

MAY

07

THURSDAY

**“May market:
Zig zag
movement”**

ADVISORY DIARY

- **Soi The Ky- Running on all cylinders**
- **May market: Zig zag movement**

Soi The Ky- Running on all cylinders

Today, 07/05/2015, RongViet Research issued the report of Soi The Ky Joint Stock Company (STK). Soi The Ky specialized in manufacturing polyester filament yarn (DTY, POY and FDY) for textile industry. Large-scale production, high quality products and stability has built up a wide and loyal customer base. Revenue and NPAT gained quite well growth, especially since 2014 because chip prices, in general, have declined following the decline in crude oil prices. Simultaneously, since 2015, STK’s revenue will have contribution of Trang Bang 3 plant. With the design capacity of 15,000 tons DTY and 15,000 tons POY per year, the new plant is expected to add 10% and 40% to STK’s yarn volume in 2015 and 2016, respectively. Using high proportion of debt to fund the project could accelerate finance cost, especially interest expense in the 2015-2017 period. In addition, 2015’s business result could be supported by the fall in chip prices and the preferential tax rate for Trang Bang plants in Tay Ninh. Therefore, 2015’s NPAT could reach VND22 billion, equivalent to VND2,882 diluted EPS.

STK is planned to list on HSX in the early third quarter of 2015. The rational value is offered at VND 30,800 per share, higher 27.7% than the auction price in December 2014. However, due to the concremented shareholding structure, liquidity of STK may be a concern when it is listed.

May market: Zig zag movement

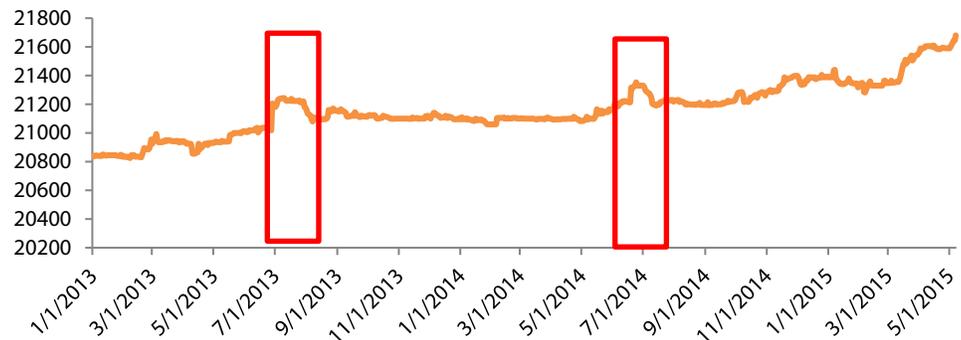
As recent sessions, after the declining session yesterday, the market, today turned back to green with VNIndex up by 3.68 points and HNIndex also higher 0.5 point than the last session. The liquidity was low at VND 1,320, lower 30% than the average of first three sessions in this week. So far, domestic investors have not involved too much into the market but foreign investors have been quite active. They have kept their net buying of over VND 120 billion, increasing their accumulating value of this week to VND 500 billion. Their favorite stocks were HHS, CTG, KBC, PVD.

Regarding macro news, today (7/5/2015), the State Bank of Vietnam made the 1% adjustment in interbank exchange rate between VND and USD, from 21,458 VND/USD to 21,673 VND/USD. That means the State Bank has used up all of 2% limit as oriented operation which was set at the beginning of 2015. Over the last 2 months, exchange rate adjustment issues have been concerned by stock market participants due to the constant fluctuation of exchange rate in free market. As a result, the increase in exchange rate this time from the State Bank has been positively received, as a relief from the “suspect” and “anxiety” in exchange rate adjustment. Considering the impact of VND/USD exchange rate on cash flow in Vietnamese stock market, the adjustment could boost the capital inflow from foreign investors into the market. Theoretically, the currency depreciation of the countries which are invested could increase the foreign capital disbursements to the market, while reducing the capital outflow of existing foreign investors. However, such issue also depends on the confidence of the investors about the stability of the exchange rate whether it could be controlled during the remaining months of 2015.

Market shall be in high demand of foreign currency in the 2nd half of this year (especial in July and August) according to historical data on supply and demand of foreign currency. Besides, export has shown some signs of weakness with export turnover of first four months only grew 8.1% (yoy),

the lowest level since 2010. Furthermore, the upcoming months may face more indirect effect from appreciation of USD given that FED would probably increase interest rate. On the other hand, we are concerned about the proposed budget from foreign currency reserve might be used to raise capital for development purpose. If this proposal is adopted, not only do the currency reserve perform the crucial task of supporting the monetary policy but it also has to bear additional role in financing investment projects of the Government.

Figure. VND/USD exchange rate movement in 2013-2015



Source: Bloomberg

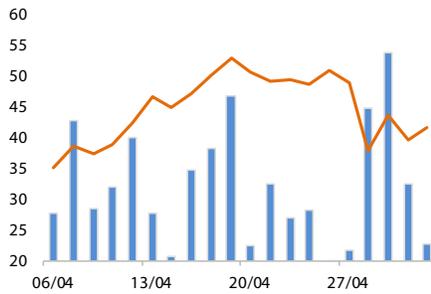
As the assessment in the Monthly Strategic Report in May 2015, released on 6/5/2015, RongViet Research forecasted that the market in May could probably be in the state of “zigzag” with sideways movement. As a result, instead of looking for “short trend”, Rongviet Research believes this is the suitable moment to accumulate stocks in order to capitalize on the improvement of business results in the upcoming quarters, especially the leading companies in industries which have been positively assessed in Vietnam Stock Market Outlook 2015 report from RongViet Research (released in March 2015). We believe the adjustment sessions could be the opportunities for intermediate and long-term investors to accumulate shares. Investors who have the flavor to hold stocks in under 3 months could consider stocks with high dividend payout rates (detailed information is updated in the report). In addition, investors prefer trading activities could take advantage of the strategy “buy at discount, sell at premium” in order to deteriorate the value of portfolio capital and capture the short-term profit.

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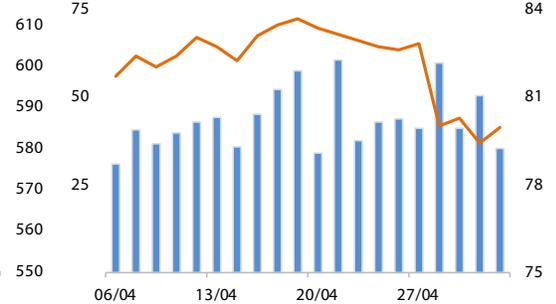
VNINDEX 0.67% 552.98



VN30 0.52% 582.40

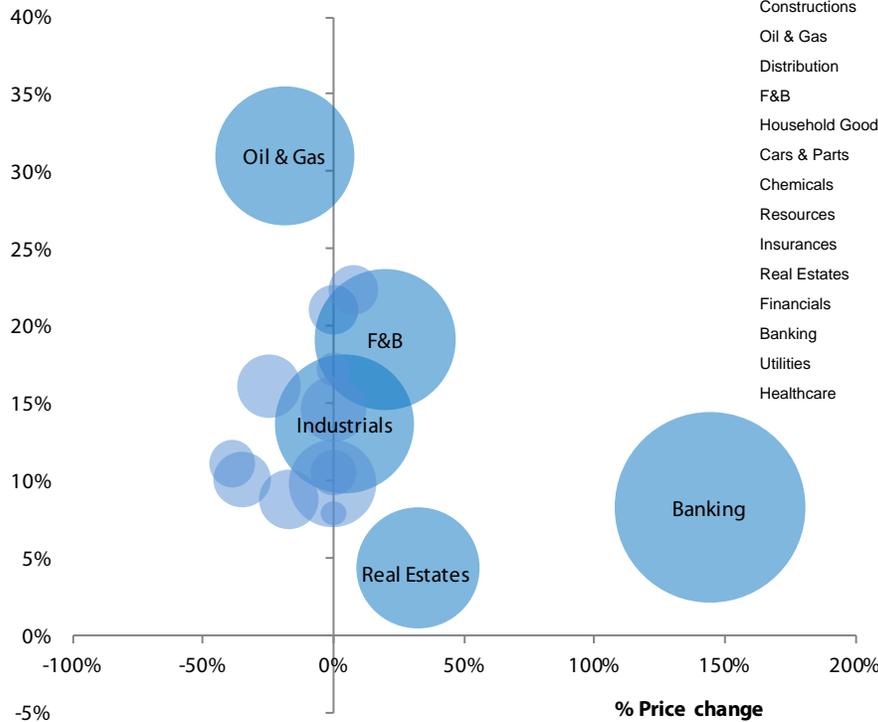


HNXINDEX 0.71% 79.94

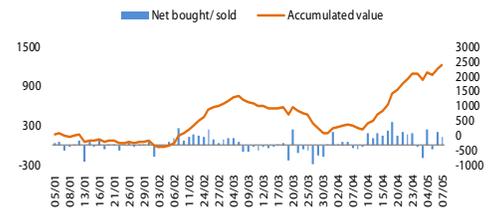


Industry Movement

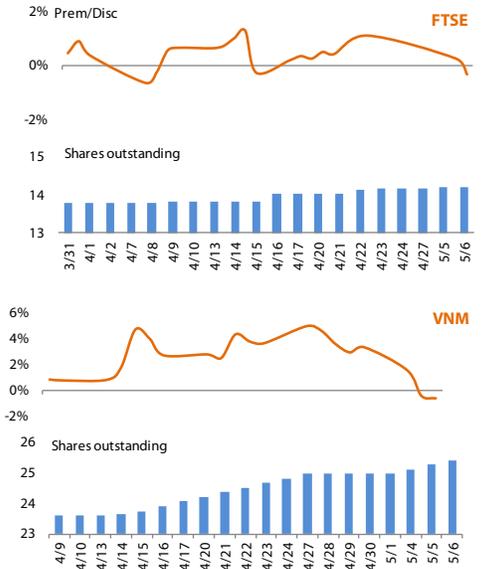
Industry ROE



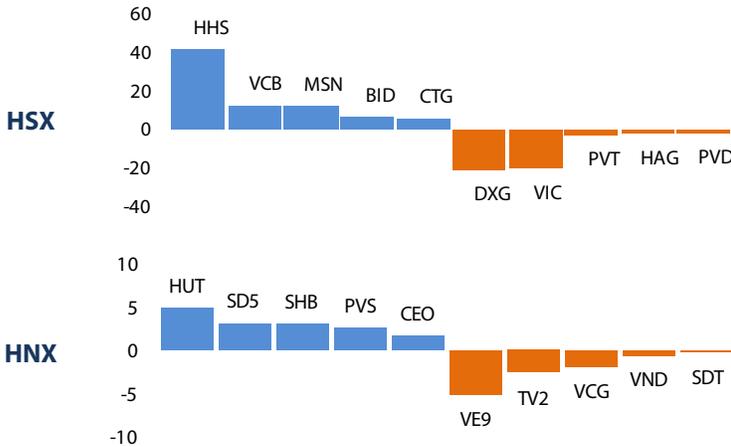
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



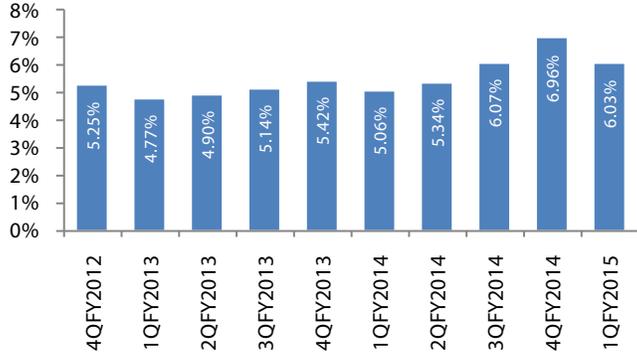
Top Active

Ticker	Price	Volume	% price change
FLC	9.5	4.55	0.0%
HHS	22.0	3.73	6.8%
HQC	5.5	3.69	1.9%
HAI	8.7	3.31	-4.4%
ITA	6.3	3.02	1.6%

Ticker	Price	Volume	% price change
KLF	7.2	7.63	-2.7%
FIT	12.6	2.82	0.8%
SHB	8.1	1.47	1.3%
CEO	11.9	1.26	6.3%
HUT	14.4	1.20	3.6%

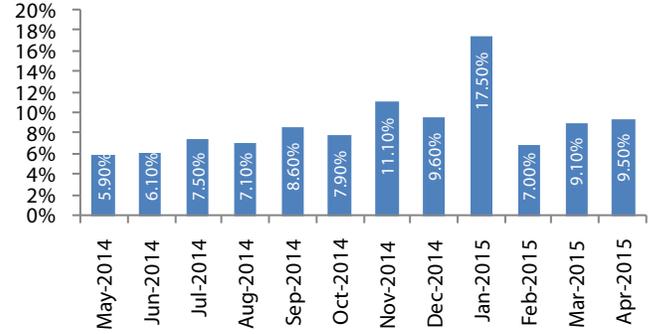
MACRO WATCH

Graph 1: GDP Growth



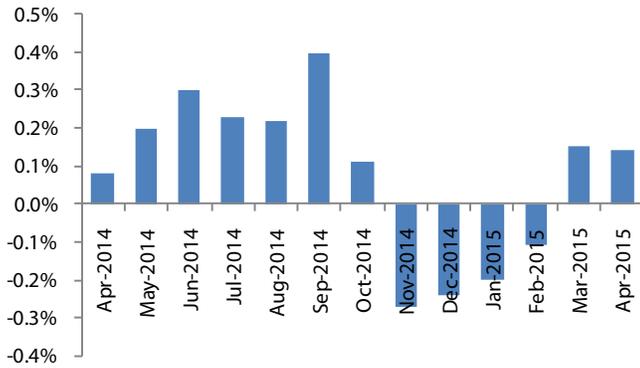
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



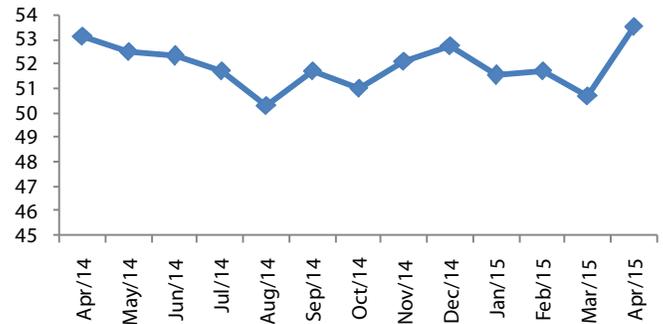
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



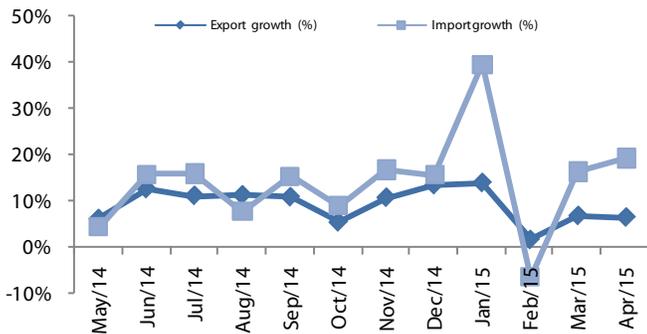
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



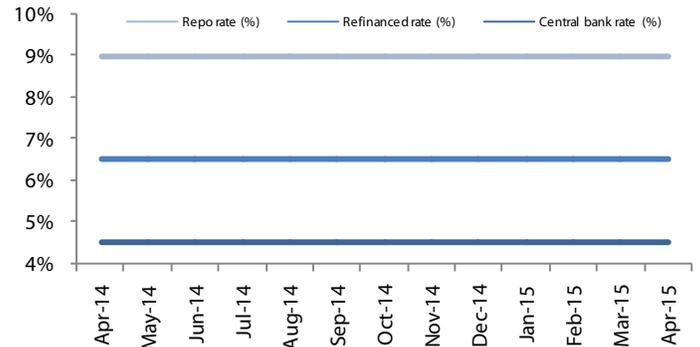
Sources: GSO. Rongviet Securities database

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
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24 th , 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14 th , 2015	Accumulate – Intermediate term	40,000
BT6 - Restructuring scheme to bring a brighter prospect	Jan 27 th , 2015	Monitor	
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

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	21/04/2015	0% - 0.75%	0% - 2.5%	11,741	11,793	-0.44%
VEOF	21/04/2015	0% - 0.75%	0% - 2.5%	9,630	9,607	0.24%
VF1	24/04/2015	0.2% - 1%	0.5%-1.5%	21,052	21,178	-0.59%
VF4	22/04/2015	0.2% - 1%	0%-1.5%	9,166	9,097	0.76%
VFA	24/04/2015	0.2% - 1%	0%-1.5%	7,168	7,217	-0.68%
VFB	24/04/2015	0.3% - 0.6%	0%-1%	12,049	12,154	-0.86%
ENF	17/04/2015	0% - 3%	0%	10,826	10,798	0.26%
MBVF	09/04/2015	1%	0%-1%	10,267	10,854	-5.41%
MBBF	15/04/2015	0%-0.5%	0%-1%	12,080	12,083	-0.02%

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