

JANUARY

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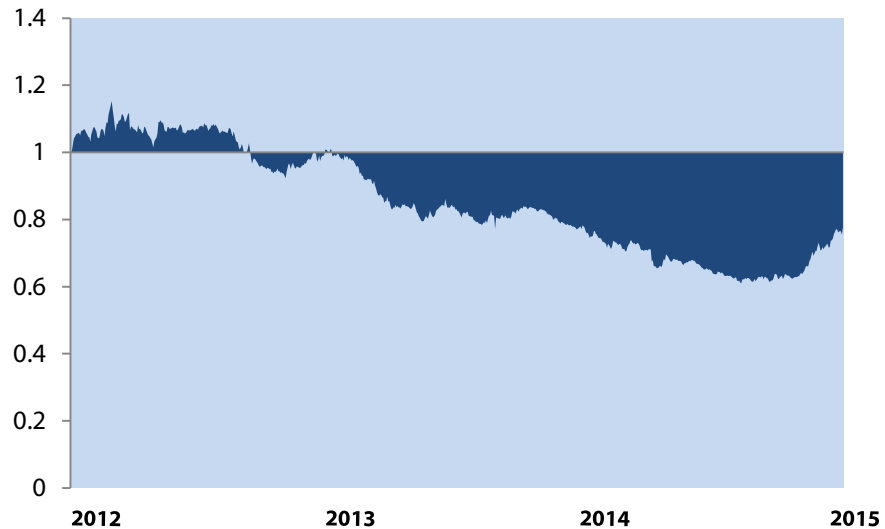
FRIDAY

ADVISORY DIARY

Banking shares: it is time to start betting on a Recovery

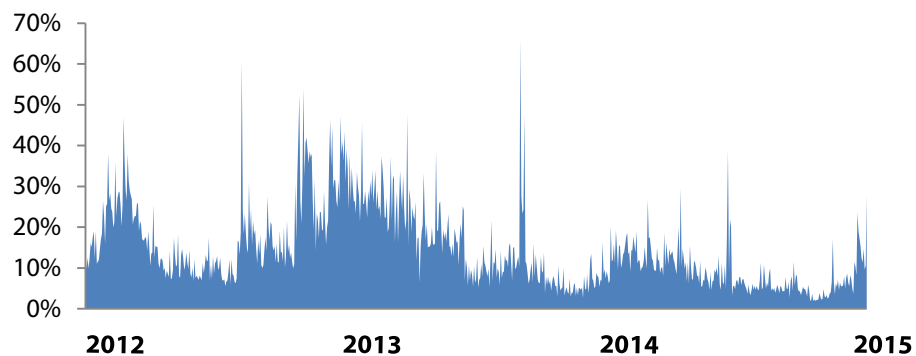
It is over two years since “Mr. Kien” event happened (Sep, 2012), we became aware of a marked change in investors’ perception about banking industry: from the better estimated business result in 2014 at some large banks, the higher growth’s plan in 2015 to macroeconomic orientation through policies (M&A, the effect date of many circulars is drawing near...), etc. However, it is easy to see that the growth impetus of banking shares in Vietnam stock market on the early days of 2015. This week, rallies were seen on banking shares when this industry index gained 4.8% while VNIndex just edged 1.3%. After previous research and analysis that our experts mentioned in recent time, up to this time, from a merely view based on trading, we think it is time that **banking shares start the recovery**. What is the point? Is this recovery cycle sustainable and banking shares will lead the market in 2015?

Figure: Relative strength between banking index and VNIndex (base year: 2012)



Source: RongViet Research

Figure: Relative strength between banking shares and VNIndex volume



Source: RongViet Research

Discussing with our industry analysts, we get brief answer: “The frequency rate of stories in the

*“Banking shares:
it is time to start
betting on a
Recovery”*

process of completing banking industry reform could create many waves in Vietnam stock market." So far, investing in banking shares obviously is a "fashionable trend" in 2015 and taking profit opportunities will come from banks who prove that they have made efforts to reform the system, enhance risk management and upgrade their asset quality over the past 2 years.

Our technical analyst noted that VNIndex broke the resistance at 580 at a volume peak today where the drivers were no other than bank stocks. EIB saw a 60-million-shares transacted in the put-through market at VND13,000/share, which was 3% lower than the stock's closing. Investors seemed more confident in the sectors such as real estate and financials. Also, BCC and HT1 both climbed high after the ECB announced it would inject cash into the Eurozone economy to spur growth. Despite local investors' refreshed optimism, this was the third straight week the stock market saw foreigners selling. From our observation, the foreign sector has not been very bullish on banking stocks since September 2012 and VCB was the most bought tickers. Therefore, it is not hard to explain the fact VCB has constantly seen foreign sales recently given the average cost price of foreign investors in this ticker. Conversely, CTG, one of the two stocks sold net in the above period, was bought by a net VND16.5 billion by the foreign sector in the HSX last week.

Today, **Dry cell and storage battery JSC (PAC – HSX)**, which is our recent recommended stock, made known 2014 earnings results. Revenue reached at VND2,017 billion and NPAT had a record of VND 74.4 billion, increasing 7.8% and 20.9% respectively. PAC earning result was in compliance with our forecast and gross profit margin was relatively similar as compared to 2013. Therefore, due to the lagging of 2-3 months when importing materials, we suppose PAC would tail winds form a decline in lead price in 1Q2015. Regarding to 2015 outlook, we recommend ACCUMULATE stock in the INTERMEDIATE term. PAC price increased by 4% since we published PAC report.

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WEEKLY TECHNICAL VIEW

VN-Index

VN-Index rose for the fifth consecutive week, added 7.57 points (or 1.3%), closed at 582.38. Trading volume reduced 21.4%, down to 429 million shares.

VN-Index went down to 568 and then turned up strongly, broke above the 580 threshold on high volume. Therefore, the gap created on 12/01/2015 was filled and the short-term correction ended. VN-Index is now moving towards 595 next targets at around 595.

VN-Index also rid of the intermediate-term correction. Both the 26-day and 50-day moving averages are moving upwards. Next week VN-Index will challenge the long-term moving average MA(200).

Looking at technical indicators, both the MACD and the RSI turned bullish. The DX



HNX-Index

HNX-Index gained 1.51 points (or 1.77%), closed at 86.86. Trading volume decreased 16.3% with about 210 million shares changed hands.

After about two weeks of fluctuating in a narrow range (84-86), HNX-Index finally broke above 86 on high volumes. The uptrend of HNX-Index is now quite clearly. Traders should watch for a continuing move up toward area around 90 or a small through back to retest the 86 thresholds.

Looking at technical indicators, both the MACD and the RSI turned bullish strongly.



Recommendation:

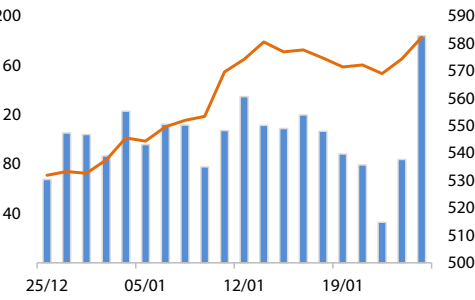
After corrective stage, both VN-Index and HNX-Index turned up strongly and broke above their resistances. The uptrend continues and traders should keep disbursing and waiting for higher target.

Khai Tran

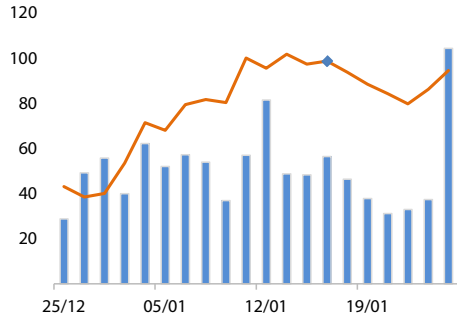
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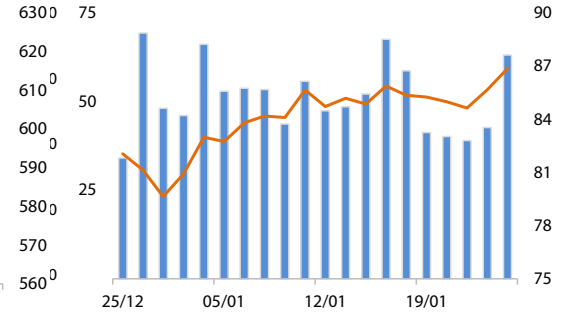
VNINDEX 1.36% 582.38



VN30 0.79% 615.16



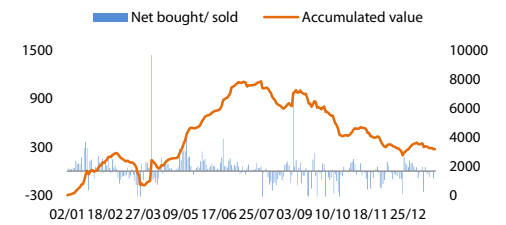
HNXINDEX 1.40% 86.86



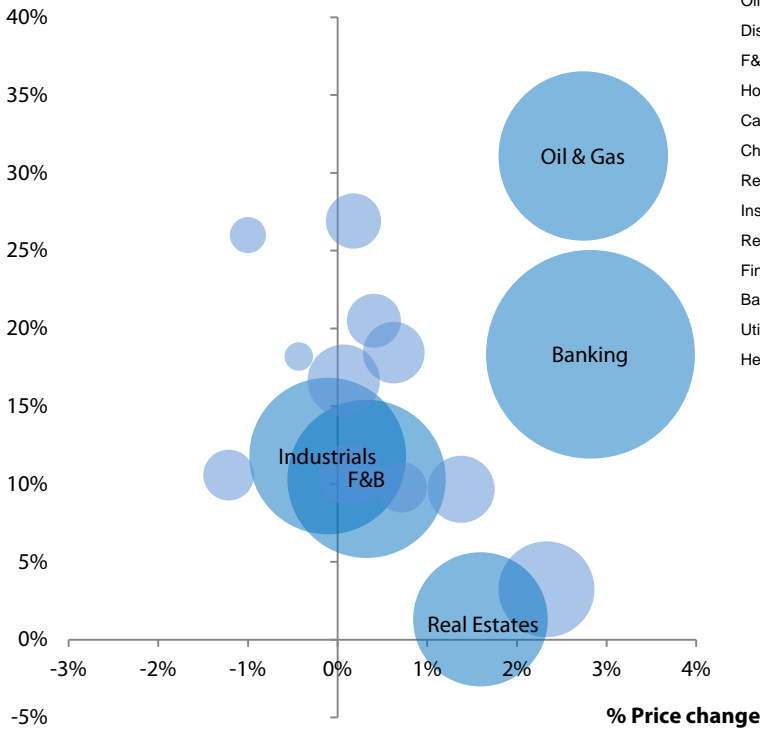
Industry Movement

| Industry | % change |
|-----------------|----------|
| Technologies | 0.4% |
| Industrials | -0.1% |
| Constructions | 2.3% |
| Oil & Gas | 2.7% |
| Distribution | -0.4% |
| F&B | 0.3% |
| Household Goods | 0.7% |
| Cars & Parts | -1.0% |
| Chemicals | 0.6% |
| Resources | 0.2% |
| Insurances | 0.1% |
| Real Estates | 1.6% |
| Financials | 1.4% |
| Banking | 2.8% |
| Utilities | 0.1% |
| Healthcare | -1.2% |

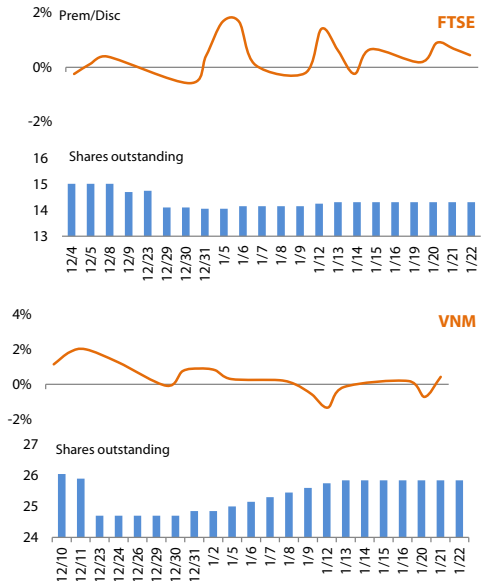
Foreign Investors Trading



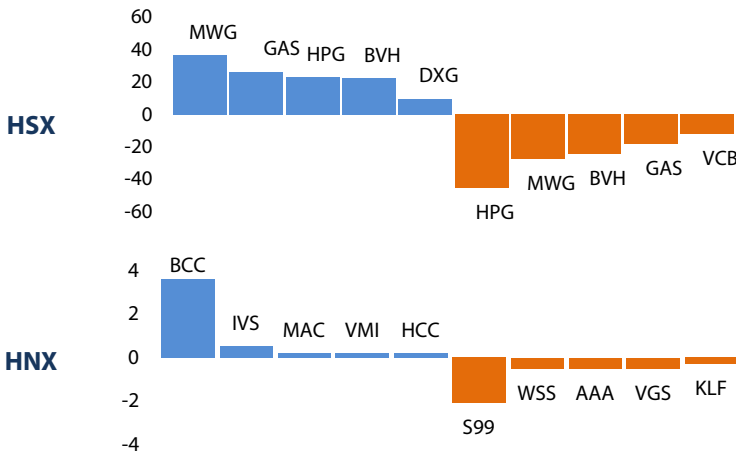
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



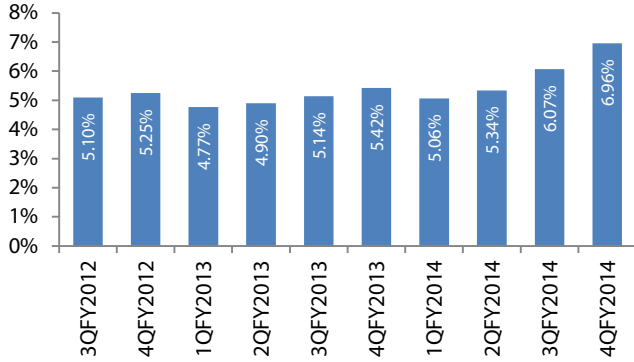
Top Active

| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| MBB | 14.6 | 7.61 | 1.4% |
| FLC | 10.7 | 6.93 | 0.9% |
| BID | 17.4 | 5.69 | 4.2% |
| VHG | 13.3 | 5.48 | 3.9% |
| TTF | 12.5 | 5.10 | 5.9% |

| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| KLF | 11.4 | 11.69 | 1.8% |
| SHB | 9.0 | 7.62 | 2.3% |
| SCR | 9.2 | 2.93 | 2.2% |
| BAM | 6.0 | 2.85 | 7.1% |
| PVR | 3.7 | 2.60 | 0.0% |

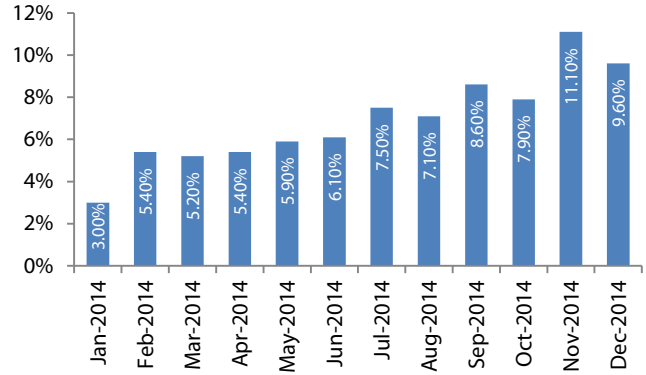
MACRO WATCH

Graph 1: GDP Growth



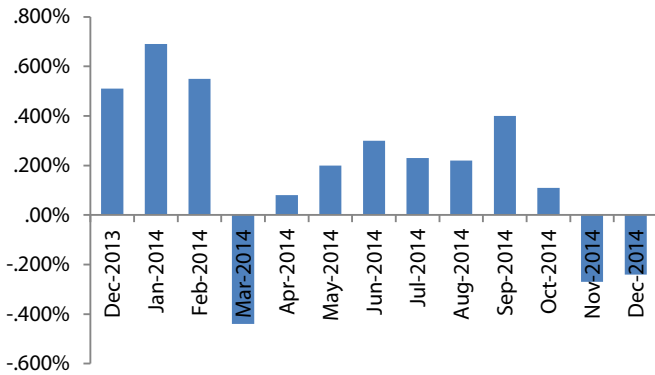
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



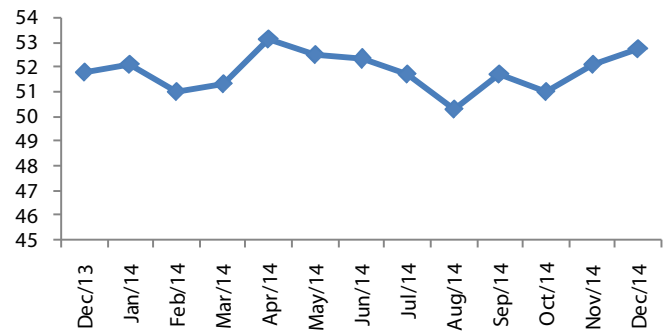
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



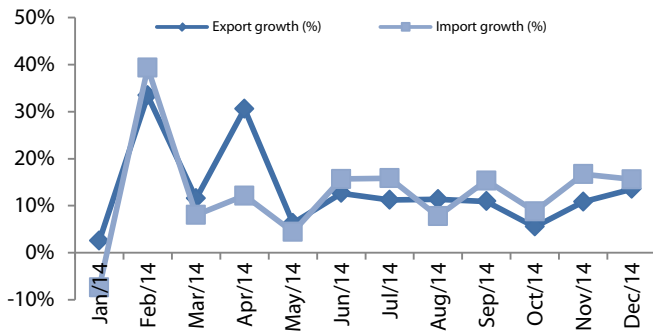
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



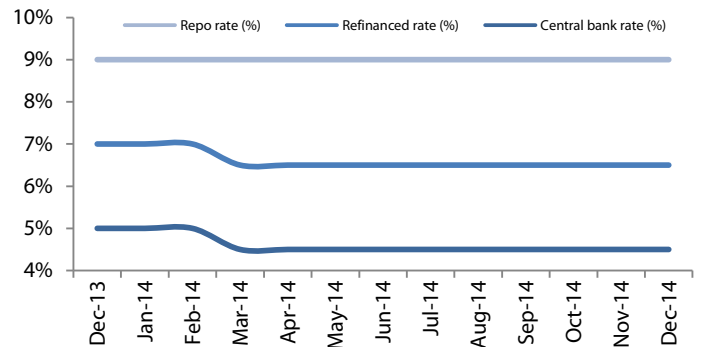
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO. Rongviet Securities database

Graph 6: Interest



Sources: SBV. Rongviet Securities database

RONG VIET NEWS

| 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 |
|-------------|-------------|---------------------------------------|-------------------------------------|--------------------------------|----------------------------------|---------------|
| <u>VFF</u> | 06/01/2015 | 0%-0.75% | 0%-2.5% | 11,403 | 11,370 | 0.29% |
| <u>VEOF</u> | 06/01/2015 | 0%-0.75% | 0%-2.5% | 9,353 | 9,065 | 3.18% |
| <u>VF1</u> | 14/01/2015 | 0.2% - 1% | 0.5%-1.5% | 21,250 | 21,133 | 0.55% |
| <u>VF4</u> | 07/01/2015 | 0.2% - 1% | 0%-1.5% | 9,017 | 8,799 | 2.48% |
| <u>VFA</u> | 09/01/2015 | 0.2% - 1% | 0%-1.5% | 7,345 | 7,313 | 0.43% |
| <u>VEB</u> | 09/01/2015 | 0.3% - 0.6% | 0%-1% | 11,887 | 11,877 | 0.09% |
| <u>ENE</u> | 09/01/2015 | 0% - 3% | 0% | 10,738 | 10,605 | 1.25% |
| <u>MBVF</u> | 08/01/2015 | 1% | 0%-1% | 11,307 | 11,234 | 0.65% |
| <u>MBBF</u> | 07/12/2014 | 0%-0.5% | 0%-1% | 11,924 | 11,908 | 0.13% |

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