

*“Market response to VND devaluation and “Bien Dong event””*

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- **Market response to VND devaluation and “Bien Dong event”**
- **Marc Faber – Long-term investment from 5 to 10 years in Vietnamese stocks potentially generate high profit**

**Market response to VND devaluation and “Bien Dong event”**

The breaking-news impacted significantly on today’s market as the following (1) the State Bank of Viet Nam has lowered the mid-term point rate by 1% (2) a second Chinese drill rig has appeared on Truong Sa island of Viet Nam. In our opinion, the devaluation has not given much remarkable surprises. From the beginning of May, exchange rates at Commercial Banks had accelerated and reached the ceiling rate of VND21,246 per dollar in last June. The adjustment of 1% is still under control as the commitment of 2% of the State Bank announced at the beginning of the year. The main reason is to spur export activity in subsequent months, along with lower inflation rate demonstrating by an increase of 1.08% in CPI rate in May. As a result, it would bring positive impacts on export instead of negative impacts on the economy.

Not similar to the devaluation of 9.3% on Feb 11, 2011 that caused VNIndex a decrease from 520 points to the lowest point of 452.3 (March 3, 2011), the State Bank of Viet Nam has taken initiatives in this year’s devaluation as stably economic indicators such as decreased inflation, surplus trade balance, increased credit rate. Thus, the negative response of investors in today’s session in our opinion is less likely to continue. However, we also believe that the exchange rate might be under control of the State Bank of Viet Nam in the next six months. Similarly, HSBC has also punished a brief report of Vietnamese economy. Accordingly, the institute stated that the slight adjustment in the exchange rate would not lower the VND position, accompanied by the estimate of the stable exchange rate in following months. However, HSBC also noticed that the possibility of another devaluation of 1% at the end of the year in case of necessary as today’s devaluation was only 1% in the range rate of 2% of State Bank’s commitment.

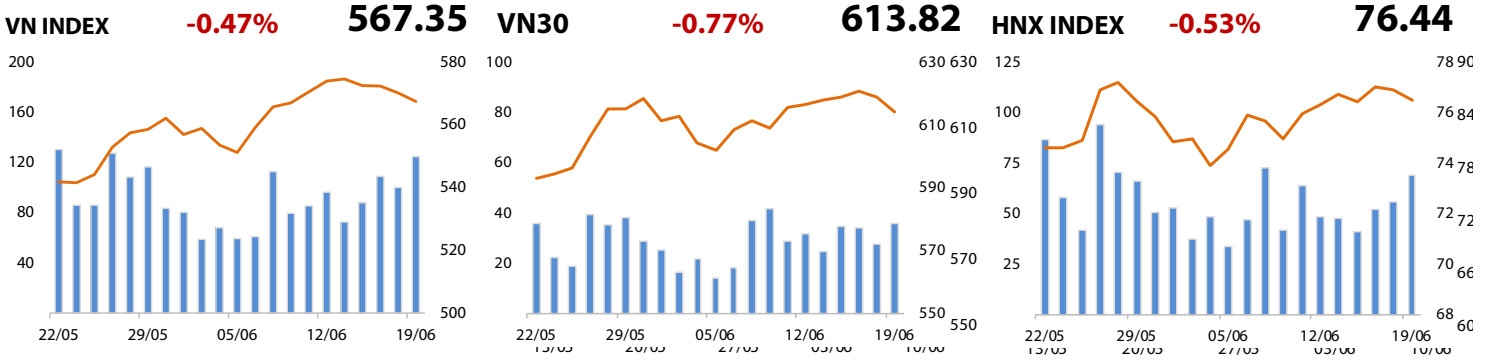
In relation to the second oil rig at Truong Sa island, General Administration of Customs and Phoenix Chinese Channel revealed on their websites about the second rig to be set up at the Truong Sa area from 18th to 20th June. Despite of no more particular information, this declaration together with the exchange rate adjustment had negative impacts on investors’ psychology causing a decrease in VNIndex by more than 10pts at the early morning.

However, much better than when information of the first rig was published on 8th May, today’s stock market showed investors’ calm which brought back their demands promptly. This narrowed the descending percentage change of most stocks. Furthermore, the upward trend of the leading stocks such as GAS (0.96%), HCM (0.1%), KDC (0.5%) pushed up VNIndex back to 567.35, decreasing by 0.47%. At the same time, stocks with good financial results including TCM, HPG, DBC stayed stable. In contrast to the downward trend of both boundaries, the liquidity was improved with total trading volume of VND2,200 billion of local investors.

**Marc Faber – Long-term investment from 5 to 10 years in Vietnamese stocks potentially generate high profit**

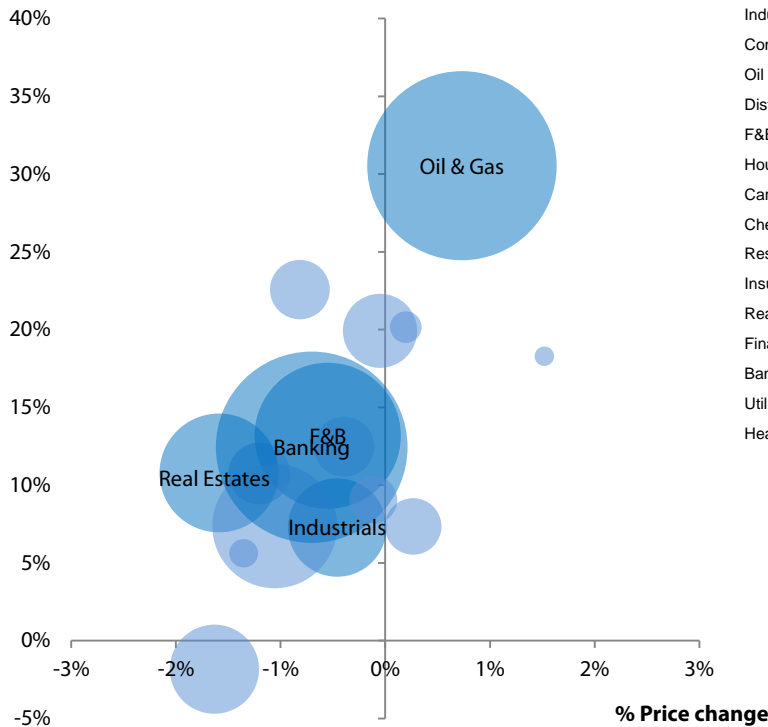
At the conference of this morning “The rise of frontier & emerging markets and Oportunities for Vietnam?” where RongViet Securities is one of the main sponsors, Dr Marc Faber with his well-known accurate forecast on gold and stock market, shared his opinions about asset value and credit bubble as well as the relationship between China and emerging countries. The U.S stock market was supposed by him to be more expensive than E.U and emerging markets. In the next

7-10 years, profit margin of U.S market was said to go down and abdicate for the emerging markets based on opposite trends of these markets. So far Vietnam has been highly appreciated for its reasonable stock prices and the potential growth of Vietnamese entities. Besides, the improvement in macro economy and young population were considered as good reasons for investment in Vietnam.

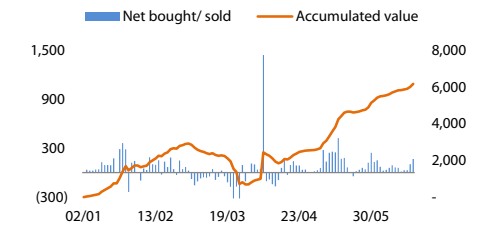


**Industry Movement**

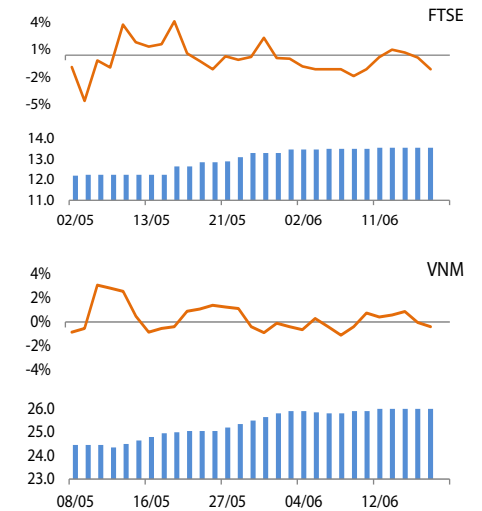
**Industry ROE**



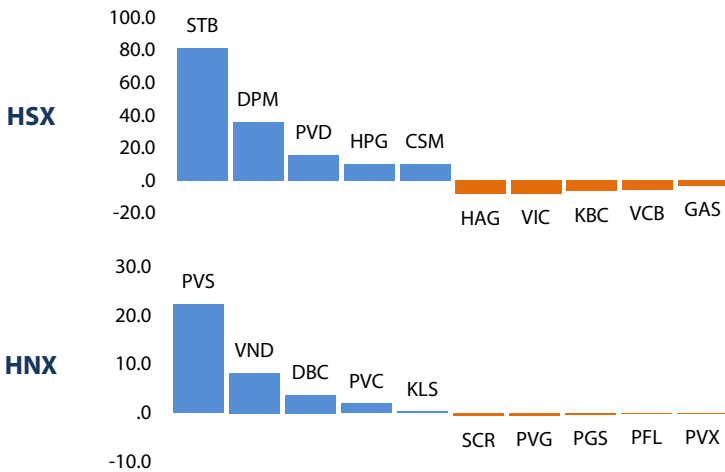
**Foreign Investors Trading**



**ETF**



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



**Top Active**

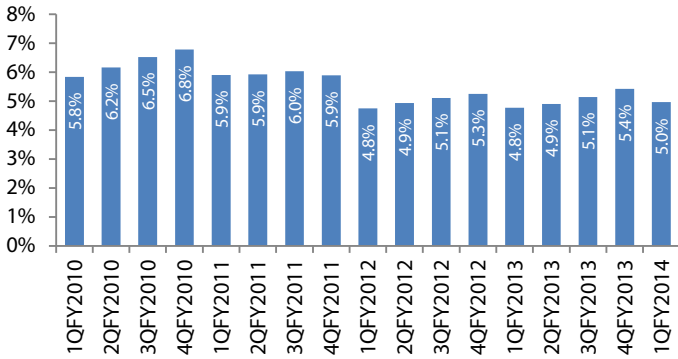
| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| FLC    | 10.80 | 12.95  | -0.9%          |
| HQC    | 7.70  | 7.34   | 0.0%           |
| ITA    | 8.10  | 6.92   | -1.2%          |
| SSI    | 25.40 | 5.29   | -0.8%          |
| STB    | 21.00 | 4.20   | 0.0%           |

| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| KLF    | 11.20 | 8.42   | -4.2%          |
| PVX    | 4.20  | 7.60   | -2.3%          |
| SCR    | 8.50  | 6.92   | -2.8%          |
| SHB    | 9.10  | 6.31   | -2.0%          |
| KLS    | 11.90 | 5.04   | -2.8%          |

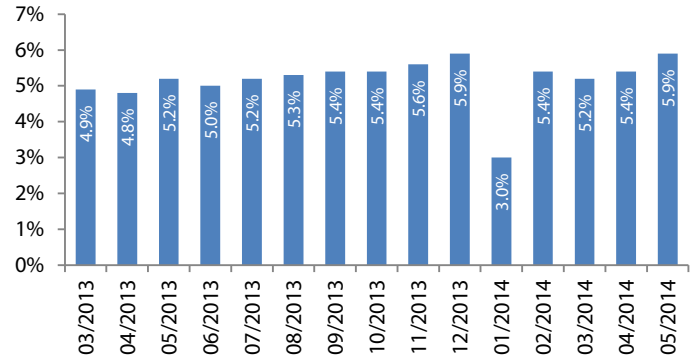
## MACRO WATCH

**Graph 1: GDP Growth**



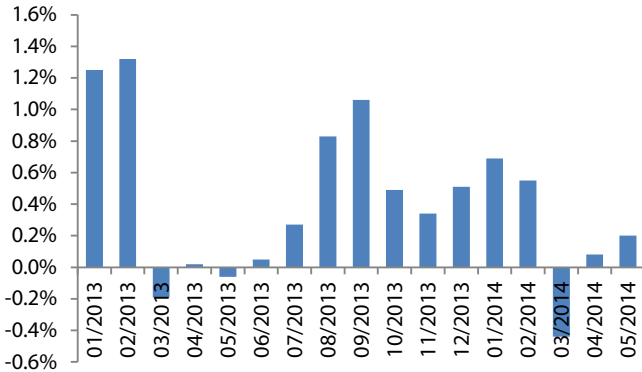
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



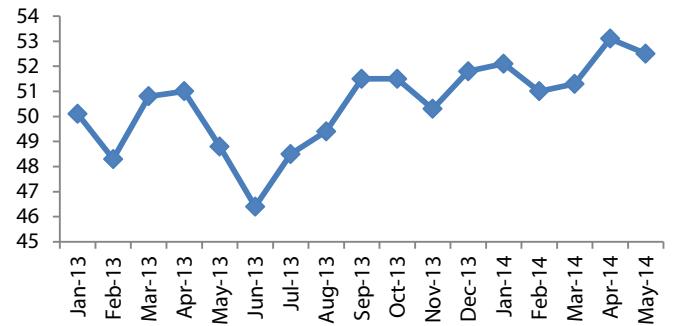
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



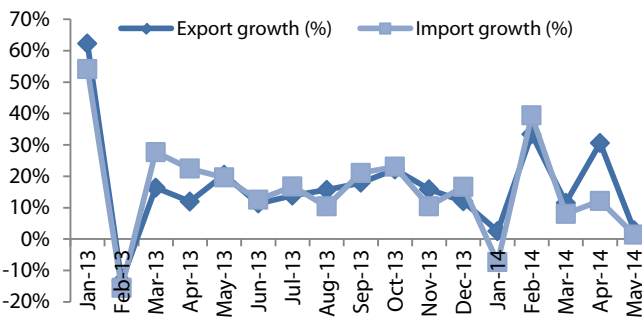
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



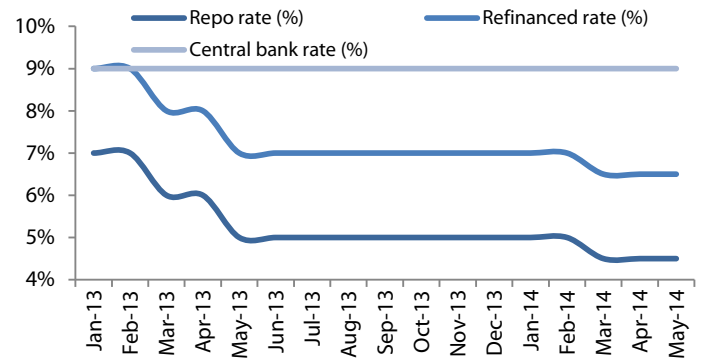
Sources: GSO, Rongviet Securities database

**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 |
|--|-------------------------------|---------------------------------|--------------|
| 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       |
| 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       |

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       | 10/06/2014  | 0.75%                                 | 0.75%                               | 10,761                         | 10,766                           | -0.05 %       |
| VF1       | 12/06/2014  | 0.20% - 1.00%                         | 0.50%-1.50%                         | 20,784                         | 20.384                           | 1.96 %        |
| VF4       | 11/06/2014  | 0.20% - 1.00%                         | 0.00%-1.50%                         | 9,395                          | 9.318                            | 0.83 %        |
| VFA       | 13/06/2014  | 0.20% - 1.00%                         | 0.00%-1.50%                         | 7,363                          | 7.345                            | 0.24 %        |
| VFB       | 13/06/2014  | 0.30% - 0.60%                         | 0.00%-1.00%                         | 10,799                         | 10.771                           | 0.26 %        |
| ENF       | 06/06/2014  | 0.00% - 3.00%                         |                                     | 9,609                          | 9.706                            | -1.00 %       |

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