



JUNE

04

WEDNESDAY

*“Cautious  
sentiment has  
not released”*

ADVISORY DIARY

- **Cautious sentiment has not released**
- **DBC: Benefit from declined material price**

**Cautious sentiment has not released**

After a “green on the outside but red on the inside” session yesterday, the market turned to red today and HSX’s liquidity remained under VND1,000 bn in two consecutive sessions. While almost of middle-low market cap stocks spent a significant decrease, the diversion of key stocks help to lessen the decline. In which, the bull side includes GAS, PGD and IJC, while the bear side with more stocks includes BVH, DPM, MSN, VCB, VIC, ect...

VNM fluctuated in narrow margin (1.6%) and closed at reference price. Unsatisfactory business guidance of 2014 and recent price ceiling imposition on milk products by Ministry of Finance had slowed down all effort to increase of this stock price. Concerning this regulation on milk product for children under 6 years old, there are skeptical attitudes about the enterprises’ possibility for illegal actions by changing the imposed milk labels. However, according to our industry analyst, as being the leading business and government shareholders hold controlling stakes, VNM will strictly comply with this regulation. This provision is likely to put slight impact on profit margins of powder milk segment, whereas the structure of VNM products was quite diversified and many product classifications (especially fresh milk products group) had been rising sharply earlier this year. Therefore, although the profit margin of powder milk could not achieve the expected plan, in general, business efficiency of VNM might still be secured by a variety of cost saving methods, which is, in our information, the company’s switch to biomass fuel as an alternative for CNG in the upcoming future.

Low liquidity and narrow range of indices variation show a cautious sentiment of both sellers and buyers. As our recommendation mentioned at the early of this week, short-term investors may not find many opportunities to take profit in this circumstance. Instead of that, we still believe that long-term investors can continue to accumulate favor stocks if they have declined to investors’ target price.

**DBC: Benefit from declined material price**

Late yesterday, Rongviet Research has published a Result Update for the stock of Dabaco (DBC – HNX) with recommendation BUY for Long-term. Dabaco, an animal feed producer with main office located in Bac Ninh, has established a certain position there and neighbor areas despite of fierce competence of foreign company such as CP, Cargill and Proconco.

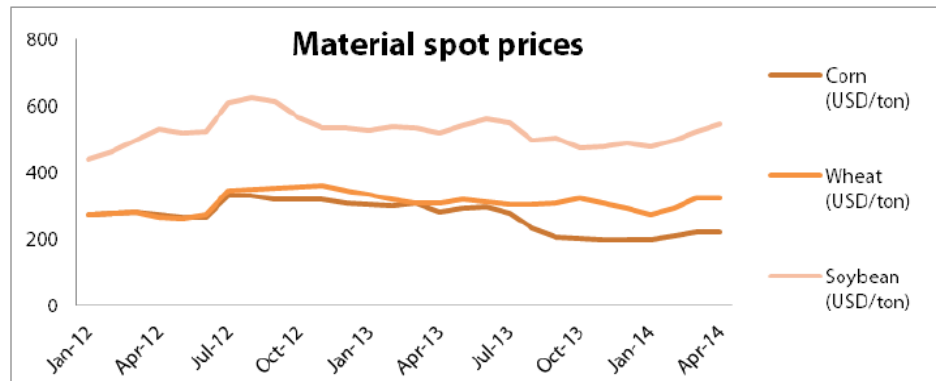
According to our industrial analyst, DBC’s core business is animal feed producing (accounting for 60-70% of total revenue) with an integrated livestock production system “breeds, feed, husbandry, slaughter and food processing”. From 2013, the downtrend of material price is an advantage of DBC. For 1Q2014, corn price declined 18% and likely to remain due to oversupply.

In 2013, DBC imported a large amount of cheap material, which, in our estimate, is sufficient to support continued production until November 2014. Meanwhile, feed prices are ruled by some foreign companies with large market share (up to 65-70%) such as CP, Proconco and Cargill. As a result, although the input price has decreased, the output price does not decrease in line. Thanks to that, the cheap material inventory reservation strategy brings short-term benefit to DBC. That is DBC’s profit margin in the animal feed segment has been improved from the average 16-17% to more than 18% in 2013 and reached 19% in 1Q2014.

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Sources: Indexmundi

In spite of that, some investors are afraid of DBC's activity ratios. After 2010, inventory balance has increased dramatically in which Real Estate continued to take up 50% of total revenue. As a result, inventory turnover has continuously declined. Our analyst told that if excluding Real Estate, the inventory turnover will be much more stable. Therefore, DBC should solve the unsold Real Estate projects thoroughly to normalize the operation ratio.

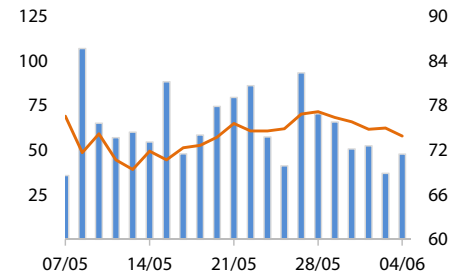
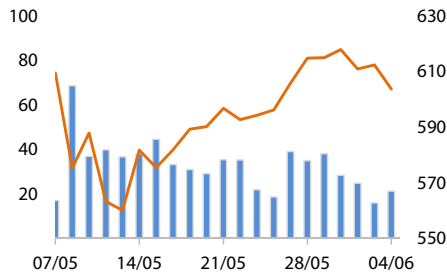
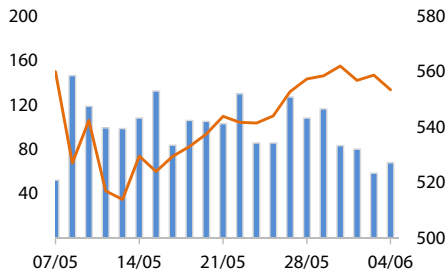
**Exhibit 1: Real Estate worth in Inventory**

(Unit: VND Million)	2010	2011	2012	2013
Inventory worth	667,400	1,542,082	1,614,069	1,884,557
%yoy		131%	5%	17%
Real Estate worth (including finished and work-in-progress projects)	156,789	840,059	778,812	790,669
Incremental Real Estate investment		726,887	225,142	56,351
Inventory worth excluding Real Estate	510,611	702,023	835,257	1,093,888
%yoy		37%	19%	31%

Sources: Rong Viet Securities compiled and estimated on DBC's financial statements

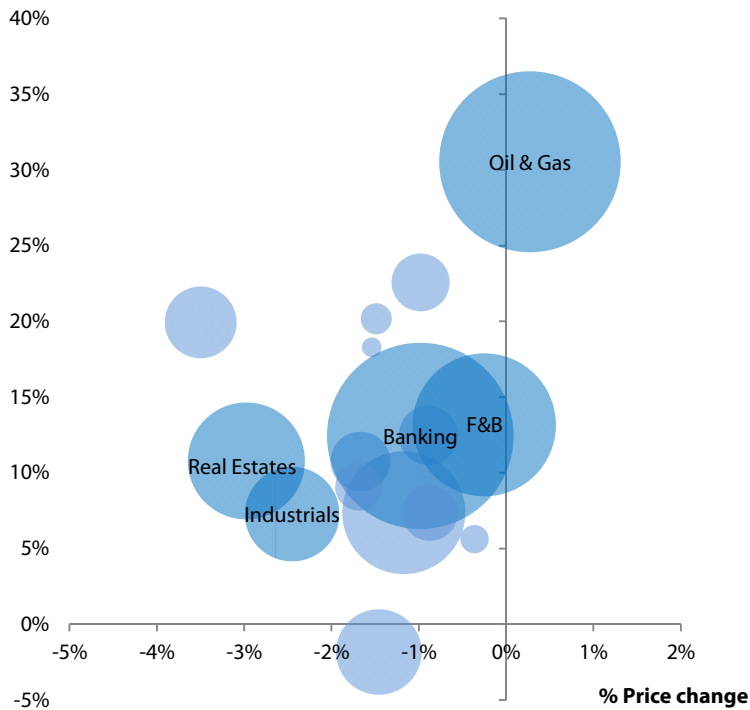
Investors who are interested in DBC can see more detail assessments in the DBC's Result Update published by Rongviet Research on June 3<sup>rd</sup>.

**VN INDEX** -0.95% **553.46** **VN30** -1.41% **603.83** **HNX INDEX** -1.42% **73.90**



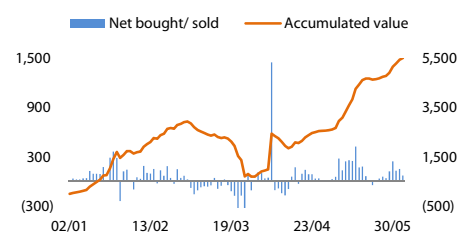
**Industry Movement**

**Industry ROE**

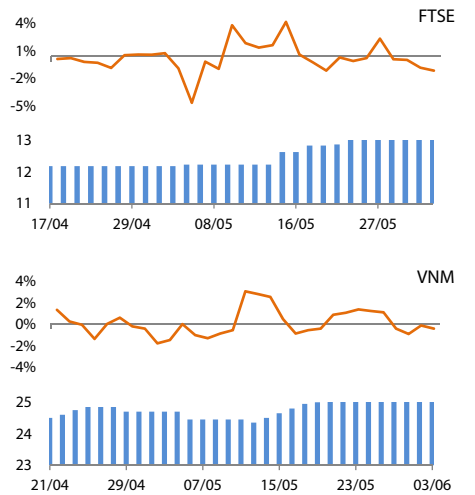


Industry	%change
Technologies	-1.5%
Industrials	-2.5%
Constructions	-1.5%
Oil & Gas	0.3%
Distribution	-0.4%
F&B	-0.3%
Household Goods	-1.7%
Cars & Parts	-1.5%
Chemicals	-0.9%
Resources	-1.0%
Insurances	-3.5%
Real Estates	-3.0%
Financials	-1.2%
Banking	-1.0%
Utilities	-0.9%
Healthcare	-1.7%

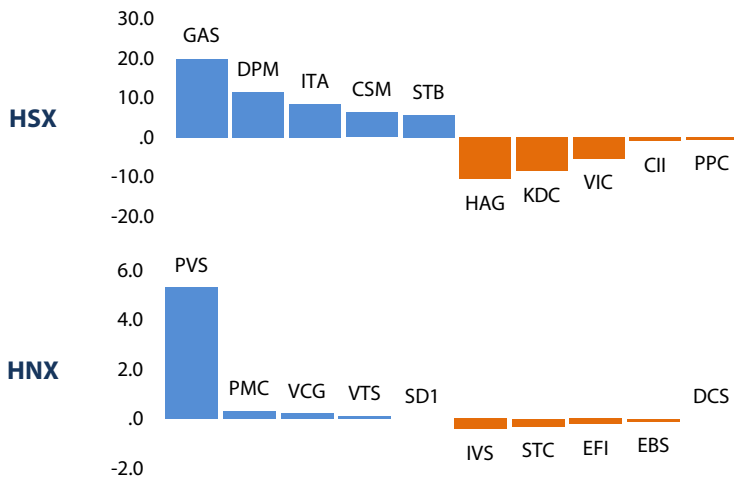
**Foreign Investors Trading**



**ETF**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

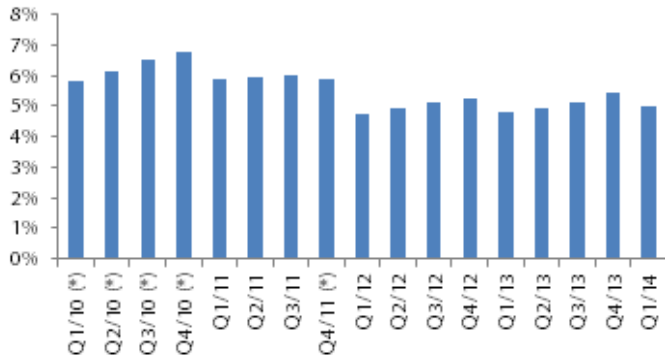
Ticker	Price	Volume	% price change
FLC	9.90	12.33	-5.7%
ITA	7.80	3.71	0.0%
HQC	6.40	3.20	-4.5%
SSI	22.80	3.08	-2.6%
IJC	12.00	2.41	0.8%

Ticker	Price	Volume	% price change
PVX	4.90	7.93	-2.7%
SHB	8.70	5.41	-1.9%
SCR	7.90	4.98	-3.0%
KLS	10.40	4.12	-3.4%
KLF	10.50	3.13	-2.9%

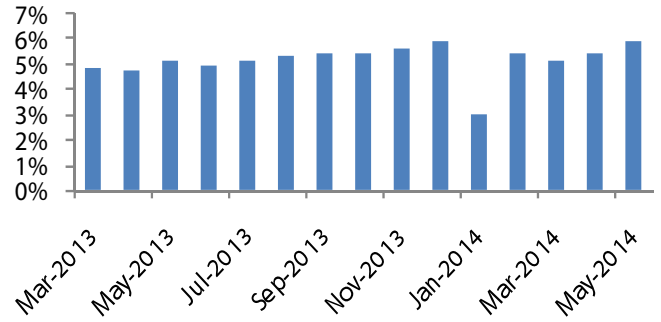
**MACRO WATCH**

**Graph 1: GDP Growth**



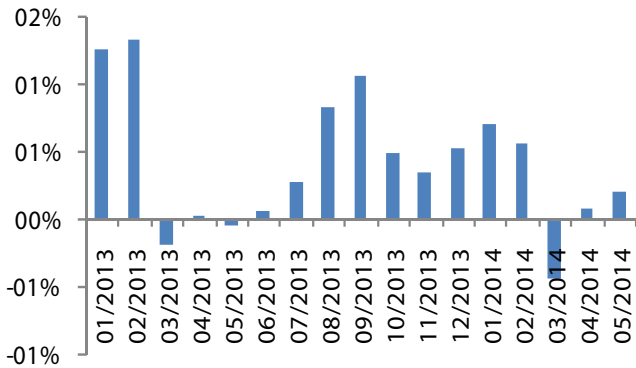
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



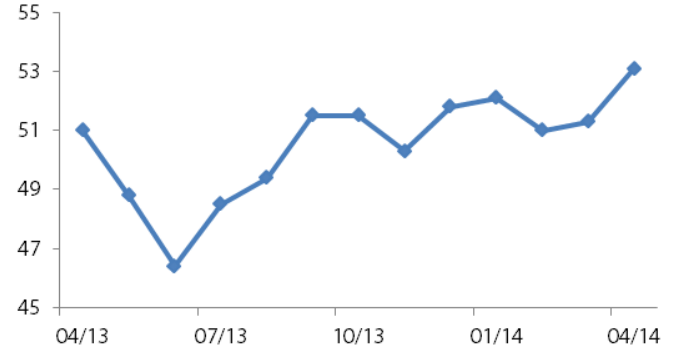
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



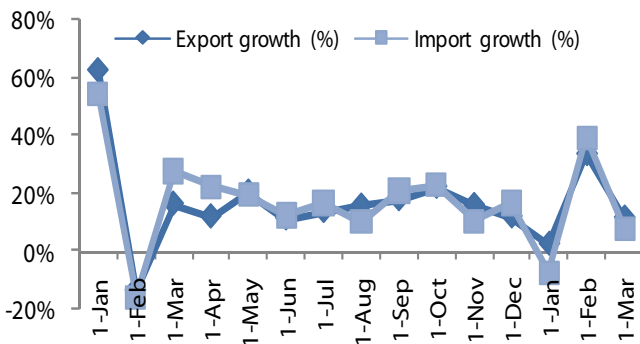
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



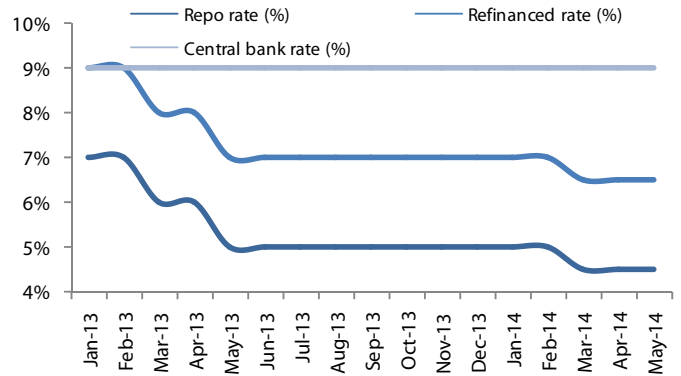
Sources: GSO, Rongviet Securities database

**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 <sup>th</sup> , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 <sup>th</sup> , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 <sup>th</sup> , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 <sup>th</sup> , 2014	Accumulated – Long-term	19,200
HPG-Sustainable Development	April 24 <sup>th</sup> , 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	27/05/2014	0.75%	0.75%	10,740	10,688	0.49%
VF1	29/05/2014	0.20% - 1.00%	0.50%-1.50%	20,682	20,387	1.45%
VF4	28/05/2014	0.20% - 1.00%	0.00%-1.50%	9,249	8,997	2.80 %
VFA	30/05/2014	0.20% - 1.00%	0.00%-1.50%	7,362	7,349	0.19%
VFB	30/05/2014	0.30% - 0.60%	0.00%-1.00%	10,763	10,764	-0.01%
ENF	23/05/2014	0.00% - 3.00%		9,592	9,358	2.50 %

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