

JUNE

30

MONDAY

“KDC: Portfolio diversification”

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ADVISORY DIARY

- **KDC: Portfolio diversification**

At the last session of June, HSX has been adjusted to decline after a continually increasing week. VN-Index has dropped to 578.13 points, approximately 0.12% compared with the end of last week. The number of increasing and decreasing tickers on this exchange was relatively equal with 100 increasing one and 103 decreasing one. In contrast, HNX turned out to go up by 0.35 points, to the level of 77.93 points.

Similar to last week, the liquidity in both exchanges are still at low level. Totally, there are 121 million shares traded, including 76.5 million shares in HSX and 44.7 million shares in HNX. Remarkably, SHB is the most active stock today with matched 6 million shares and surplus 5 million shares

This market performance is anticipated with our assessment last week. Therefore, it is reasonable for investors to review our recommendation in the last Friday's diary advisory in order to make investment decisions.

KDC: Portfolio diversification

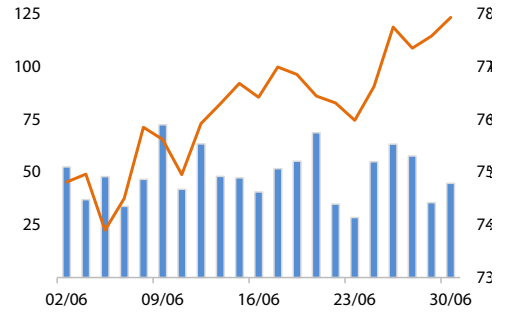
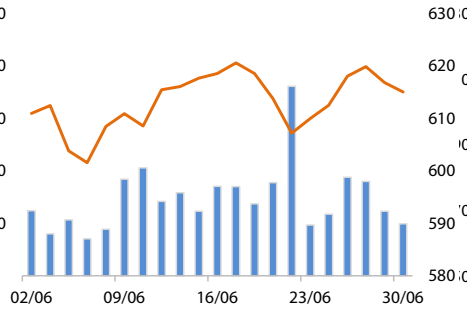
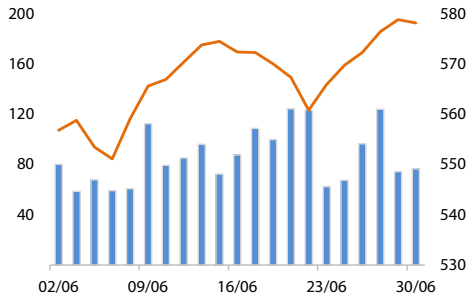
At KDC' AGM, company has announced its 2014 business' plan. To be specific, 2014' target revenue will be about VND5.150 bn, up 12.95% yoy, PBT is planned at VND660 bn, up 6.6%. We saw that plan is quite ambitious in the context of a slowing down in the rate of confectionary industry' growth (6-8%). In order to prepare for above goals, KDC has issued more 46.5 million shares, equivalent to VND 1,877 bn in order to execute some M&A deal relating to expand and diversify products (such as instant noodles, cooking oil and coffee).

Among the 3 expanded categories, instant noodle seems to be the most attractive product type. Recently, KDC has announced the cooperation with Saigon Vewong Company, which owns “A-One” brand. According to CEO's sharing – Mr Tran Le Nguyen, KDC expects the revenue from instant noodle will equal the revenue from confectionary. Nevertheless, from the perspective of our industry analyst, the participation into instant noodle market of KDC may have some difficulties from main competitors in the industry such as Masan, Ace-cook and Asia Food. Having seizing the dominance at Phin deli coffee company, the same scenario may also happen to KDC in coffee market.

On the contrary, we are quite optimistic about the development's prospect of cooking oil segment. KDC will buy 24% stake of Vietnam Vegetable Oils Industry Corporation - Vocarimex. Currently, Vocarimex is holding shares at industry-leading businesses, including: Tuong An (51%), Golden Hope Nha Be (49%), Cai Lan Oil & Fats Industries Company (32%), and Tan Binh Oil & Fats Industries Company (27%). According to the writer's understanding, the level of technology in the Vietnamese cooking oil products is generally quite low, therefore, the added value is not high and the raw material's price holds high percentage of revenue. Whereas other products such as soya sauce, fish sauce have been branded by big enterprises and brought high gross margin, such as Masan Consumer. We infer that the investment of KDC will be likely the cooperating intention of more than 70% market segment of 4 enterprises belonging to Vocarimex, taking advantage of marketing and distribution system of KDC, leading to the increase in profitability of this company group.

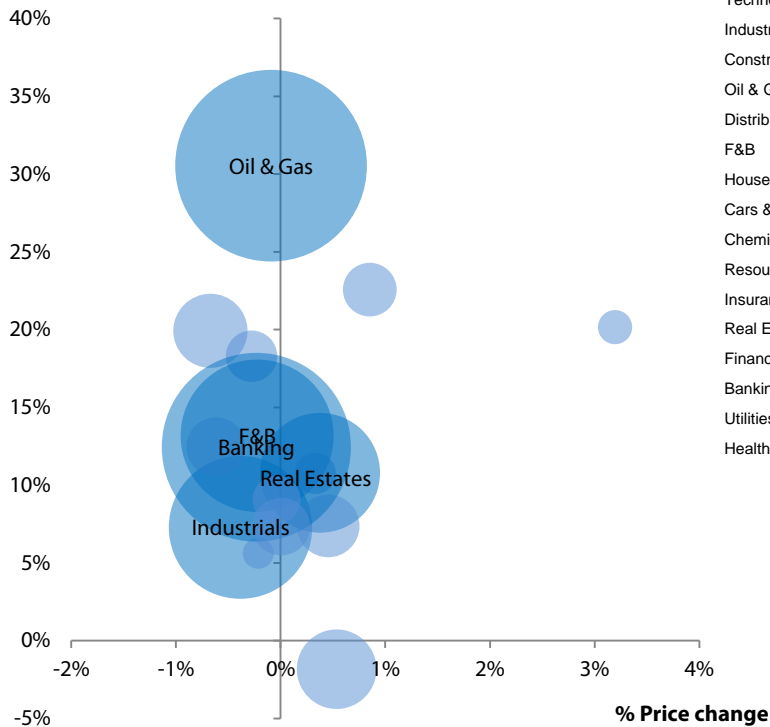
In the AGM this morning, the KDC's representative has not delivered much information. As a result, although the development of vegetable oil business at KDC is likely to be promising, we evaluate that investors should require clarified information before giving any investment decision.

VN INDEX -0.12% **578.13** **VN30** -0.29% **615.06** **HNX INDEX** 0.45% **77.93**

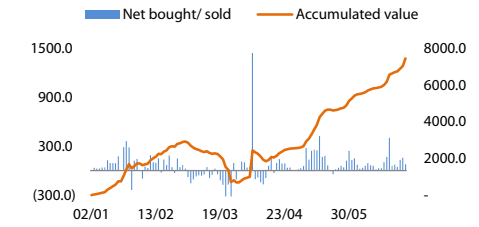


Industry Movement

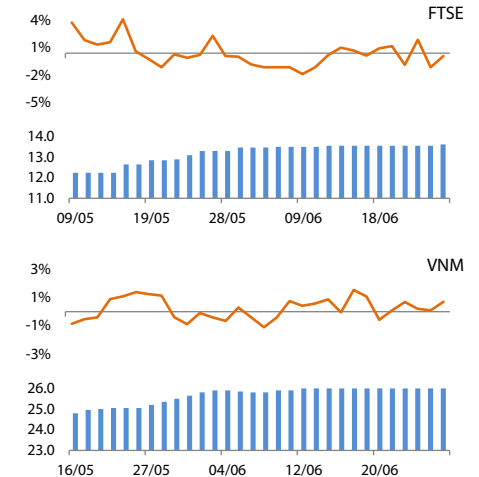
Industry ROE



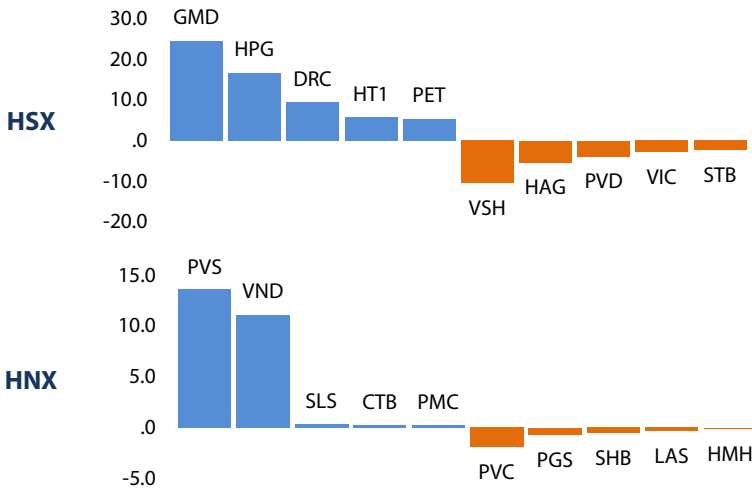
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



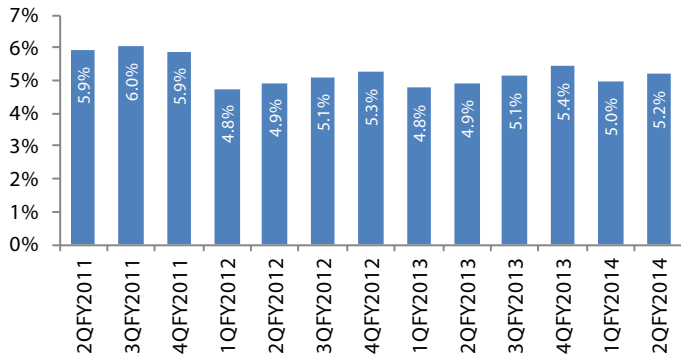
Top Active

Ticker	Price	Volume	% price change
FLC	11.30	6.41	1.8%
HQC	8.10	5.37	3.8%
SSI	25.90	2.70	0.0%
PET	17.70	2.20	3.5%
ITA	8.00	2.18	-1.2%

Ticker	Price	Volume	% price change
SHB	9.70	6.92	4.2%
PVX	4.20	4.64	0.0%
KLS	12.20	3.25	0.9%
KLF	11.20	2.98	0.4%
SCR	8.50	2.69	0.5%

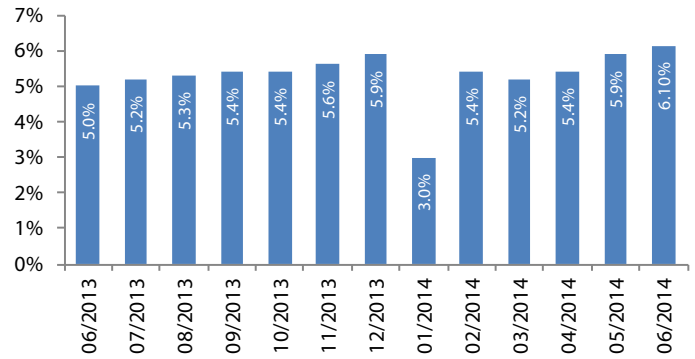
MACRO WATCH

Graph 1: GDP Growth



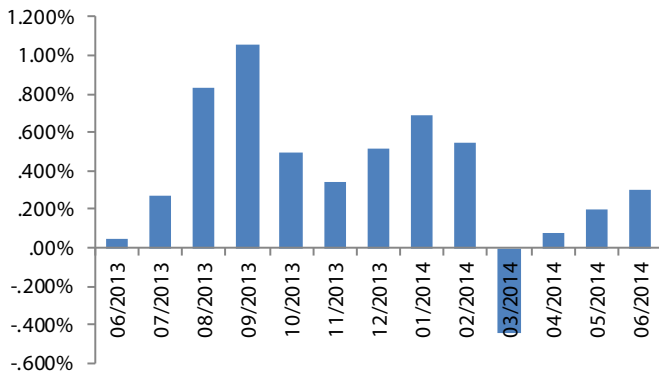
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



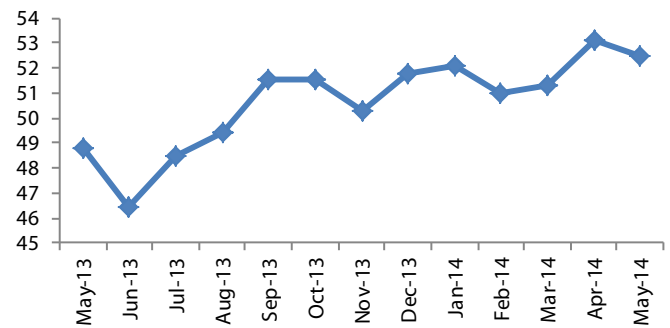
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



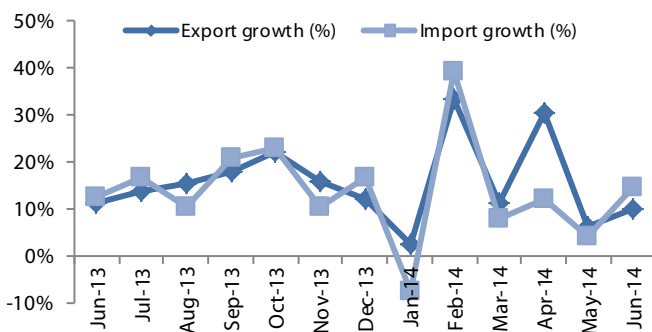
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



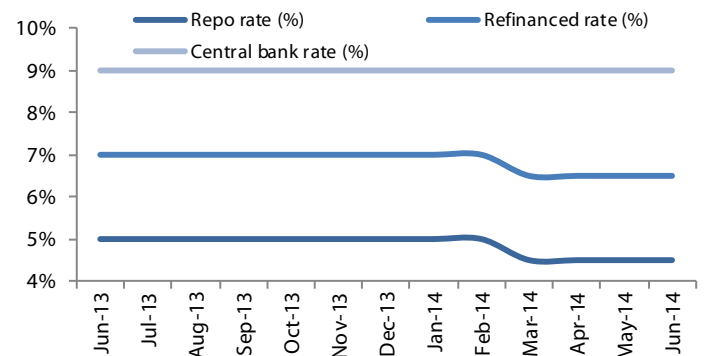
Sources: GSO, Rongviet Securities database

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 th , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 th , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 th , 2014	Accumulated – Long-term	19,200
HPG-Sustainable Development	April 24 th , 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	24/06/2014	0.75%	0.75%	10,833	10,790	0.4%
VF1	26/06/2014	0.20% - 1.00%	0.50%-1.50%	21,100	20,974	0.60%
VF4	25/06/2014	0.20% - 1.00%	0.00%-1.50%	9,527	9,545	-0.19%
VFA	26/06/2014	0.20% - 1.00%	0.00%-1.50%	7,377	7,358	0.25%
VFB	26/06/2014	0.30% - 0.60%	0.00%-1.00%	10,799	10,788	0.10%
ENF	20/06/2014	0.00% - 3.00%		9,785	9,789	0.04%

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