

MAY

20

TUESDAY

*“Hot Economic
– Political –
Social events
this week”*

ADVISORY DIARY

- **Hot Economic – Political – Social events: Focus on the week of 19/05-22/05**
- **HSG – A preparation for share-transferring to strategic partners**
- **PNJ - 2014 geared towards jewelry gold**

Hot Economic – Political – Social events: Focus on the week of 19/05-22/05

Market recorded another green day with liquidity improved, but it is also noticeable that foreign capital decreased sharply compare to the previous day, about VND 63 bn on both bourses (a third of yesterday). In addition, we saw clearly that investors focus on small-cap and mid-cap shares with the gain of VN-Smallcap and VN-Midcap about 1.98% and 1.17%, respectively while VN30 only rose 0.16%. In our opinion, may be after market sentiment became less negative, investors have considered small-cap shares which have decreased a lot during recent days. However, we suppose that these cash flow is unstable and hardly a supportive factor for market.

At the moment, though market sentiment is less negative but still unstable and easy to volatile with news. Thus, we summarized and evaluated some important events which could affect investors’ psychology in order to investors watch over (Table 1)

Table 1: Important events this week

	Events	Period	Comment
1	TPP Ministerial in Singapore	19/05-20/05	It is possible that deal could not wrap up, more positive is that there could be “a path forward” for current problems.
2	The XII National Assembly, the 7 th section	20/05-24/06	Tension in Bien Dong sea is the priority at the first day of the national assembly. The common spirit is that using all methods in order to protect sovereignty base on the peace talks, suitable with international laws.
3	“Mr. Kien” trial session	20/05-05/06	“Inevitable” concerns related to the trials could affect negatively to stock investors’ sentiment.
4	May FOMC result from FED	22/05	There is possibility that FED will continue to taper QE3 but the ability of adjusting interest rate could not be executed.

Source: VietDragon Securities

Generally, if there is no surprise news from “Bien Dong” tension, we expect market could have a better trading week and less volatility compared to last week. Inter-medium and long-term investors should ignore short-term movement and focus on good fundamental shares at reasonable price. Of course, short-term risk is still high, so investment portfolio should be prepared for unexpected movement in the short run like: (1) follow loss cutting rule; (2) keep low share proportion (30%); (3) restrain using leverage.

HSG – A preparation for share-transferring to strategic partners

Last week, the shareholders’ meeting of HSG agreed to increase the percentage of foreigner’s

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holding up to 60% of authorized capital. In addition to the recent transactions of big shareholders: (1) its Chairman, Mr. Le Phuoc Vu, transferred 21 mil of stocks to Tam Hy Company, (2) its Chairman's wife, Mrs Hoang Thi Xuan Huong, transferred 5.56 mil of stocks to Tam Thien Tam Company, we suggest that HSG is preparing for transferring its shares to foreigner strategic partners in near future. Currently, the rate of foreign ownership is 41.89%, if this prediction is true, the expansion room for foreign investors is necessary. Although we have not gotten any confirmation from HSG yet, this perspective will lead HSG to opportunities to increase their exports.

PNJ - 2014 geared towards jewelry gold

After recent volatility of domestic gold price, questions were raised by some of our clients regarding the effect on the Phu Nhuan Jewelry JSC (HSX - PNJ) business. As explained by our analyst, profit margin from gold bars of PNJ is quite low, around ~1% and gold bars' business is hardly to expand due to SBV's restrictive policies on gold transactions. In 2013, revenue from the gold segment added 25.4% but gross profit margin for gold bars inched down to 0.55% from 1% a year earlier. Meanwhile, jewelry gold segment added 14.7%, gross profit margin also up to 12% from 11% a year earlier.

According to the firm itself, PNJ is gearing towards the expansion of its gold jewelry business in 2014. This is confirmed by 1Q2014 result as gold bar revenue reached only VND537 billion down 17% from the previous year whereas revenue from jewelry gold picked up 5% over the one-year period to VND1,281 billion. In 1Q2014, company opened of another 2 stores and it expects to open more ten stores in 2014, extends its distribution channel to 37 provinces and cities across the country and promotes brand identity via online sales. For those reasons, we see the latest fluctuations of gold price no more than a minor support to PNJ's core business.

PNJ recently posted upbeat business results for 1Q2014 with revenue increasing 39% yoy to VND2,500 billion and NPAT 25% yoy to VND83 billion. Our analyst was not surprised by such profit growth results since PNJ often performs well the first quarter of the year when grand holidays come along. On the other hand, selling expenses grew 10% from the earlier quarter and 48% from the same period of 2013 due to the handling of a more widespread but also bulkier distribution system and recent investments in marketing; the Company said these were all according to plan though. Backed by stable core business, the stock of PNJ is suitable for more risk-averse investors and should make a decent accumulation target when its prices fall as long as they have no problem with its tepid liquidity, about 11,500 shares per session as we estimate.

VNINDEX 0,84%

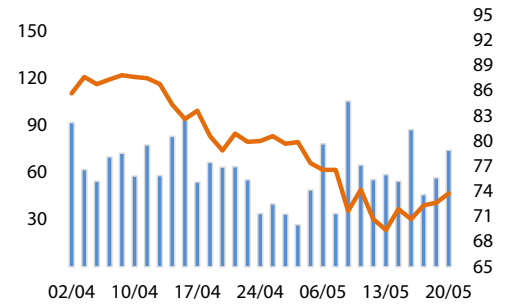
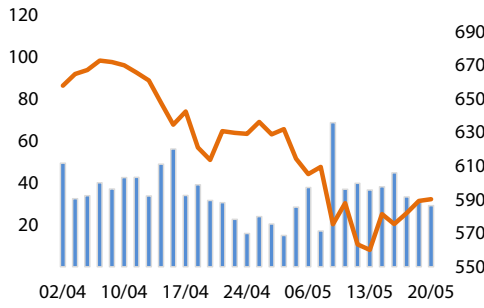
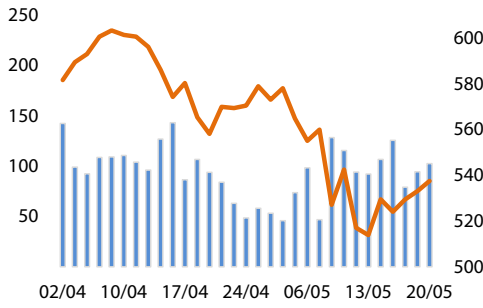
537,52

VN30 0,16%

590,27

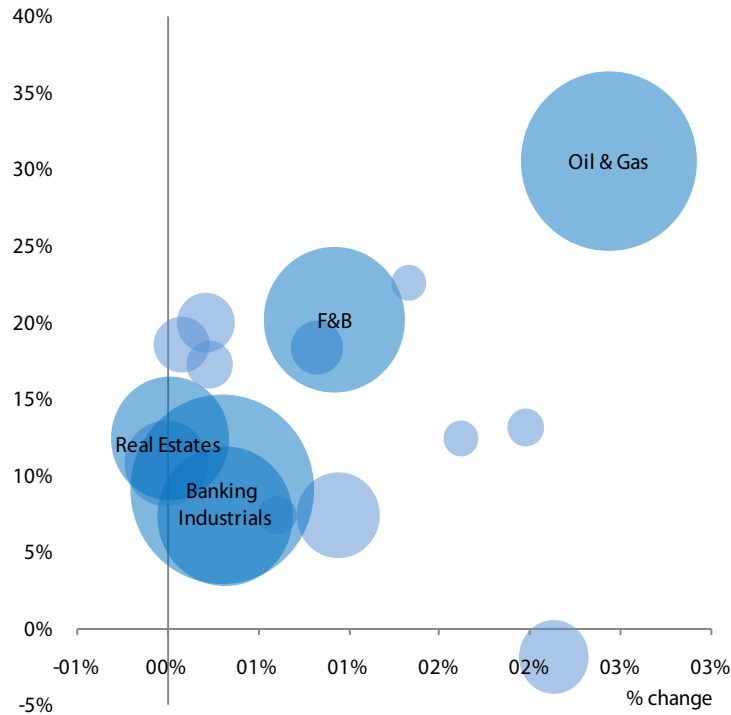
NXINDEX 1,50%

73,73

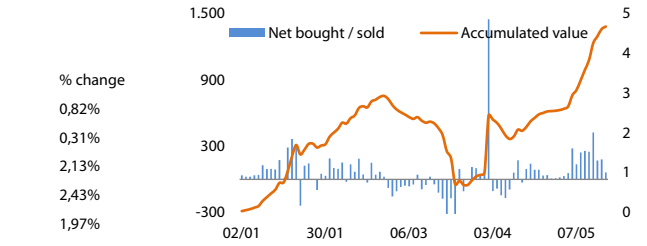


Industry Movement

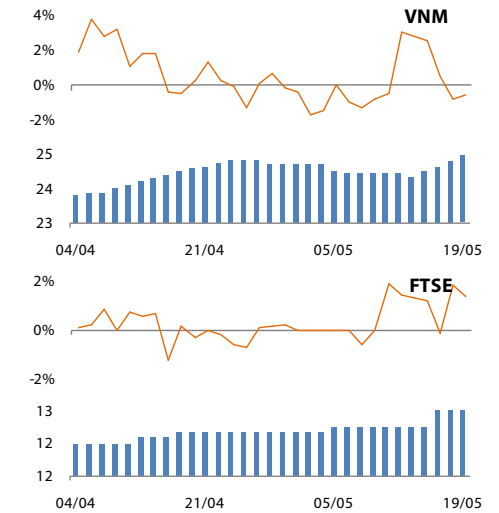
ROE



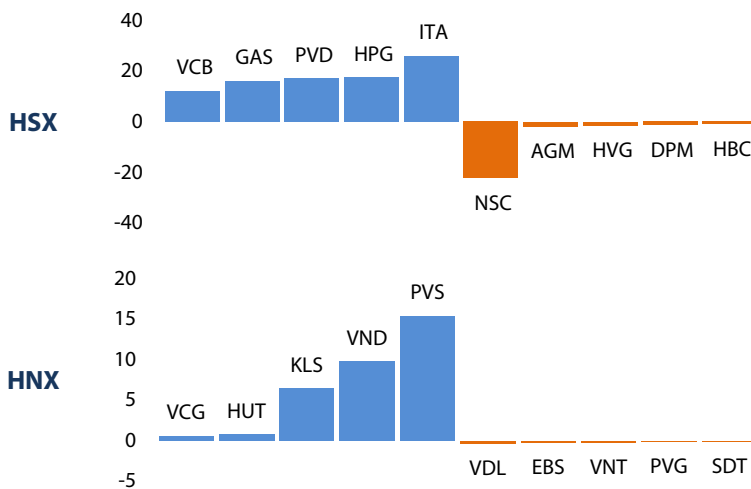
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



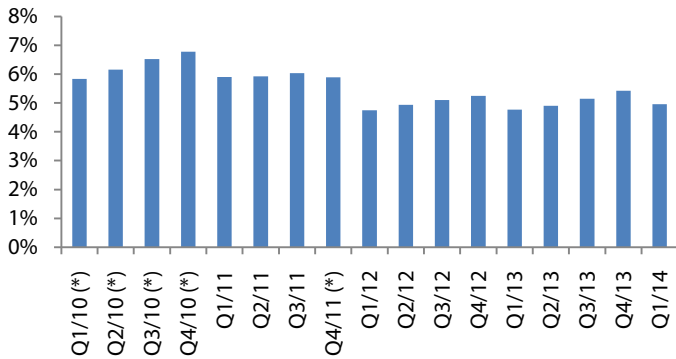
Top Active

Ticker	Price	Volume	% P change
FLC	9,50	13,33	6,74%
HQC	6,70	7,07	6,35%
ITA	8,10	5,61	1,25%
VHG	7,00	3,59	6,06%
HAG	24,70	3,44	0,82%

Ticker	Price	Volume	% P change
PVX	4,60	14,41	9,52%
SCR	8,10	9,22	5,19%
KLS	10,20	6,54	3,03%
SHB	8,80	4,29	2,33%
SHS	7,90	4,08	3,95%

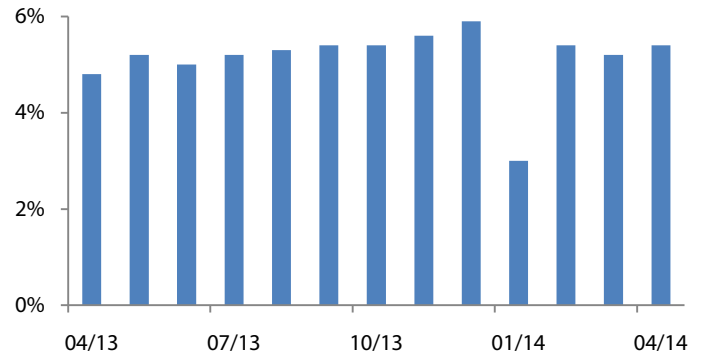
MACRO WATCH

Graph 1: GDP Growth



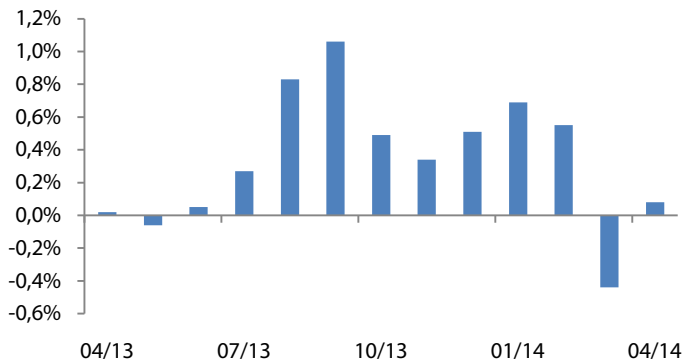
Sources: GSO, Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



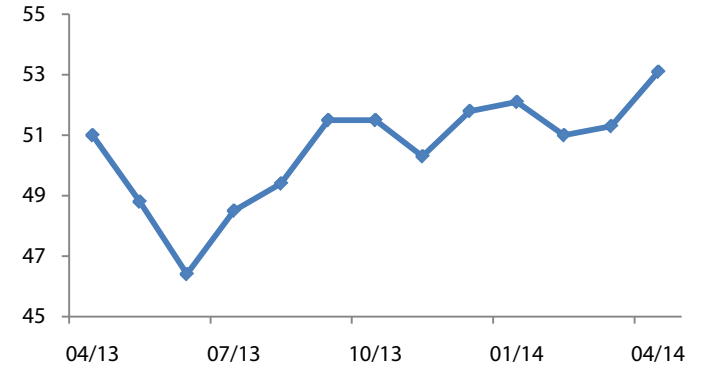
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



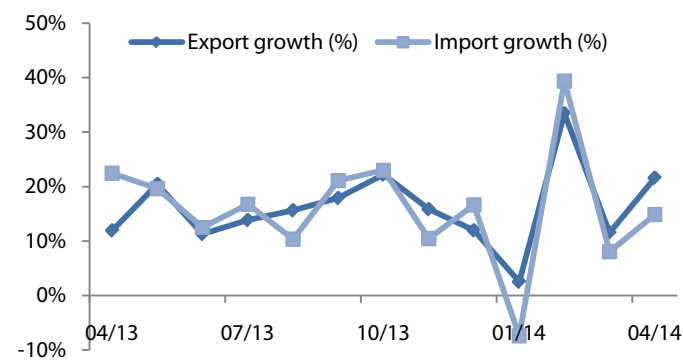
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



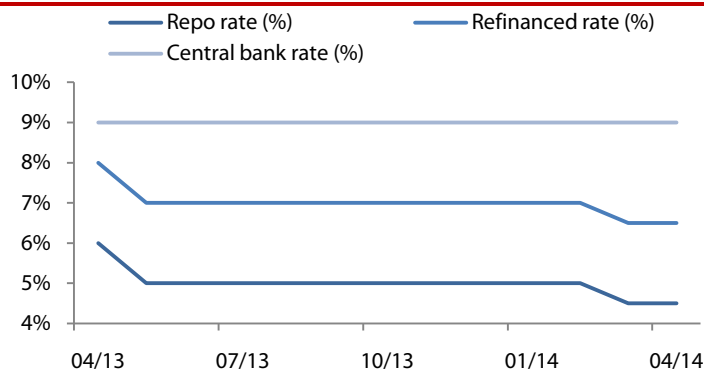
Sources: GSO, Rongviet Securities database

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-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
CSM-Radial and long-term growth	April 4 th , 2014	Neutral – Intermediate-term	46,700
PPC-Stay firm	April 4 th , 2014	Neutral – Long-term	25,200

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	13/05/2014	0.75%	0.75%	10,337	10,455	-1.13%
VF1	15/05/2014	0.20% - 1.00%	0.50%-1.50%	19,816	21,227	-6.65%
VF4	14/05/2014	0.20% - 1.00%	0.00%-1.50%	8,584	9,502	-9.66%
VFA	16/05/2014	0.20% - 1.00%	0.00%-1.50%	7,342	7,344	-0.03%
VFB	16/05/2014	0.30% - 0.60%	0.00%-1.00%	10,784	10,775	0.08%
ENF	09/05/2014	0.00% - 3.00%		9,414	9,796	-3.90%

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