	13.3	1.82	4.7%
PVX	4.7	1.35	0.0%

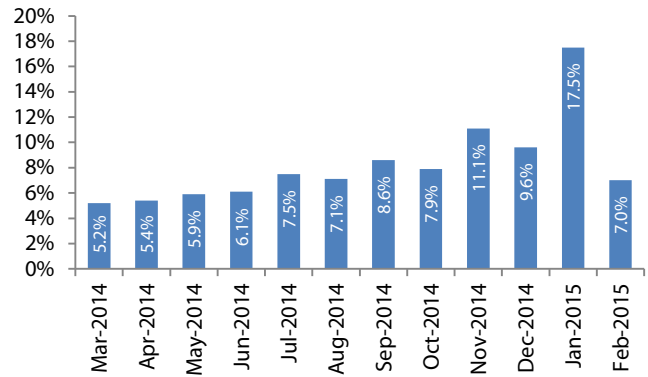
MACRO WATCH

Graph 1: GDP Growth



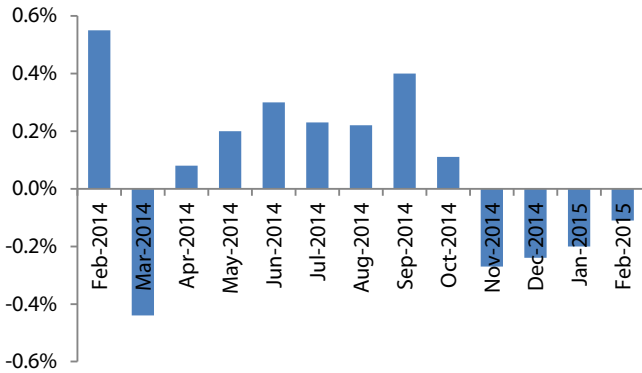
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



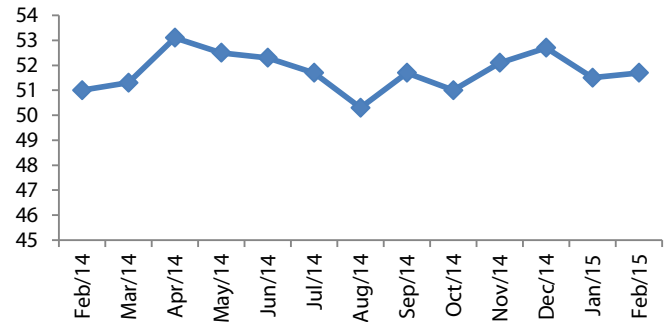
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



Sources: GSO. Rongviet Securities database

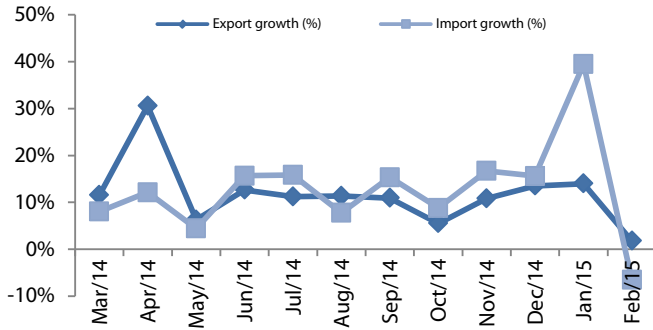
Graph 4: HSBC - PMI



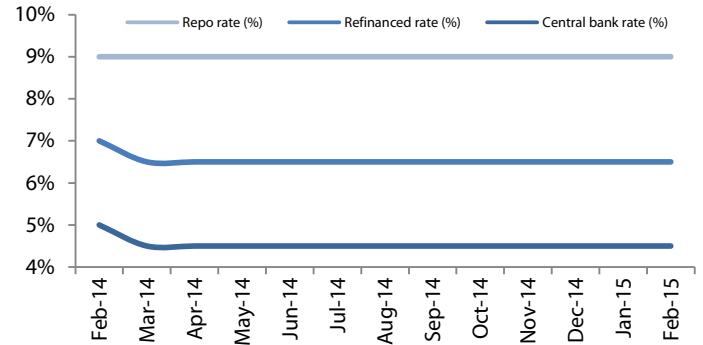
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth

Graph 6: Interest



Sources: GSO. Rongviet Securities database



Sources: SBV. Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS

COMPANY REPORTS	Issued Date	Recommend	Target Price
PAC - Opportunities along with challenges	Jan 14 th , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 th , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 th , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 th , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 th , 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	17/03/2015	0%-0.75%	0%-2.5%	11,734	11,730	0.03%
VEOF	17/03/2015	0%-0.75%	0%-2.5%	9,840	9,871	-0.31%
VF1	23/03/2015	0.2% - 1%	0.5%-1.5%	21,410	21,280	0.61%
VF4	18/03/2015	0.2% - 1%	0%-1.5%	9,403	9,530	-1.33%
VFA	20/03/2015	0.2% - 1%	0%-1.5%	7,301	7,402	-1.36%
VFB	20/03/2015	0.3% - 0.6%	0%-1%	12,201	12,187	0.12%
ENF	13/03/2015	0% - 3%	0%	10,923	10,951	-0.26%
MBVF	12/03/2015	1%	0%-1%	11,143	11,173	-0.27%
MBBF	18/03/2015	0%-0.5%	0%-1%	12,040	12,032	0.07%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 355

truc.dtt@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 328

Hoang.nh@vdsc.com.vn

Lam Nguyen

Ha My Tran

+ 84 8 6299 2006 | Ext: 319

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 319

tai.ntp@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 325

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 324

tam.bt@vdsc.com.vn

+ 84 8 6299 2006 | Ext: 323

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 326

Tuan.hm@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 320

my.ttd@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 324

Van.btt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 323

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 321

Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T** +84 8 6299 2006
- F** +84 8 6291 7986
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T** +84 4 6288 2006
- F** +84 4 6288 2008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T** +84 058 3820 006
- F** +84 058 3820 008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T** +84 0710 381 7578
- F** +84 0710 381 7789
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report. The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.