

OCTOBER

27

MONDAY

“The market once again reached resistance range of 580 points”

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ADVISORY DIARY

- **3Q2014 result updates in Pharmaceuticals show optimism**
- **The market once again reached resistance range of 580 points**

3Q2014 result updates in Pharmaceuticals show optimism

The definition "High risks, high returns" is relatively familiar in the financial system. Each choice bases on the consideration of each investor. For the medium and long term investment, to seek "safety zone" for cash flow, high defensive sectors, such as pharmaceutical industry, are an appropriate choice. Currently, total drug expenditure per capita in Vietnam in 2013 only reached approximately 33 USD per person, compared to 800 USD per person in the world's largest drug markets, particularly US, Japan and Canada. The average income in Vietnam has increased more and more, associating with health improving demand. Consequently, the pharmaceutical industry is likely to reach positive growth ratio of 16-17%.

Some enterprises in this industry have announced Q3 earning; therefore, we would summarize generally business situation in the past 9 months (**Graph in page 2**).

Statistics show that PAT are recorded moderate growth rate (4-45%) y.o.y, exclusively DHG. The decline in DHG's performance is due to outstanding profit from franchising Eugica brand (about 122 billion) in 2013. Therefore, business performance in 9 months was significantly affected. Excluding extraordinary income, the company still remained a 9% growth rate y.o.y. On the other hand, gross profit margin as well as the controlling of selling and administrative expense was enhanced. Based on these above criteria, the ability to complete the plan year is positive; specifically, according to seasonal factor, sales in Q4 will be strengthened. With estimated P / E based on the PAT planned this year, we recognize that the forward P/E are lower than the industry average (around 15.65). This indicates that these stocks are still attractive in terms of industry promising prospects.

The market once again reached resistance range of 580 points

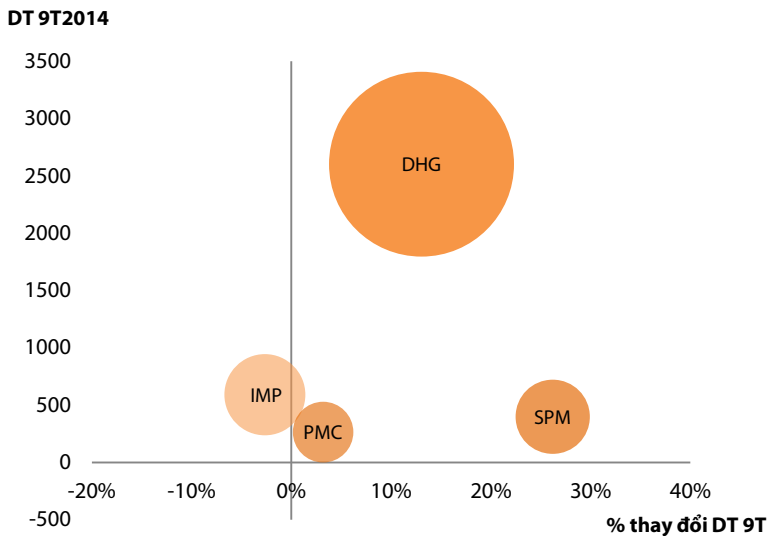
It is thought that the past weekend would assuage investors' sentiment with regard to the news about the decision to suspend the rights and duties of Oceanbank Chairman. However, market movement in fact went opposite to expectation. The red color appeared from the beginning and even became more overwhelming in the afternoon trading session with pessimism being felt widespread as VN Index slumped to another low of 580 points. This is also a time when sales volume increased whereas profit-taking activity was rarely occurred. Buyers were still very cautious amid unpredictable market's movement. Therefore, the 10% increase in liquidity on HSX was dominated primarily by selling pressure.

The decline occurred in most sectors, but perhaps, the Vn30Index lost heavily; especially, PVD (-3.28%), VNM (-1.89%), MSN (-1.88%). In addition, the effect of the information last week, OGC continuously closed at floor price with the volume of more than 6.6 million shares, ranked in the top-ten eventful trading stocks today. On HNX, the leading stocks also fell deeply as PVS (-6.4%), PGS (-3.12%), PVC (-5.84%). Otherwise incremental selling pressure arose in domestic investors, foreign investors traded moderately as net selling values of about VND31 billion on HNX out of net buying values of VND7 billion on HOSE. It can be seen in the context of this market, the short-term investors' sentiment are still observing and waiting for the upcoming movement of the market. However, as we mentioned, a number of shares in the VN30 such as PVD, HPG currently are more attractive than our valuation; therefore, it seems likely to be appropriate time for the medium and long term investment.

SUMMARY ON EARNING RESULTS IN PHARMACEUTICAL INDUSTRY

Ticker	Companies	Primary products	Highlights
DHG	Hau Giang Pharma	Antibiotics and paracetamol	Nation-wide distributions
IMP	IMEXPHARM	Antibiotics	Concentration on R&D
SPM	SPM JSC	Vitamin My Vita	In process of restructuring products
PMC	Phamedic	Povidine Iodine	High profit, low debt ratios

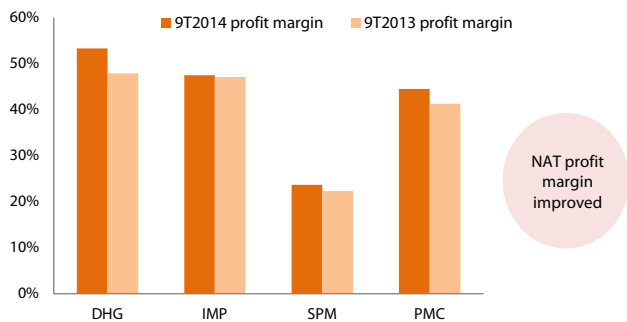
The change of 9M2014 revenue based on charter capital (VND bill)



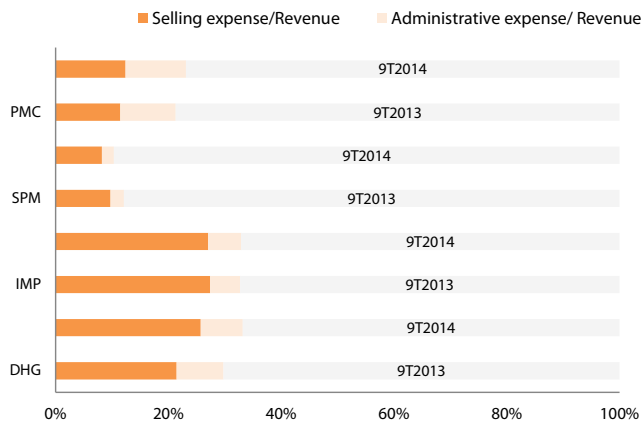
The change of 9M2014 NAT to the prior period

Tickers	9M2014 NAT	9M2013 NAT	% difference
DHG	413,595	453,728	-9%
IMP	63,478	61,192	4%
SPM	41,557	28,658	45%
PMC	45,762	39,436	16%

The change of profit margin to the prior period

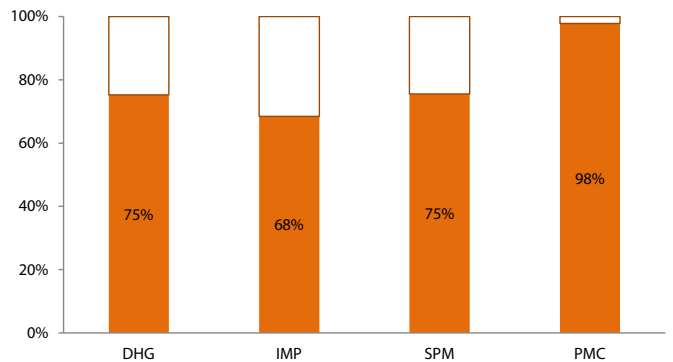


The proportion of expenses in 9Mrevenue

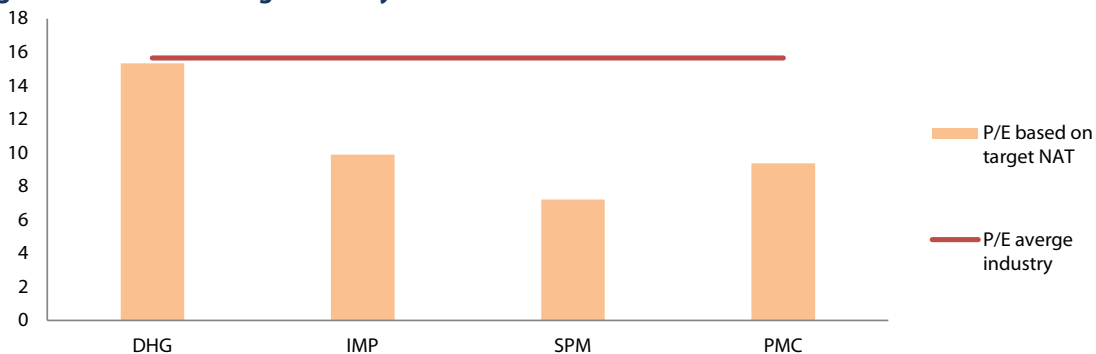


No huge differences in expense proportions

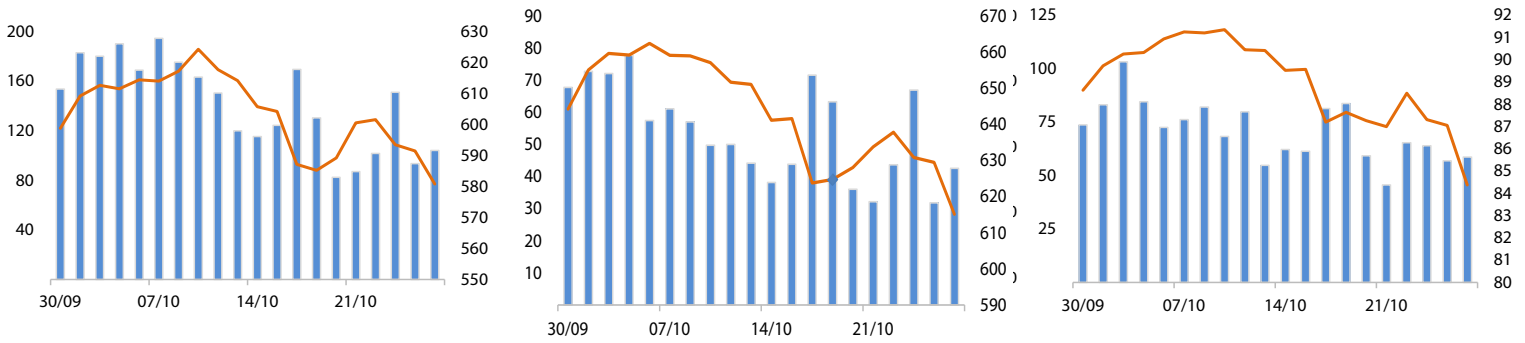
The accomplishment of target plan



P/E based on target NAT and P/E average industry

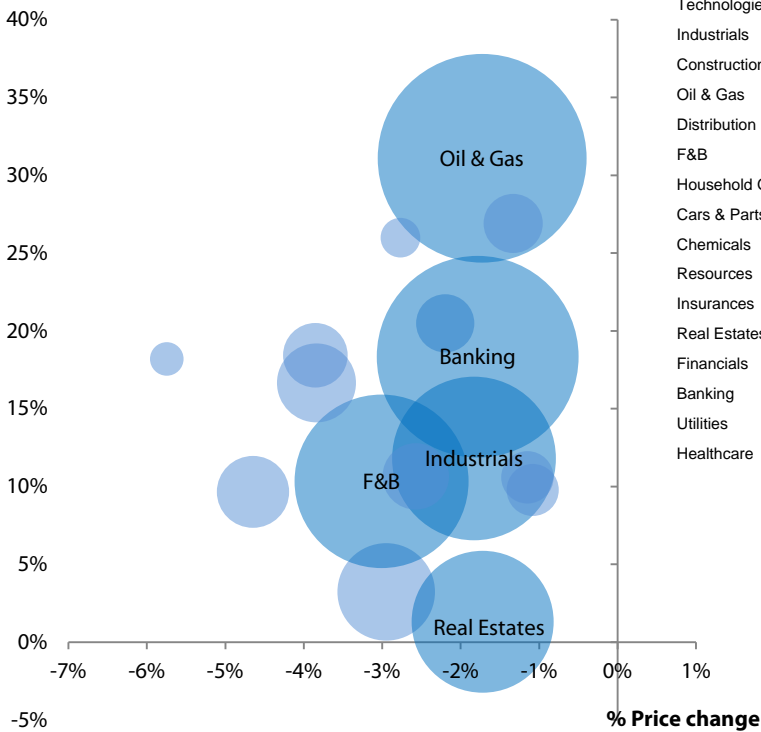


VNINDEX -1.81% 580.80 VN30 -2.28% 615.15 HNXINDEX -3.07% 84.38



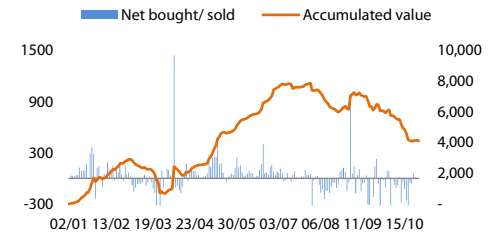
Industry Movement

Industry ROE

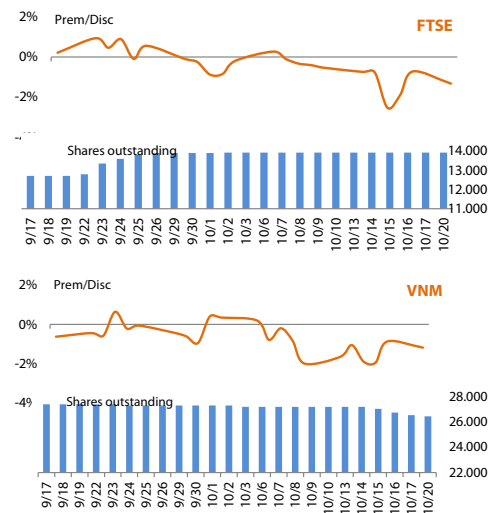


Industry	% change
Technologies	-2.2%
Industrials	-1.8%
Constructions	-2.9%
Oil & Gas	-1.7%
Distribution	-5.7%
F&B	-3.0%
Household Goods	-1.1%
Cars & Parts	-2.8%
Chemicals	-3.9%
Resources	-1.3%
Insurances	-3.8%
Real Estates	-1.7%
Financials	-4.6%
Banking	-1.8%
Utilities	-2.6%
Healthcare	-1.1%

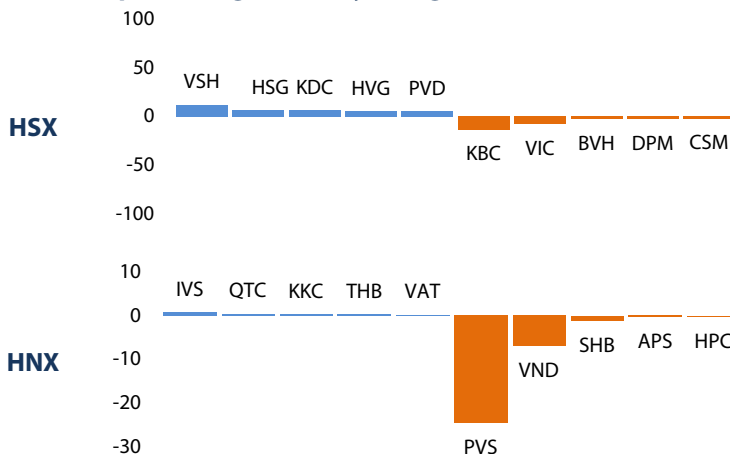
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



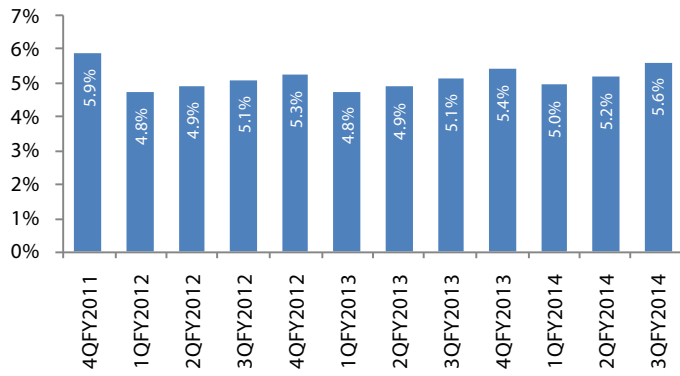
Top Active

Ticker	Price	Volume	% price change
ITA	8.1	6.69	-4.7%
OGC	10.2	6.55	-6.4%
FLC	10.6	6.42	-3.6%
KBC	15.2	4.71	-3.2%
HQC	6.9	4.61	-6.8%

Ticker	Price	Volume	% price change
PVX	5.50	8.14	-5.2%
KLF	10.80	7.35	-6.9%
SCR	9.30	3.69	-5.1%
PVS	38.00	3.24	-6.4%
SHS	10.70	3.02	-5.3%

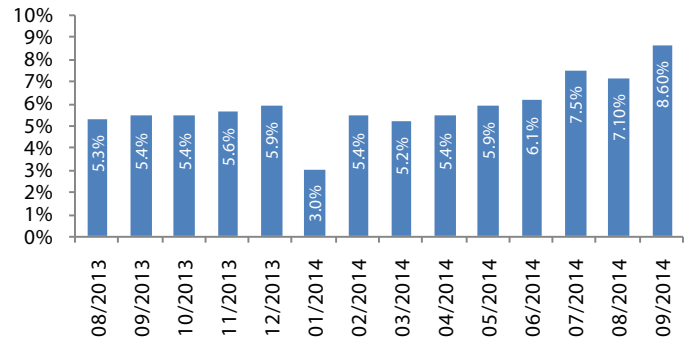
MACRO WATCH

Graph 1: GDP Growth



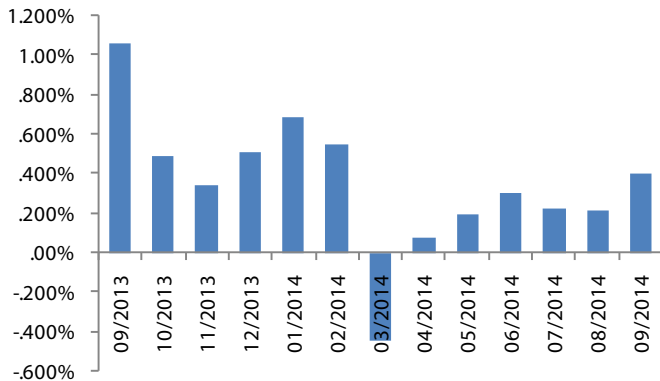
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



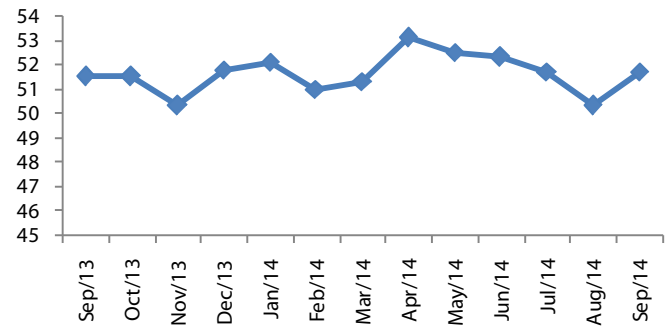
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



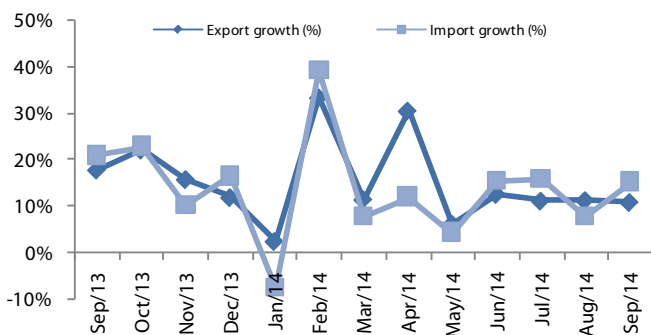
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



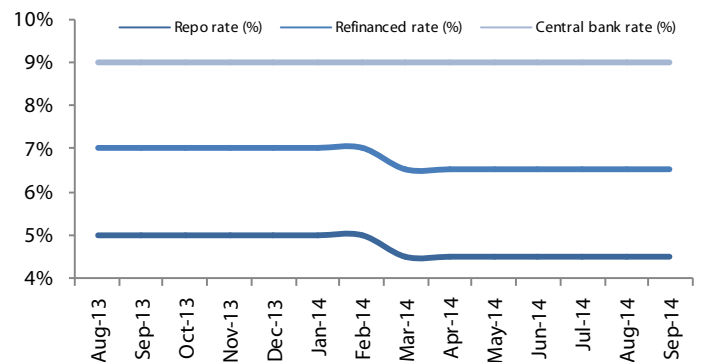
Sources: GSO. Rongviet Securities database

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
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
DCL – Chances as bad debts to be solved	Sep 22 th , 2014	Neutral – Long term	37,000
PVD – Busy O&G exploitation brought warmth	Sep 17 th , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 th , 2014	Neutral - Long term	29,700

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	21/10/2014	0-0.75%	0-2.5%	11,829	11,859	-0.25%
VF1	24/10/2014	0.20% - 1.00%	0.50%-1.50%	22,611	22,908	-1.29%
VF4	22/10/2014	0.20% - 1.00%	0.00%-1.50%	10,274	10,475	-1.91%
VFA	24/10/2014	0.20% - 1.00%	0.00%-1.50%	7,560	7,509	0.68%
VFB	24/10/2014	0.30% - 0.60%	0.00%-1.00%	11,932	11,943	-0.10%
ENF	17/10/2014	0.00% - 3.00%		10,641	11,149	-4.56%

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