

“Speculating on “prospect”

- **Perspectives in animal feed in the year end**
- **Consumer confidence index shows improvements**
- **Speculating on “prospect”**

Perspectives in animal feed in the year end

The Ministry of Finance has just announced value added tax exemption (VAT) applied for animal feed industry instead of 5% rate in the past. An end user, namely a farmer is a direct subject taken an advantage thanks to the tax exemption. However, a question has been sent to us, emphasizing whether the new regulation brings a positive or negative impact on feed industry. In the case of output tax exemption, the input VAT of materials related to production process was not deducted but recorded in production cost. Therefore, the animal feed enterprises do not receive benefits, even that affect negatively gross profit margin when increasing production cost. We also noticed that animal feed companies could increase their prices in order to compensate their losses, especially regarding the majority influence of price from foreign companies (accounting for 60% market share). Nevertheless we believe that the possibility of price adjustment is quite low as input material prices have declined steeply since the beginning of 2014. Meanwhile, feed price has not yet arisen any remarkable change with that of last year. Thus, feed enterprises have still been beneficial from the decline; in consequence gross profit margin has been improved markedly. Especially, in year-end months, with the prediction of sharp rise in corn and soybean yield in US, tension of lowering price will be heavier. Provided that happened, feed price could continuously go down and be the spotlight for feed industry at the end of this year.

Moreover, prospect of feed industry is also supported as positive signal appears in animal husbandry. In accordance with GSO’s figure, the first 8-month livestock section showed a slight increase. Accurately, there was a climb of 1-1.5% in the number of pigs; 1-2% in poultry and 0.5 – 1% in cows. According to Department of livestock production, thanks to the good control of disease, market has sparked incipient recovery. As a result, in the half of 2014, livestock industry rebounded with growth rate of 3%, as opposed to 1.9% in 2013. Livestock segment in 2014 is forecasted to surge to 5% with this growth speed. Based on these supporting factors, we believe that livestock market in general and feed industry in particular would see highlights in upcoming months.

Consumer confidence index shows improvements

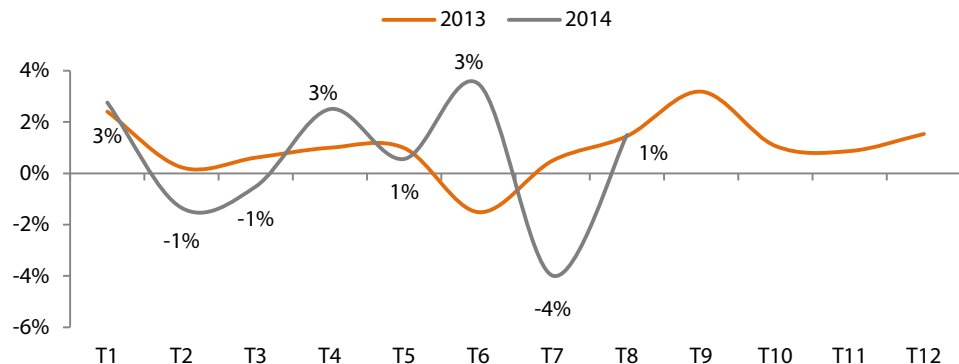
ANZ Roy Morgan has just issued the Consumer Confidence Index of Aug 2014. Accordingly, the index increased slightly by 0.4 points compared to July and the recovery trend has been maintaining for 4 months since May 2014. According to the survey, many people were less likely to enhance their financial situations this year but showed positive outlook on that of next year. The August macroeconomic indicator showed better improvement than that of previous month although the consumer confidence index was not as equal as in the beginning of the year. Consumers have also been more conservative in their real estate consumption and the survey demonstrates the same trend as that of in 4 months earlier this year.

	Feb14	Mar14	Apr14	May14	Jun14	Jul14	Aug14
Customer confidence index	136.4	136.4	129.6	123.3	131	134.1	134.5
Financial condition to that of prior year	5.2	12.8	3.7	0.6	11.6	15.2	10.7
Financial condition to that of next year	36.8	36.3	27.0	24.7	39.8	48.8	51.4
Economic condition next year	49.1	49.2	38.3	33.2	33.2	31.8	36.0
Economic condition in next 5 years	57.0	54.8	54.4	40.6	45.8	53.9	54.8
Best time for property purchases	33.9	28.9	24.5	17.2	24.7	20.6	24.3

Sources: ANZ Roy Morgan

The survey is also in line with GSO's data as an increase in revenue in retails and services showed improvements in August, increasing by 1.5% compared to last month. Taken into account for 8 months, purchasing power showed an increase of 11.4% to the same period as excluding the price inflation of 6.4%. In general, the demand of the economics is improving by slow pace. We agree with ANZ Roy Morgan that the Consumer Confidence Index will have side away trend and gradually increase in the remaining months.

Figure: Percentage rise of revenue in retails and services



Source: GSO. RongViet Securities

Speculating on “prospect”

In condition of retracing yesterday, profit taking activity had been expected to occur in upcoming sessions as VNIndex reached high level in consecutive days. However, today's session improved the reverse. Trading was excited along with ample liquidity with the total values on both bourses up to VND4.091 billion. During the session, although profit taking had arisen, selling pressure dominated; as a result, VNIndex reached the highest record in recent 6 years at 635.4 point.

Cash flows were yet to cease today although investors still seemed a little concerned and the thrill spread across stock, especially mid-and-small-caps. In fact, the Smallcap Index picked up the most of all market gauges, i.e. 0.7%, whereas VN30 added only 0.16%. Currently, many stocks in RongViet Research's watch list are only a few ticks away for their target prices for the intermediate term. From our observation, market liquidity reached its peak just before to the government's August Meeting with strong statements by regulators flying around about providing more boost to the macro economy. Upon the Ministers' commitments, the efficiency of state-run socio-economic and administrative establishments has also become a focal point of the public.

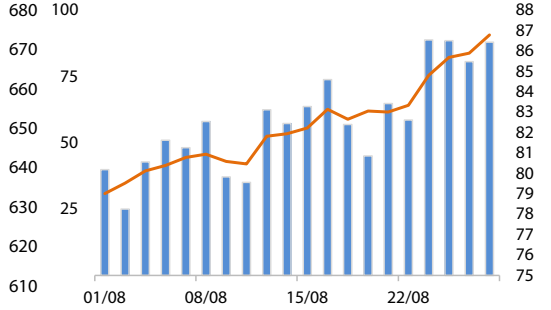
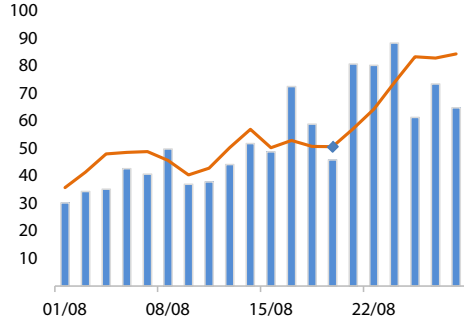
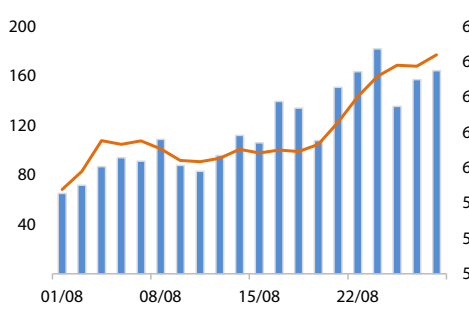
We believe that ample liquidity in recent sessions might spark a rise spreading over the industry and Smallcaps. It would be a favorable chance for investors to seek for good investment. However, we would like to mention a famous quote of Warren Buffet *“Risk comes from not knowing what you're doing”*

In contrast with domestic investors, foreign investors continued to net sell in both exchanges with total trading value of VND 48.1 billion, among them sell sides still focused on VIC, KDC and GAS. This is also in line with our view about foreign investor's net sought trend which can play important role in upcoming trading sessions.

Tam Bui

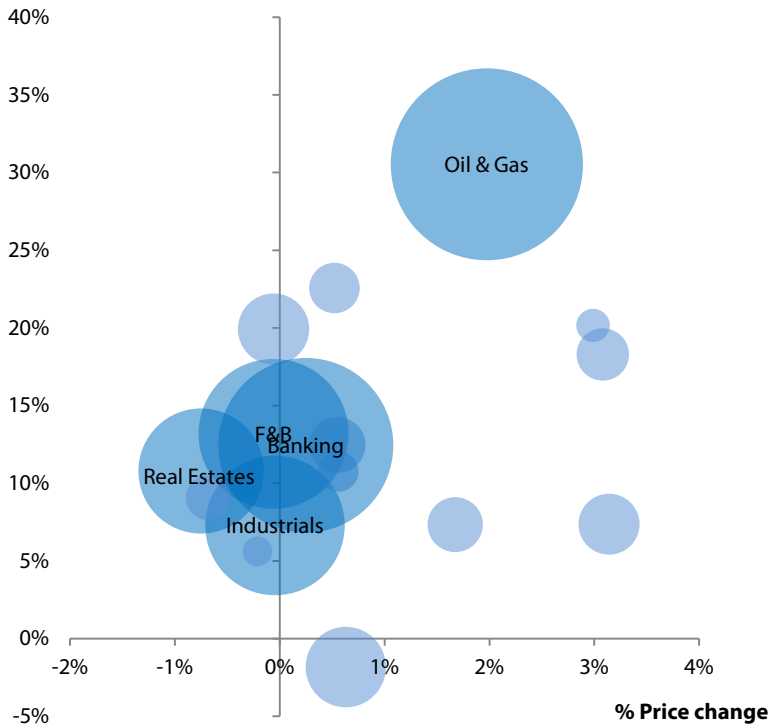
+ 84 8 6299 2006 | Ext: 348

tam.bt@vdsc.com.vn



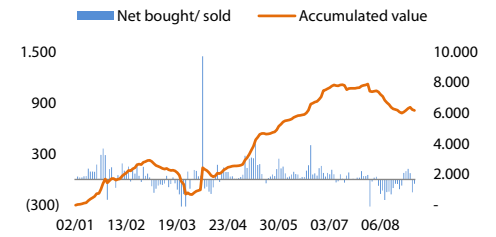
Industry Movement

Industry ROE

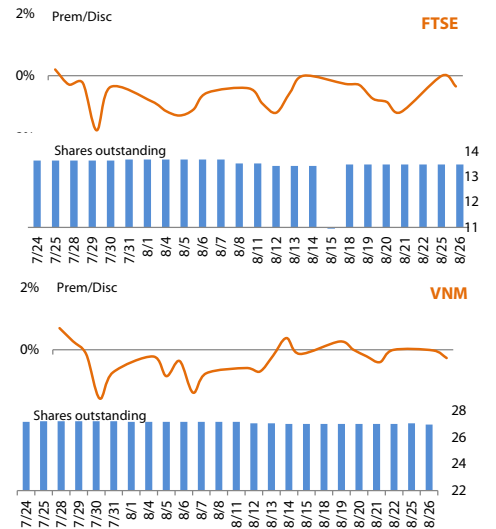


Industry	% change
Technologies	3,1%
Industrials	0,0%
Constructions	0,6%
Oil & Gas	2,0%
Distribution	-0,2%
F&B	-0,1%
Household Goods	0,6%
Cars & Parts	3,0%
Chemicals	0,5%
Resources	0,5%
Insurances	-0,1%
Real Estates	-0,8%
Financials	3,1%
Banking	0,2%
Utilities	1,7%
Healthcare	-0,7%

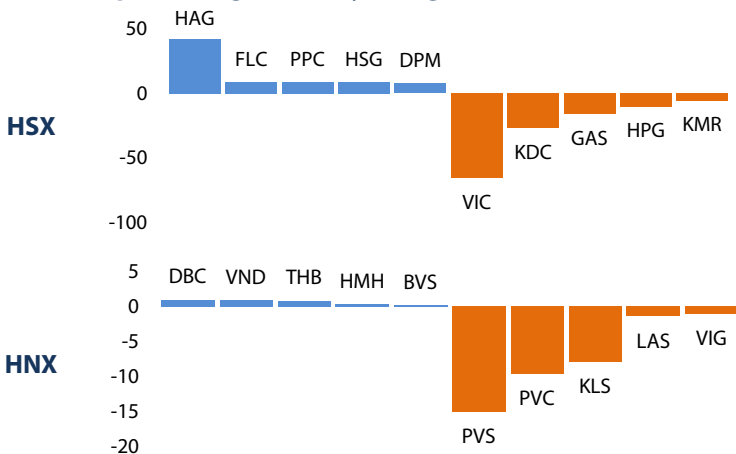
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)

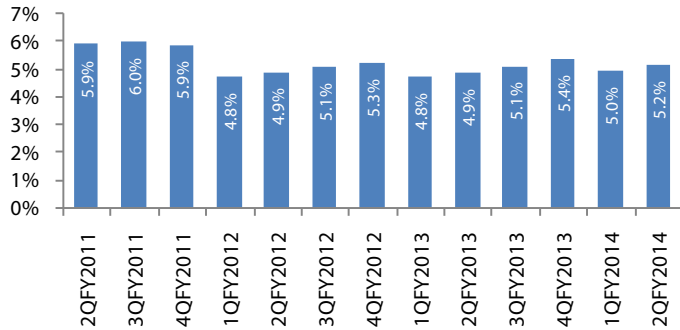


Top Active

Ticker	Price	Volume	% price change
FLC	12.60	14.04	0.8%
ITA	8.80	8.45	0.0%
SAM	11.50	5.84	6.5%
HQC	8.20	4.97	-1.2%
SSI	29.00	4.94	2.8%
KLF	13.10	12.21	8.3%
PVX	5.70	8.69	1.8%
KLS	12.30	6.46	2.5%
SHS	10.00	5.06	5.3%
SHB	9.20	4.34	0.0%

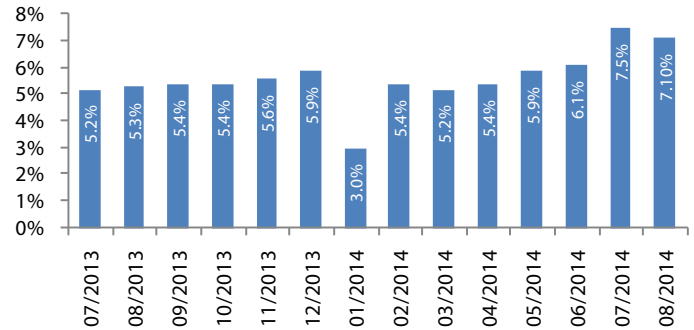
MACRO WATCH

Graph 1: GDP Growth



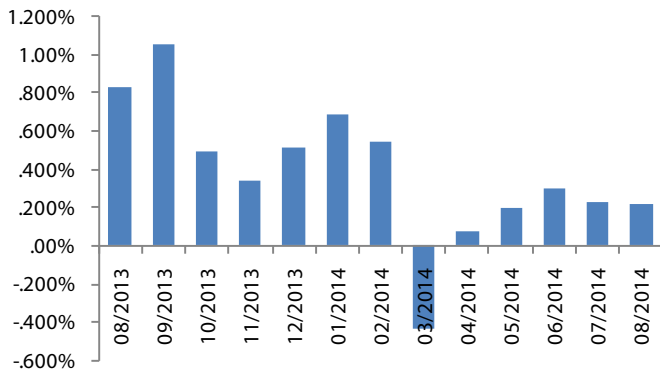
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



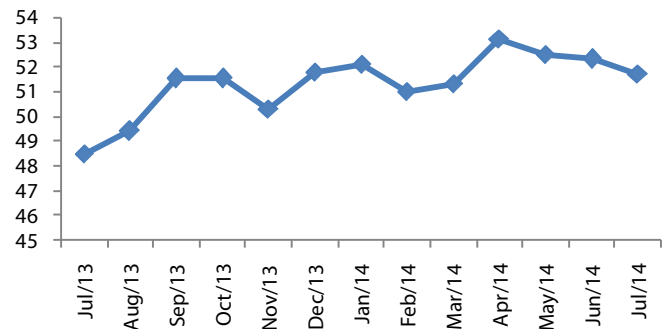
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



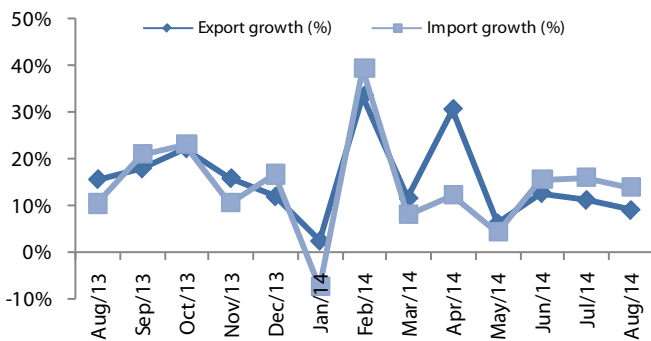
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



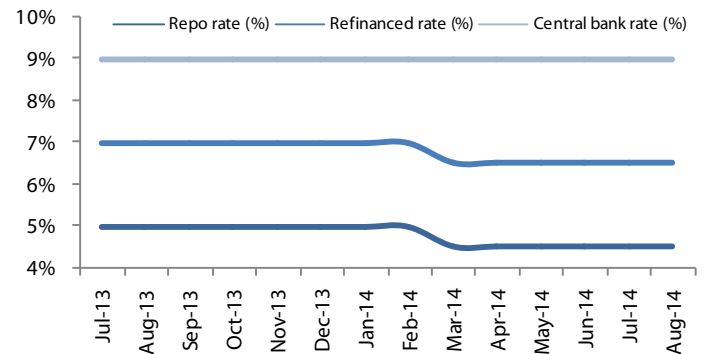
Sources: GSO. Rongviet Securities database

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
HSG - The hard part has gradually done!	Aug 21 st . 2014	Accumulate – Intermediate term	48.100
HPG - On the way to dominate nationwide' market shares	Aug 12 th . 2014	Accumulated – Intermediate-term	66.400
NBB – A new chaater with co-investment	Jul 31 st . 2014	Buy – Intermediate term	27.400
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

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	12/08/2014	0-0.75%	0-2.5%	11.191	11.182	0.08%
VF1	14/08/2014	0.20% - 1.00%	0.50%-1.50%	22.289	22.263	0.11%
VF4	13/08/2014	0.20% - 1.00%	0.00%-1.50%	10.088	10.211	-1.21%
VFA	15/08/2014	0.20% - 1.00%	0.00%-1.50%	7.571	7.537	0.45%
VFB	15/08/2014	0.30% - 0.60%	0.00%-1.00%	11.110	11.120	-0.10%
ENF	08/08/2014	0.00% - 3.00%		10.255	10.152	1.01%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

truc.dtt@vdsc.com.vn

Thuy Nguyen

+ 84 8 6299 2006 | Ext: 317

thuy.nt@vdsc.com.vn

Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

ngoc.cb@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

tai.ntp@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 348

my.tth@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 318

lam.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 344

my.ttd@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 348

tam.bt@vdsc.com.vn

HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T** +84 8 6299 2006
- F** +84 8 6291 7986
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T** +84 4 6288 2006
- F** +84 4 6288 2008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T** +84 058 3820 006
- F** +84 058 3820 008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T** +84 0710 381 7578
- F** +84 0710 381 7789
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.

The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.