

MAY

12

MONDAY

*“The flight-to-quality”*

ADVISORY DIARY

- **The concern about “South China Sea” has not ended.**
- **TPP - positive signal about wrapping up trade deal.**
- **Update on tax charge reclaim of BMP.**

**The concern about “South China Sea” has not ended.** The positive result of last Friday could not soften the worries of investors. Moreover, this negative news about the escalating conflict makes investors more nervous. Therefore, the stock market significantly decreases today, buy-side is modicum, and buying stock at a low price is not very attractive.

In our recent advisory diary, we have noticed “Investors that fear would not become panic as long as we have a picture in our mind what it is as well as the capability to measure it.” However, fear related to South Sea dispute is hardly to amount as well as predict the following actions, as a result, we commented that investors should wait for any positive information about this event or stand by until the concern pass-away.

The flight-to-quality is usually appeared when there is uncertainty in the financial markets. According to our observation those days, we saw that gold and USD price have bounced back, especially the different movement between domestic and world gold price. However, it is clear that the return of gold and USD are not really attractive based on current macro condition. For stock investment, we supposed that cash from margin is showing signs of withdrawal. But, real cash flow totally stay at with safe stocks, at current market price, it is not difficult for investors to find shares with higher dividend yield than saving interest.

**TPP - positive signal about wrapping up trade deal.**

Today (12/05), Trans- Pacific Partnership trade negotiations has launched a new round in HCMC, with preparing for the ministerial session next early week. In the first of May, TPP negotiation has showed a positive signal after recent bilateral negotiations and visits between US and Japan. As the result, both countries announced a common statement that “they identified a path forward for thorny bilateral issues”, instead of the statement that “there are still considerable differences remain” before.

The biggest issues between US and Japan is that Japan want to continue to protect some agriculture goods and cars, in addition, they also consider this is the price US have to pay in order to receive their supports about mass of sensitive issues which US have not reach deal with other TPP countries like State-own companies or intellectual properties. Amongst 12 TPP countries, Japan and US are the largest developed countries and constitute about 80%GDP.

The information related to negotiation details is confidential and we just know about TPP negotiation process through general statements. However, as Japan and US move closer to resolve thorny issues, we expect Vietnam could reach TPP agreement at the end of this year.

**Update on tax charge reclaim of BMP**

There are some customers inquiring us about the Tax arrears in Binh Minh Plastic Corp. It is nothing new. We already mentioned about the income tax issues in the latest report of MBP. However, the Taxation department had no response until 11th, 04, 2014.

In 2013, BMP handed VND71.3 billion tax arrears but the amount was recorded into other receivables instead of booking expenses. In consequence, according to the latest decision, BMP might pay about VND3.7 billion tax arrears and VND42.1 billion tax penalties. We comment that the amount of VND117 billion (including the above tax arrears and penalties) should record as the

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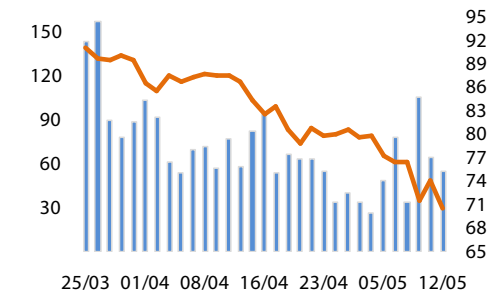
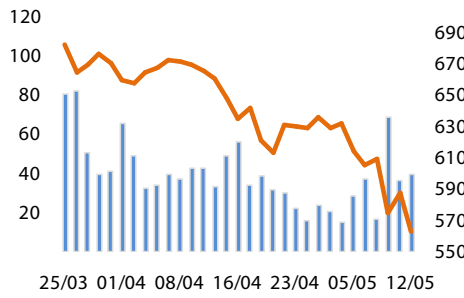
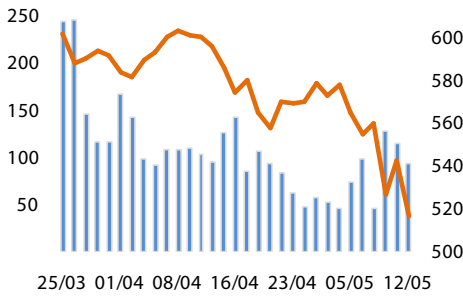
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following options: (1) Adjust profit in the period of 2009-2010 (wrongly applied tax preference period) which caused retained earnings to decrease but NAT 2014 would not be influenced; (2) Record all into performance in 2014. In the second case, we adjust to reduce projected NAT in 2014 to VND275.8 billion (-7% of the earlier report), equivalent to EPS of VND6,064 and P/E forward of 10.6x.

**VNINDEX -4,68% 517,05**

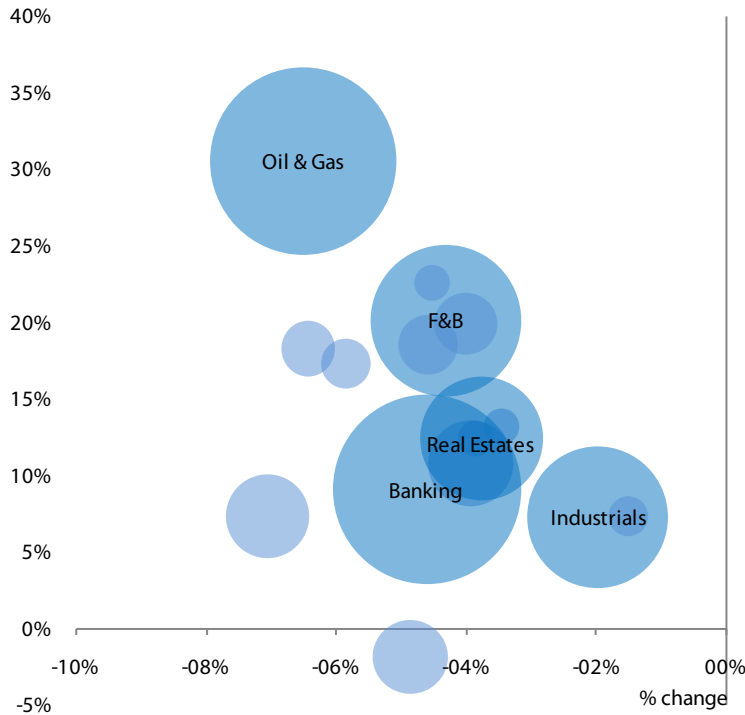
**VN30 -4,19% 563,30**

**HNXINDEX -4,72% 70,69**

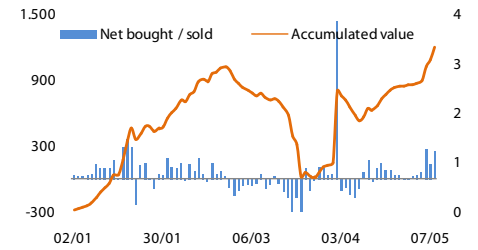


**Industry Movement**

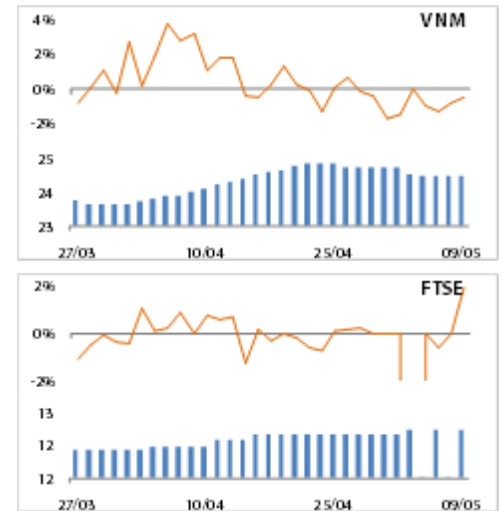
**ROE**



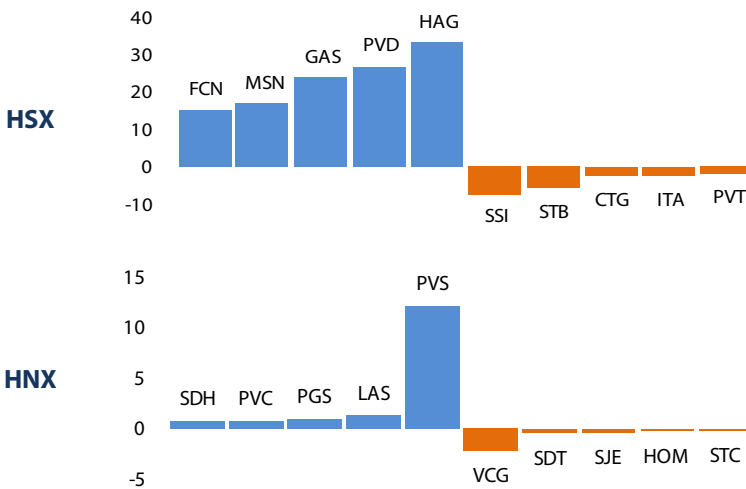
**Foreign Investors Trading**



**ETF**



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



**Top Active**

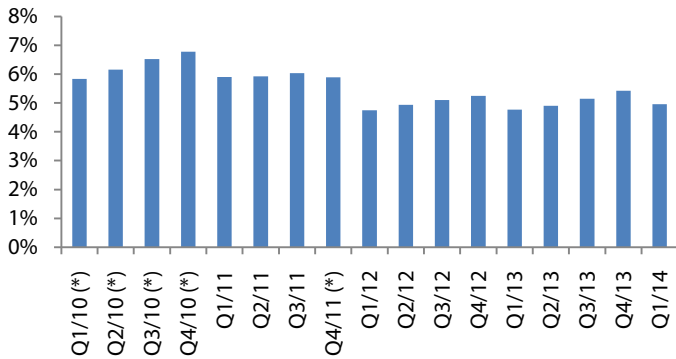
| Ticker | Price | Volume | % P change |
|--------|-------|--------|------------|
| FLC    | 8,00  | 8,64   | -6,98%     |
| HAG    | 21,10 | 6,85   | -6,64%     |
| ITA    | 7,10  | 5,41   | -6,58%     |
| HQC    | 5,40  | 4,42   | -6,90%     |
| OGC    | 9,00  | 3,51   | -6,25%     |

| Ticker | Price | Volume | % P change |
|--------|-------|--------|------------|
| SCR    | 7,10  | 6,77   | -8,97%     |
| SHB    | 8,00  | 6,63   | -6,98%     |
| KLS    | 8,50  | 5,74   | -9,57%     |
| PVX    | 4,40  | 5,66   | -8,33%     |
| SHS    | 6,70  | 2,83   | -9,46%     |

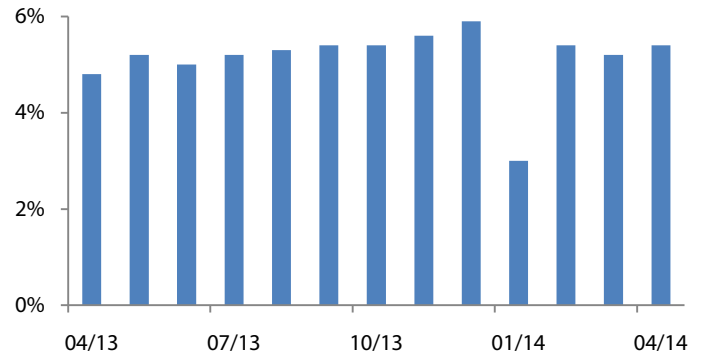
**MACRO WATCH**

**Graph 1: GDP Growth**



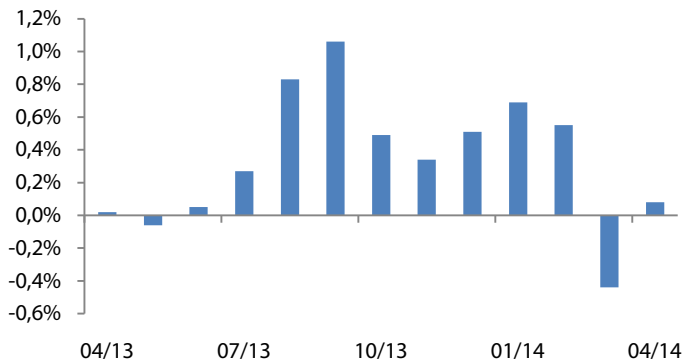
Sources: GSO, Rongviet Securities database  
(\*) Comparison price in 1994

**Graph 2: IIP**



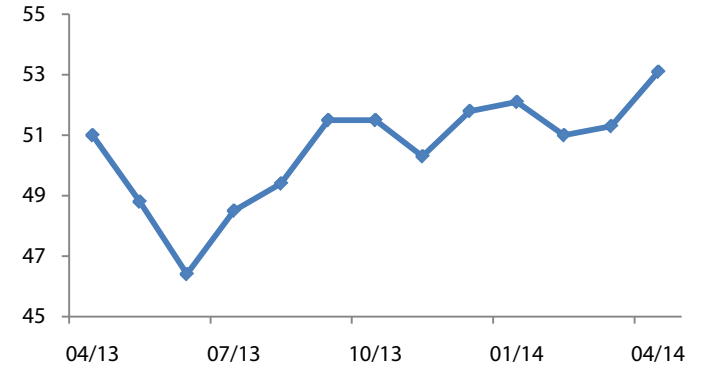
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



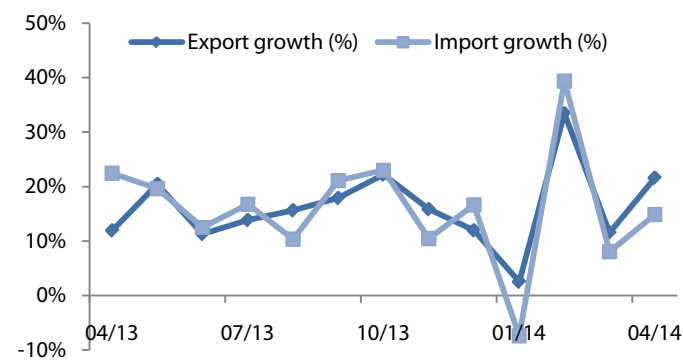
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



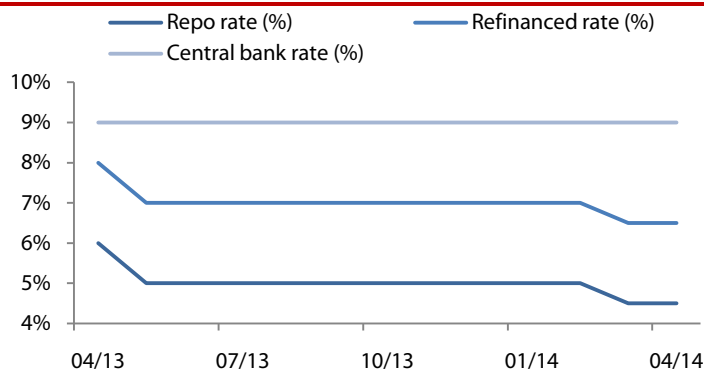
Sources: GSO, Rongviet Securities database

**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 |
|---------------------------------|-------------------------------|---------------------------------|--------------|
| NBB-Strengthened cash flows     | May 07 <sup>th</sup> , 2014   | Buy – Long-term                 | 36,300       |
| DIG-Reboot                      | April 28 <sup>th</sup> , 2014 | Accumulated – Long-term         | 19,200       |
| HPG-Sustainable Development     | April 24 <sup>th</sup> , 2014 | Accumulated – Intermediate-term | 55,100       |
| CSM-Radial and long-term growth | April 4 <sup>th</sup> , 2014  | Neutral – Intermediate-term     | 46,700       |
| PPC-Stay firm                   | April 4 <sup>th</sup> , 2014  | Neutral – Long-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 |
|-----------|-------------|---------------------------------------|-------------------------------------|--------------------------------|----------------------------------|---------------|
| VFF       | 06/05/2014  | 0.75%                                 | 0.75%                               | 10,455                         | 10,727                           | -2.54%        |
| VF1       | 08/05/2014  | 0.20% - 1.00%                         | 0.50%-1.50%                         | 21,227                         | 21,917                           | -3.15%        |
| VF4       | 07/05/2014  | 1.00%                                 | 0.50%-2.00%                         | 9,502                          | 9,946                            | -4.46%        |
| VFA       | 09/05/2014  | 0.20% - 1.00%                         | 0.00%-1.50%                         | 7,344                          | 7,400                            | -0.76%        |
| VFB       | 09/05/2014  | 0.30% - 0.60%                         | 0.00%-1.00%                         | 10,775                         | 10,771                           | 0.03%         |
| ENF       | 02/05/2014  | 0.00% - 3.00%                         |                                     | 9,796                          | 9,773                            | -1.06%        |

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