

NOVEMBER

24

MONDAY

*“Short-run
tumbles leave
no smudge on
the bigger
picture”*

ADVISORY DIARY

- **PGS- challenges ahead**
- **November CPI growth fell – Rare but not unexpected**
- **Short-run tumbles leave no smudge on the bigger picture**

PGS- challenges ahead

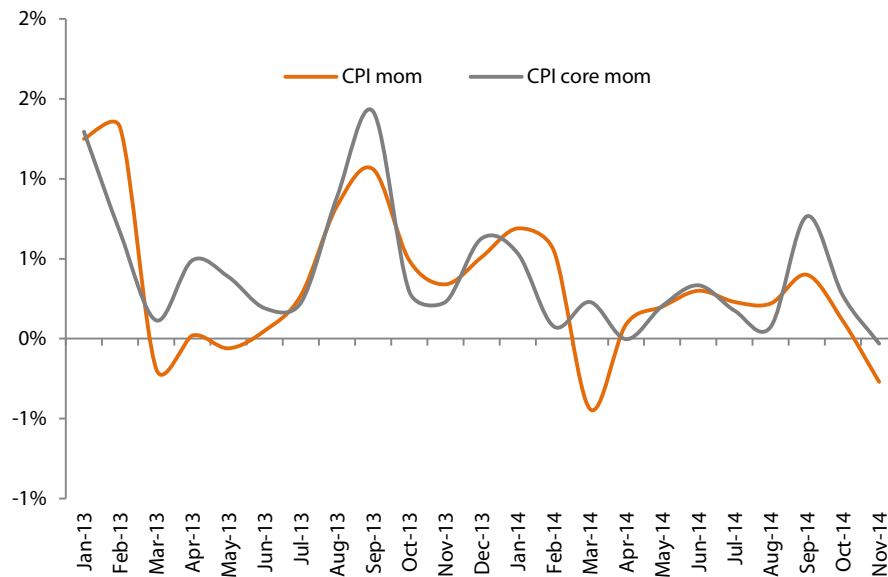
Today, RongViet Research has published an update report of PGS on HSX with a “Neutral” recommendation in long term and target price of VND 37,800/share. Our analyst said that in spite of performance improvement relatively to 1H2014, gross margin still declined due to the continuous downtrend of LPG price and the 5% increase in CNG input price from Q1/2014. Besides, PGS’s business prospect in 2015 is expected to be challenging by our view. Firstly, the prolonged downtrend of world’s LPG price would impact negatively on PGS profit in the future. Secondly, CNG business is also facing many difficulties: (1) increasing competition of alternative material (biomass) reduces ability of expanding customer network, (2) Expected CNG input price of ~8% in 2015 and (3) the difficulty in transferring increased cost to customers. Currently, PGS has submitted a dividend plan in 2014, particular bonus share with ratio 3:1. This information will affect the stock price in short term as our analyst thought. However, considering the long-term effective operation, the company will have to put more effort in controlling cost and seeking to increase production to reduce risks from these challenges.

November CPI growth fell – Rare but not unexpected

The general statistics office just released the monthly CPI for the month of November 2014 today. According to the report, November CPI growth was down 0.27% relatively to previous month. Thus, accumulated CPI for the year to November grows by 2.08%, far behind the last corresponding period (5.38%). However, noticeably, this year’s November CPI growth was lower than previous month and has contradicted usual expectation of a steady increase in monthly CPI growth at year end. In particulars, November CPI of Eateries and restaurant service, housing and building materials, transportation and telecommunications all fell. Of which, November CPI of transportation group saw the largest decrease of 2.75% compared with previous month due to repeated decreases in petroleum prices recently. On the contrary, Garments group witnessed the highest monthly CPI growth of 0,34%, mainly attributed by the slight increase in demand and price for winter clothes. The changes in CPI of November has partially led to the 2014 CPI forecast of 2 – 2.5%, the lowest level from 2001.

In general, Vietnam’s current low inflation rate is not different from that of other Asian countries, caused by the dramatic drop in the consumption price due to the down trend of commodity and materials price (cruel oil, rubber, soybean, sugar,...). From consumers perspective, the decrease of gasoline and commodity price may help to save transportation and expenditure cost. Nevertheless, from the macro view, the CPI decrease originated by stagnant growth of leading economies (China, Europe, Japan) is considerable concern. The low inflation rate provides the State Banks more capacity to further decrease the policy interest rates and implements stimulus package to push economic growth.

Exhibit: Monthly CPI



Source: RongViet research

Short-run tumbles leave no smudge on the bigger picture

The record cut of gasoline price last weekend hardly improved the investor confidence today as concerns over the effect Circular 36 still haunted transactions. Losing stocks beat winning one by a score of 1 to 3.7 in the HSX and 1 to 1.6 in the HNX. VNIndex started the day by almost falling to 581 and HNXIndex also retreated to 88. The climb of small and mid-caps was futile to turn the table as large-caps like MSN, PVD, KDC and VNM in the HSX and PVC, PVS, BCC, PLC and TH1 in the HNX remained under sellers’ firing. The recession of liquidity became apparent as the combined volume of the two exchanged shrunk 22% and trading value by 24%. Surprisingly, foreign investors bought a net VND27.5 billion after selling net amounts 10 days in a row.

As the Draft Housing Law and Real Estate Business Law are set to be passed by the National Assembly tomorrow 25/11/2014, real estate stocks have attracted a lot of attention in recent days. The new laws are expected to lift restrictions over the foreigner ownership of real properties in Vietnam, which in turn will aid in the free-up of housing inventories and kick off robust growth in the real estate market. Today, real estate stocks lost 1.1% with most tickers losing only small amounts; some even added points, e.g. NTL, HUT, VIC and NBB

Whereas most stocks were washed away in the retreating tide, NTL of *Tu Liem Urban Development JSC* still added VND100 after the Company announced it will pay 10% of its share capital as cash dividend as early as 25/12/2014. In the 9 months to September, the collection at North National Route 32 – Tram Troi made some progress with the balance of customer receivables dropping 20% from the beginning of the year. NTL also liquidated the investment in SJS in Q3. The Company opened sales at N04B1 Apartment (Dich Vong New Residential Area) in Q2 but halted construction in Q2 as complications arose. The project was resumed in September and has witnessed relatively good sales. While revenue and net profit have yet to recover, replenished cash flows were the main motive for the newly-announced dividend. Even though profit and sales will fall mostly in the long-term when N04B1 starts to hand over apartments (2016), the launch of a new project after a long wait is a positive sign for NTL.

It is apparent that investor sentiment has not improved much since Circular 36 was announced. However, as we have noted in our Advisory Diary dated 21/11/2014, the legislation is expected to

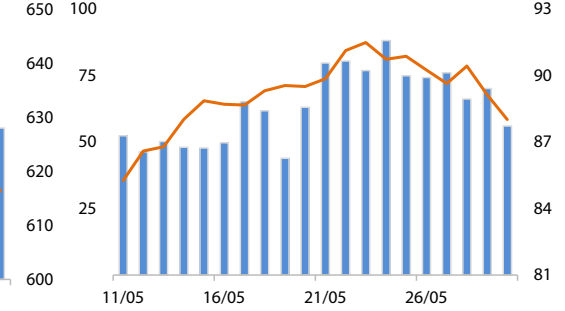
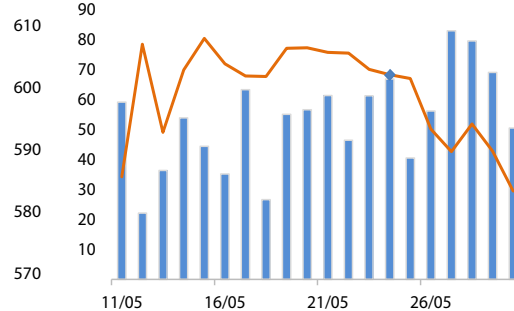
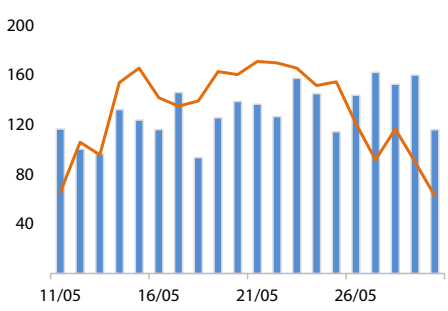
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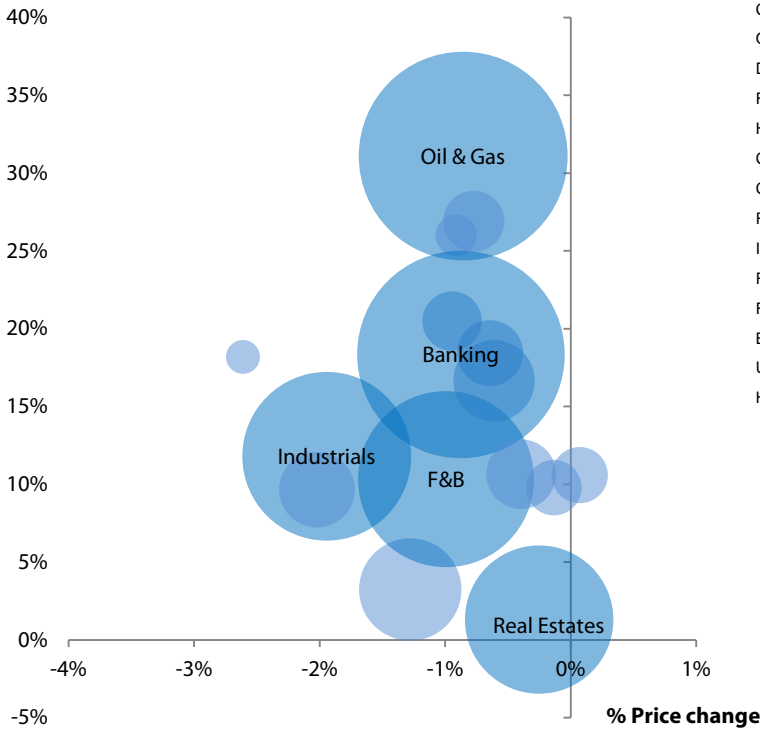
add in the long-term sustainable growth of the financial market. Thus, investors should not lose sight of on the bigger picture. In fact, this may be a good time to pick good stocks at reasonable prices for the purpose of intermediate and long-term investment.

VNINDEX -0.94% 582.53 VN30 -1.18% 616.39 HNXINDEX -1.26% 88.02



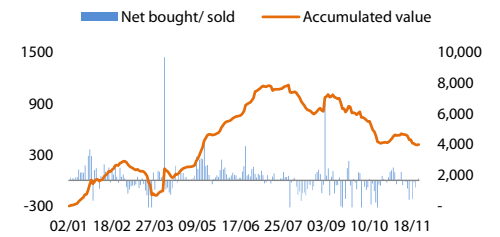
Industry Movement

Industry ROE

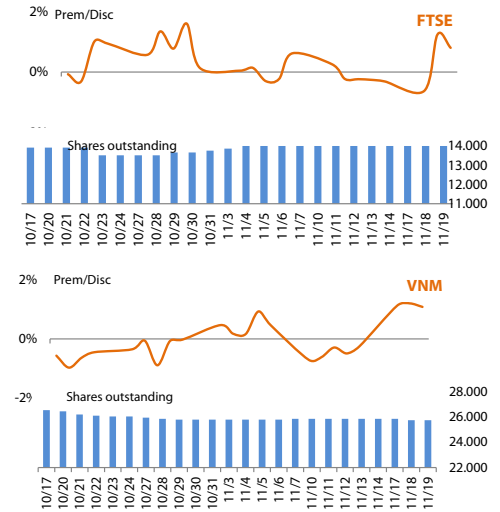


Industry	% change
Technologies	-0.9%
Industrials	-1.9%
Constructions	-1.3%
Oil & Gas	-0.9%
Distribution	-2.6%
F&B	-1.0%
Household Goods	-0.1%
Cars & Parts	-0.9%
Chemicals	-0.6%
Resources	-0.8%
Insurances	-0.6%
Real Estates	-0.3%
Financials	-2.0%
Banking	-0.9%
Utilities	-0.4%
Healthcare	0.1%

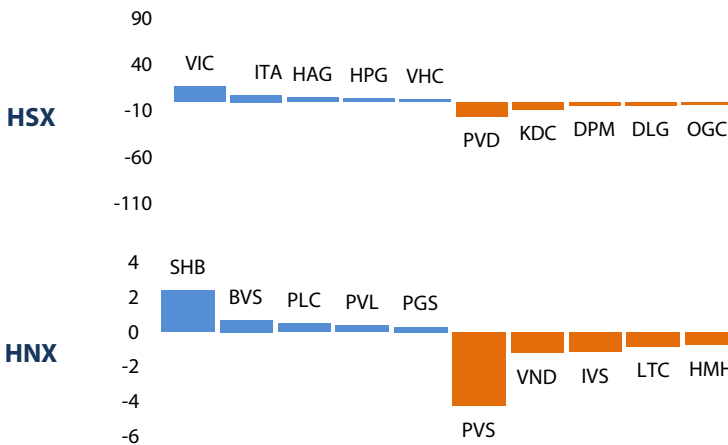
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)

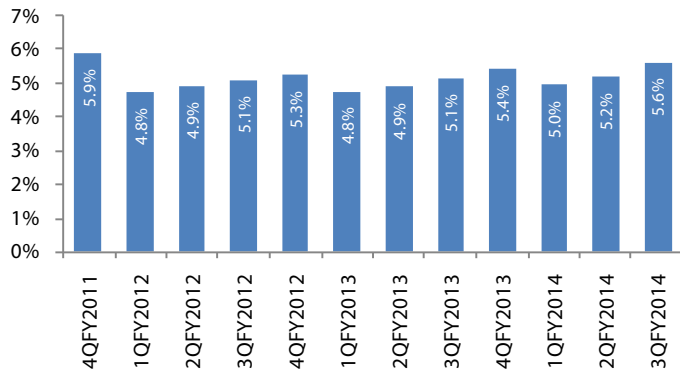


Top Active

Ticker	Price	Volume	% price change
FLC	12.3	19.00	-3.9%
HAR	11.3	6.60	-5.0%
OGC	8.8	6.47	-3.3%
VHG	15.1	6.41	-6.8%
ITA	8.8	5.78	0.0%
KLF	14.00	11.46	-6.7%
PVX	6.10	3.95	-1.6%
SCR	9.80	2.68	0.0%
HUT	13.90	2.10	2.2%
SHS	11.50	1.96	-2.5%

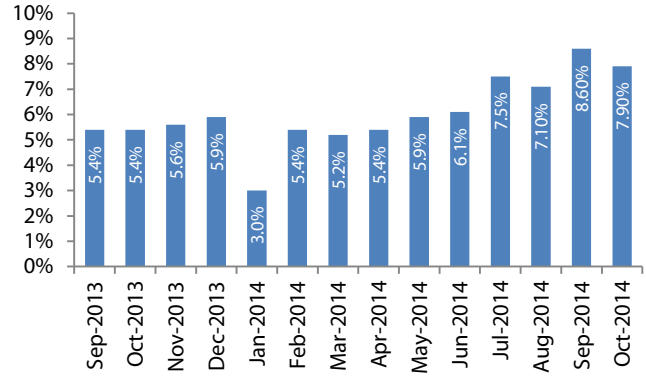
MACRO WATCH

Graph 1: GDP Growth



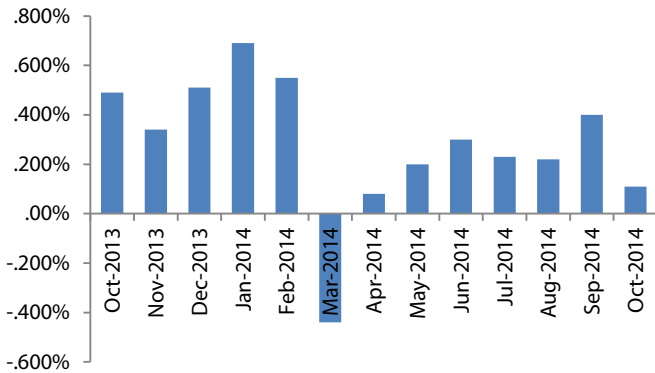
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



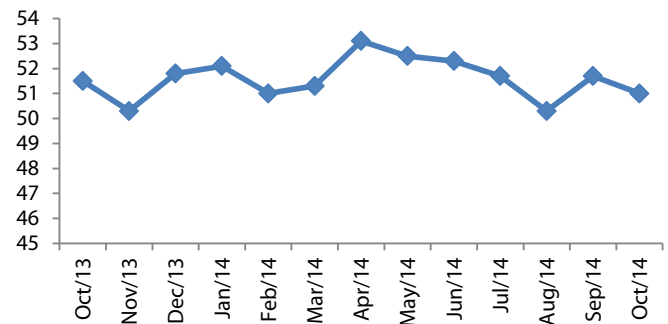
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



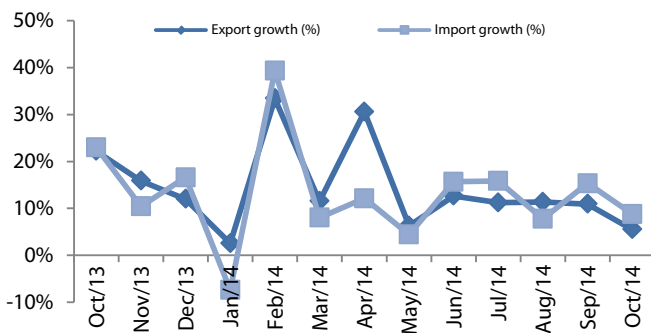
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



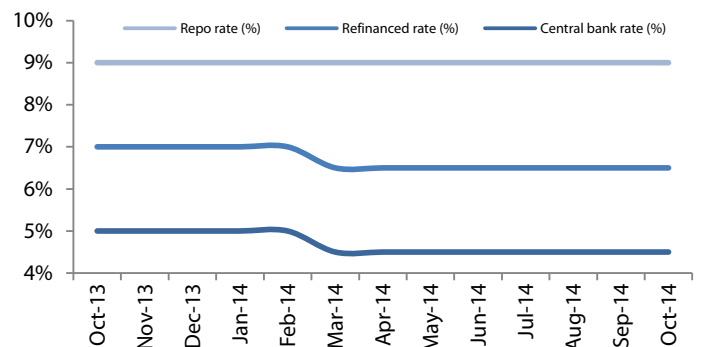
Sources: GSO. Rongviet Securities database

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 - A turning point with City Gate Towers	Nov 14 th ,2014	Buy - Long term	26,800
CMI-Project restarts spark new hopes	Nov 13 th , 2014	Monitor	
CNG - Potential growth from building materials industry's well-being	Nov 10 th , 2014	Accumulate – Long term	46,000
GMD - Positive developments from core businesses	Nov 7 th , 2014	Accumulate – Long term	44,400
BMP -Every cloud has a silver lining	Oct 30 th , 2014	Buy – Long term	87,700
SBA - Growth season ahead	Oct 24 th , 2014	Buy – Intermediate term	14,500

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	11/11/2014	0-0.75%	0-2.5%	11,815	11,868	-0.45%
VF1	14/11/2014	0.20% - 1.00%	0.50%-1.50%	22,966	22,989	-0.10%
VF4	12/11/2014	0.20% - 1.00%	0.00%-1.50%	10,357	10,338	0.18%
VFA	14/11/2014	0.20% - 1.00%	0.00%-1.50%	7,567	7,570	-0.03%
VFB	14/11/2014	0.30% - 0.60%	0.00%-1.00%	11,949	11,950	-0.01%
ENF	07/11/2014	0.00% - 3.00%		10,996	10,504	4.8%

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