

SEPTEMBER

09

TUESDAY

*“Sudden  
increase, abrupt  
decrease”*

ADVISORY DIARY

- **NBB: A new prospect with co-investment**
- **HVG: An open door to Russian market**
- **Today stock market: “Sudden increase, abrupt decrease”**

#### **NBB: A new prospect with co-investment**

This morning, NBB Investment Corporation SJC (HSX: NBB) held a ceremony for the signing of a co-investment contract in City Gate Towers along with other commitments on the aspects of financial and real estate project development with Creed Group (Japan).

Under the commitment, Creed Group will invest in a VND600 billion worth of corporate bonds issued of NBB to develop City Gate Towers, a high-rising apartment project owned 95% by NBB to be constructed on a 1.98-hectare plot in District 8 (HCM, facing Vo Van Kiet Boulevard). This, in fact, is a co-investment agreement in which Creed Group will have the equivalent of 80% of stake in the project. The total face value of the bond includes VND312 billion comprising the foreign investor's payment for 80% the project's land area and foundation. What remains is a part of development budget of City Gate Towers until its completion. As the foundation is almost ready and NBB plans to open the project for sales in October.

As far as we concern, within the scope of agreement, the land area of City Gate Towers (not including the foundation) was revalued up to VND14 million (\$666) per square meter from a cost price of VND10.9 million per square meter, the foreign investor's appreciation of NBB's land bank.

Creed Group also signed this morning an agreement in principle that sets the framework for its participation in two other projects of NBB HCMC, i.e. NBB Garden II and NBB Garden III at 50% of stake. The two parties will continue negotiating to speed up signing of the final contract. The prices at which the Japanese group will invest in these projects can be expected to exceed than the projects' current audited book value. This should allow NBB to recognize a significant profit at the time of cooperation.

Apart from above-mentioned bonds, Creed Group and another investor will participate in 4.6 million of NBB's stocks under private placements at VND19,800/share; the shares sold to Creed Group will be restricted for one year after issuance. Previously, at the extraordinary general meeting on 24/06/2014, NBB shareholders approved the plan to issue convertible bonds with a total face value of VND210 billion or USD10 million at 5% interest rate plus a premium compensating for the VND/USD exchange rate volatility from the date of issue.

In conclusion, this collaboration will supply NBB with ample and inexpensive funds which, along with the proceeds from NBB's divestment from its non-core businesses, will allow the Company to develop other projects in its pipeline, including Son Tinh Residential Area – Quang Ngai and Thuy San Hill Villa Area – Quang Ninh.

**HVG: An open door to Russian market**

Russia has put into force the 1-year-ban on fish importing from the EU, the US, Norway, Canada and Australia since August due to the international tension, arising from the Russian sanction. We believe that this information will provide an opportunity for countries having trading relationship with Russia, including Vietnam. Currently, in prohibited import market, Norway and America, ranking the third and fourth after China and Vietnam, are supplying pangasius fillet countries for Russia. According to our forecast, Russia's retaliatory measures will make a shortage of supplying pangasius fillets, around 15,000-20,000 tons in the rest of 2014. Obviously, Russian importers have to reach other markets such as China, Vietnam and Latin America.

In late August and early September, Russia lifted the ban of fisheries imports, allowing 10 Vietnamese fishery companies to sell products into this market. As 6 of the 10 companies belongs with Hung Vuong Group, making the Group the largest beneficiary of the ban lift. We estimate HVG can export an additional 7,000-8000 tons of pangasius fillets into the Russia. As the result, revenue from this one market may increase VND350 billion under the assumed price of \$2.1/kg. Our analyst comments that the US is currently HVG's largest export market, making up 35% of the Group's abroad sales whereas Russia comes in second with 11%. However, by the US Trade Department's latest decision on anti-dumping tax (POR9), HVG's catfish is now taxed at \$1.22/kg as compared with \$0.77/kg from the previous ruling. This has caused exports of this particular product to the US to plunge in 1H2014. To sum up, the drop in US pangasius exports can be made up for by the above-mentioned advantage. Therefore, it can be expected there will be a shift in HVG's fisheries exports from the US to other markets, especially Russia.

**"Sudden increase, abrupt decrease"**

"Abrupt decrease" is the image of market in today's trading session after heating up trading period last month. Profit-taking activities of investors since some first of September's sessions and prudent recommendation have been mentioned many times in our recent Advisory Diary and Investment Strategy Report. However, a decline of 13 points to 626.93 (-2.02 %) on HSX and 3.3 points to 86.4 (-3.68%) on HNX seem to make investors surprised.

Negative momentum got spread all over market, even VN30 also plummeted as there were only 2 increasing tickers, such as GMD (+300), PVD (+2,000), as well as many leading tickers reduced, i.e. GAS, KDC, HPG, VIC... Like blue-chips, some mid-caps and pennies that were uptrend in some previous trading sessions, in today's trading session they witnessed a decrease to floor prices, such as ITA, KBC, TNT, PET, HQC, TCM on HSX or gasoline stocks like PVX, PVG, PTS, PFL on HNX. In which, ITA reached the highest liquidity of 19 million units. Also, Liquidity roared to VND 5,737 billion on 2 exchanges, climbed to 48% compared with yesterday, so profit-taking pressure was not only large but also strong.

Today, foreign investors kept net buying 1.8 million units, with a total of VND109.4 billion. In

**Ngoc Chung**

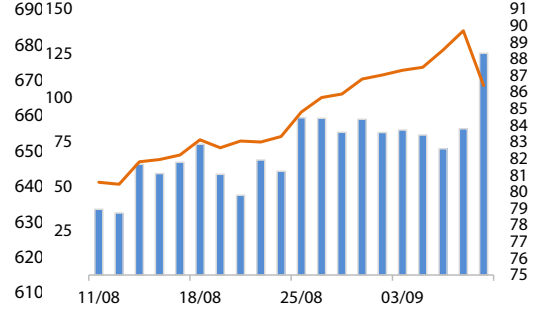
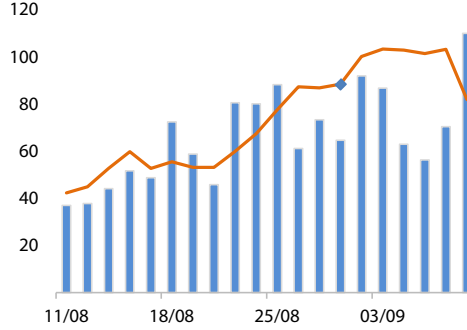
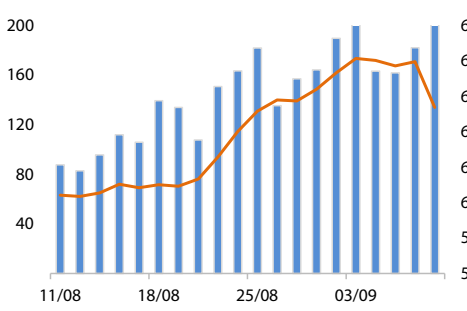
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which, trading value of VIC accounted for 50% of total foreign investor trading turnover with VND52 billion.

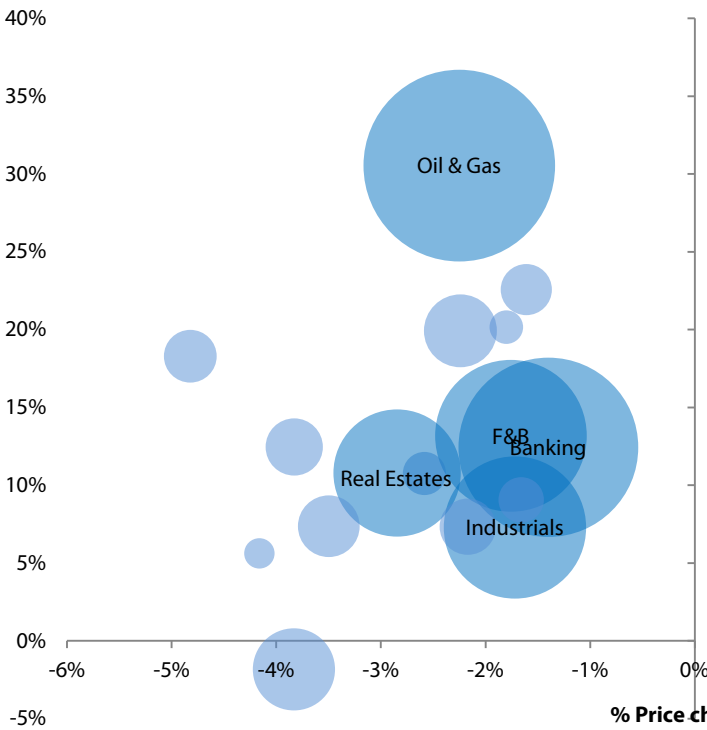
Steeply deteriorate in today's session was a firm profit-getting of market after a straight increasing period since the middle of August. As our expectation, it will take long time for VNIndex to hike the peak of 640 or conquer the next 650 points when macro factors or economic prospects have stronger steps.

**VNINDEX -2.02% 626.92**    **VN30 -2.09% 664.65**    **HNXINDEX -3.68% 86.40**



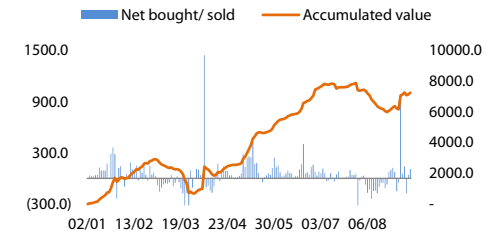
**Industry Movement**

**Industry ROE**

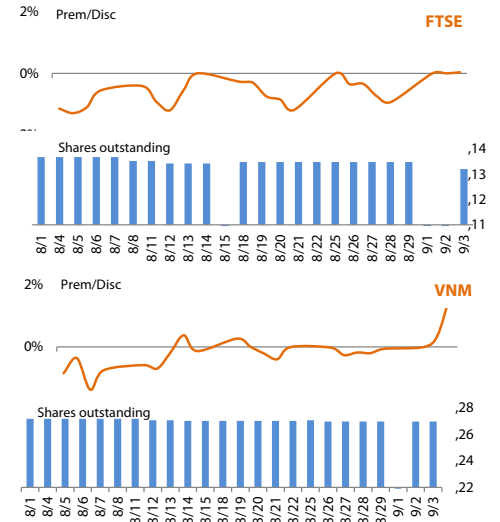


| Industry        | % change |
|-----------------|----------|
| Technologies    | -4.8%    |
| Industrials     | -1.7%    |
| Constructions   | -3.8%    |
| Oil & Gas       | -2.3%    |
| Distribution    | -4.2%    |
| F&B             | -1.8%    |
| Household Goods | -2.6%    |
| Cars & Parts    | -1.8%    |
| Chemicals       | -3.8%    |
| Resources       | -1.6%    |
| Insurances      | -2.2%    |
| Real Estates    | -2.8%    |
| Financials      | -3.5%    |
| Banking         | -1.4%    |
| Utilities       | -2.2%    |
| Healthcare      | -1.7%    |

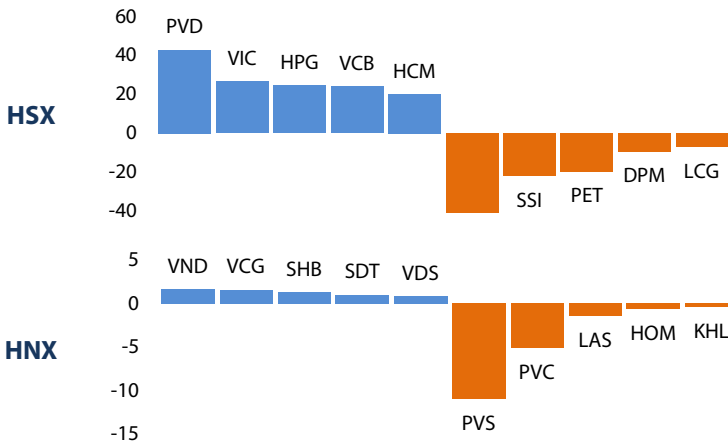
**Foreign Investors Trading**



**ETF**



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



**Top Active**

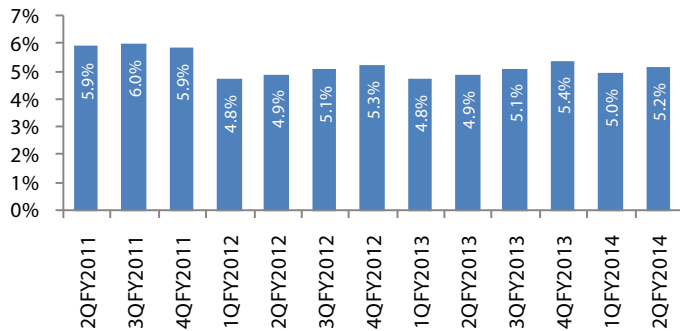
| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| ITA    | 8.8   | 19.12  | -6.4%          |
| FLC    | 12.4  | 16.91  | -6.1%          |
| SAM    | 12.0  | 14.13  | 2.6%           |
| HQC    | 8.0   | 10.07  | -5.9%          |
| SSI    | 28.6  | 9.77   | -2.7%          |

| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| PVX    | 5.70  | 17.47  | -2.9%          |
| SHB    | 9.40  | 13.03  | -1.3%          |
| SCR    | 9.80  | 8.64   | -4.1%          |
| KLS    | 11.90 | 7.57   | -1.4%          |
| SHS    | 10.30 | 7.37   | -1.5%          |

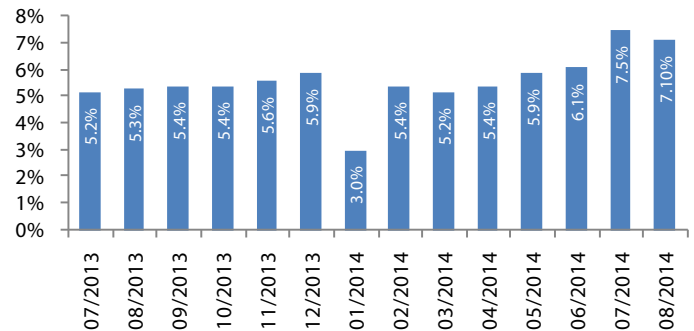
**MACRO WATCH**

**Graph 1: GDP Growth**



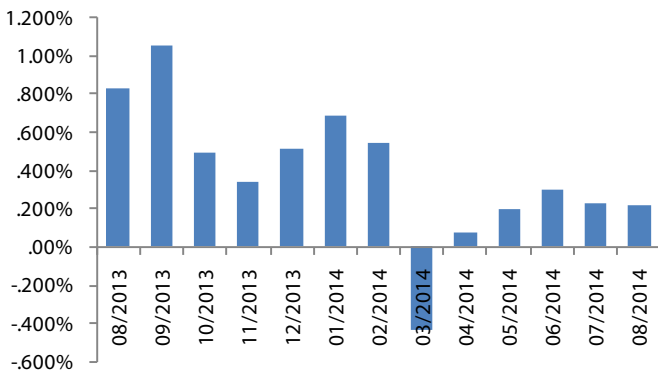
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



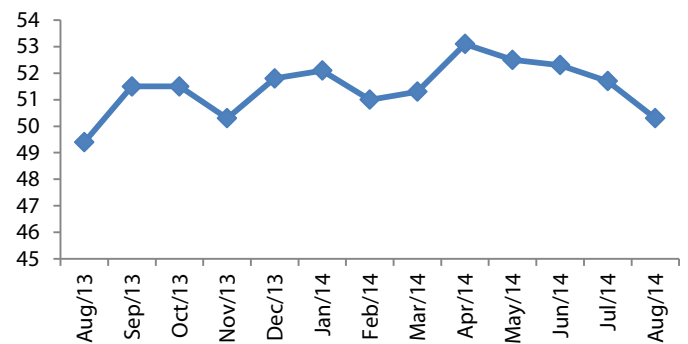
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



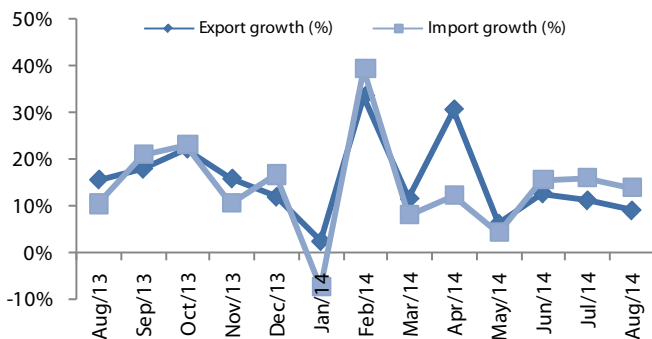
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



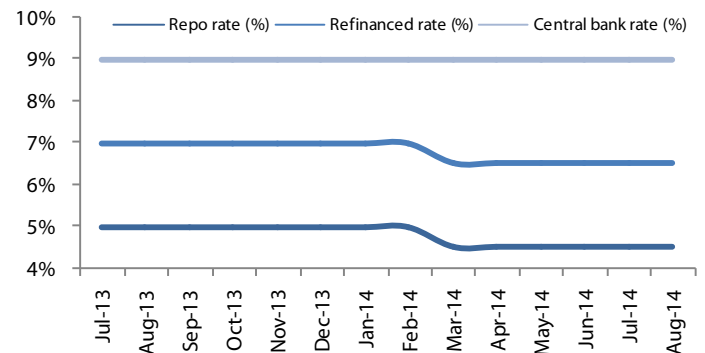
Sources: GSO. Rongviet Securities database

**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 |
|--|-----------------------------|---------------------------------|--------------|
| REE - Solid ground s for sustainable growth            | Sept 9 <sup>th</sup> , 2014 | Neutral - Long term             | 29,700       |
| HSG - The hard part has gradually done!                | Aug 21 <sup>st</sup> , 2014 | Accumulate – Intermediate term  | 48,100       |
| HPG - On the way to dominate nationwide’ market shares | Aug 12 <sup>th</sup> , 2014 | Accumulated – Intermediate-term | 66,400       |
| NBB - A new chapter with co-investment                 | Jul 31 <sup>st</sup> , 2014 | Buy – Intermediate term         | 27,400       |
| 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       |

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       | 03/09/2014  | 0-0.75%                               | 0-2.5%                              | 11,440                         | 11,436                           | 0.03%         |
| VF1       | 04/09/2014  | 0.20% - 1.00%                         | 0.50%-1.50%                         | 23,744                         | 23,444                           | 1.28%         |
| VF4       | 03/09/2014  | 0.20% - 1.00%                         | 0.00%-1.50%                         | 10,900                         | 10,807                           | 0.86%         |
| VFA       | 05/09/2014  | 0.20% - 1.00%                         | 0.00%-1.50%                         | 7,830                          | 7,799                            | 0.39%         |
| VFB       | 05/09/2014  | 0.30% - 0.60%                         | 0.00%-1.00%                         | 11,262                         | 11,239                           | 0.21%         |
| ENF       | 29/08/2014  | 0.00% - 3.00%                         |                                     | 10,703                         | 10,432                           | 2.60%         |

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