

MAY

15

THURSDAY

“Volatile market sentiment may cause concerns”

Tai Nguyen

+84 8 6299 2006 | Ext: 315

tai.nbp@vpsc.com.vn

ADVISORY DIARY

- **Volatile market sentiment may cause concerns among investors**
- **HT1: Company visit – Technology development for competition advantage**
- **Vietnam credit risk still viewed stable**

Volatile market sentiment may cause concerns among investors

Most notable in the market today is the sudden plunge of stocks of all cap sizes, accompanied by hiking volume in the early afternoon session even though both exchanges stayed on the upside for the entire morning. The repetition of the up-down scenario fueled by sudden switches of heart may have put investors on an “emotional rollercoaster” in the last few days. And as with all coaster rides, the thrill lingers even after your feet are back on the ground. This is exactly what I worry. The East Sea events still casting a shadow over stock trading and Mr. Market’s mood being more volatile than ever may eventually erode investor confidence. As compared to the decline in prices, a lack of confidence is a much more dreading factor as it could plunge the market in an extended period of hibernation as witnessed after the Nguyen Duc Kien incident two years ago.

We have found one confirmation after another for our earlier prediction of an equal distribution of up and down days during the week. If trading pace and volume remain stable and indices fluctuations are not too drastic in upcoming days it would be something to be optimistic, at least for value investors, as they would have more time selecting stocks for their long-term strategy. Nonetheless, “T+” trading and use of leverage are not encouraged for now.

HT1: Company visit – Technology development for competition advantage

Yesterday, 14/05/2014, Rong Viet had a meeting with representatives of Ha Tien 1 Cement JSC (HT1 – HSX). In wait of official evaluations of the Company’s prospect, I have had a chat with the covering analyst after the event.

The first impression at the meeting with HT1 management, according to our analyst is the passionate straightforward sharing of Mr. Nguyen Ngoc Anh – HT1’s BOD Vice Chairman. As someone with intensive knowledge of the cement industry, joining HT1 in its very first days and having worked as the CEO of the Vietnam Cement Corporation (Vincem) a period in his life, Mr. Ngoc Anh had some very interesting sharing with RongViet’s analyst regarding the varied aspects of the industry (from technology to marketing, even financials). According to Mr. Ngoc Anh, HT1 has and will continue to pursue competition by means of technology enhancement to reduce production costs while ensuring quality.

Currently, HT1 is using European double-base heat with the suspension mechanism that prevents the heater for being dented, saves energy and maintenance costs and allows uninterrupted production as compared to the type 3-base heaters, easily imported from China. Furthermore, the investment and use of the 5-chamber silos as an alternative for the conventional one-chambers allows multiple adjustments and the simultaneous production of various types of cement without taking too much space for storage. However, the Company has been researching the partial use of greener, more widely available and thus less costly fuel sources such as cashew nuts, cashew shells, shell oil and rice husks so as to save cost.

Before competition on the aspect of cement brand name is available, we highly value the Company’s dynamism. Besides, the mastering of such new technology may benefit HT1 with regard to higher operating efficiency, of course, in the long term.

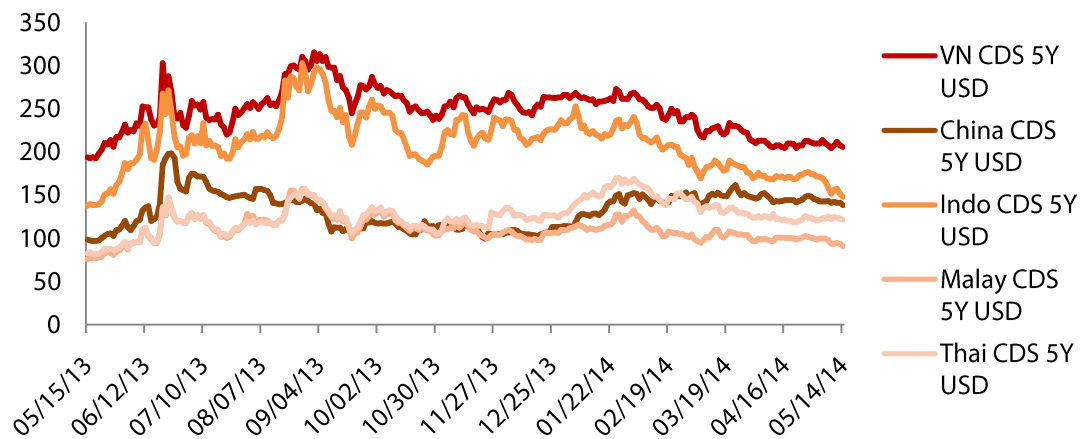
Vietnam credit risk still viewed stable

When a country gets caught in economic and/or political tensions, its credit default risk is most often assessed by the observed changes in the spreads of its government bond credit default swap (CDS). A CDS is practically an insurance contract against the default risk of a financial asset. The fixed payment in exchange for the protection, or CDS spread, is positively correlated to the credit risk of the asset being insured. In the case of government bonds, the higher investors perceive the default risk of the issuing country, the higher the CDS spreads.

Since the beginning of the year, a tightening of CDS spreads on Vietnam 5-year government bonds has been witnessed, which coincides with clear signs of macroeconomic improvements such as stabilized inflation and exchange rate, increased currency reserve and manufacturing sector recovery. The spread widened quickly in response to the occurrences in the East Vietnam Sea but soon returned to the level prior to the events. This adds to our observations in the last few weeks on the trading of foreign investors in the stock markets, who since the beginning of May, have bought a net VND1,700 billion worth of Vietnamese stocks. Moreover, the two ETFs trailing the country's stock market, i.e. Vietnam Market Vector ETF and FTSE Vietnam Index ETF, have been consistently traded at premiums. The three analyses combined suggested that cash still flows into the market amidst the Vietnam-China tension and suggested that Vietnamese stocks are still of some interest to foreign investors. If things stay this way, it would be a great support for the market.

It should be admitted, however, that the events in the East Sea and more recently, riots at the industrial parks across the country are still great concerns of foreign investors. Given the relevance of foreign capital to the stock market, we will stay on watch in order to provide investors with timely updates.

Exhibit: 1-year fluctuation of 5-year USD government bond CDS spreads of Vietnam and neighbouring countries



VNINDEX -1,03%

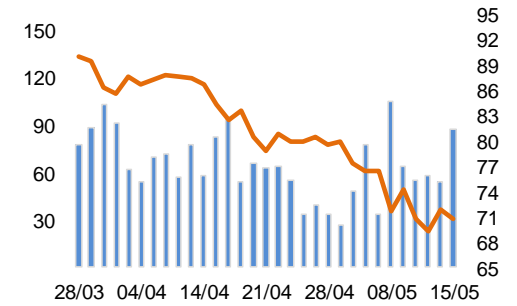
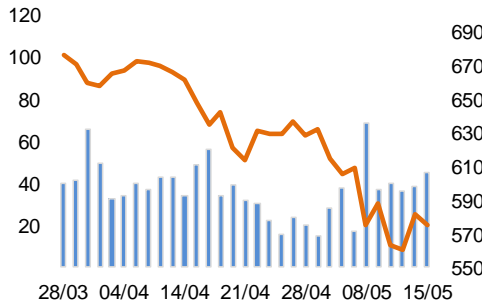
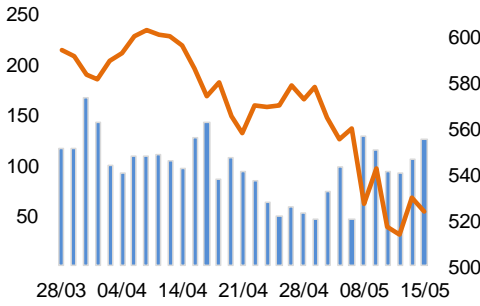
524,05

VN30 -1,01%

575,53

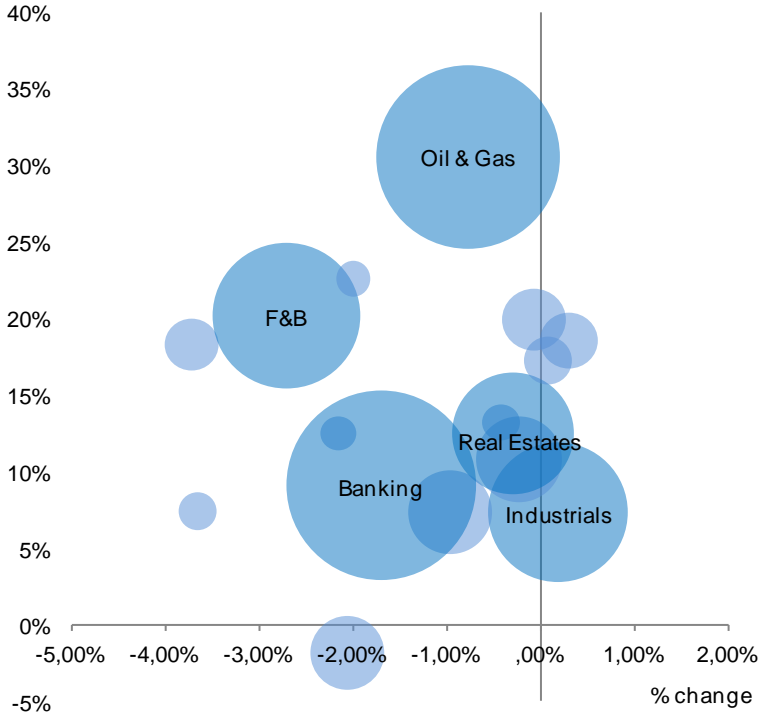
HNXINDEX -1,63%

70,70



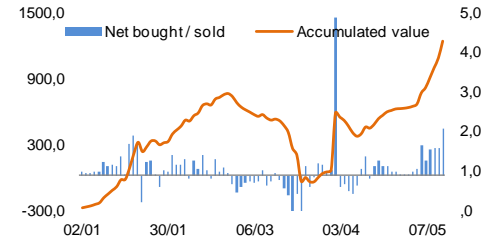
Industry Movement

ROE

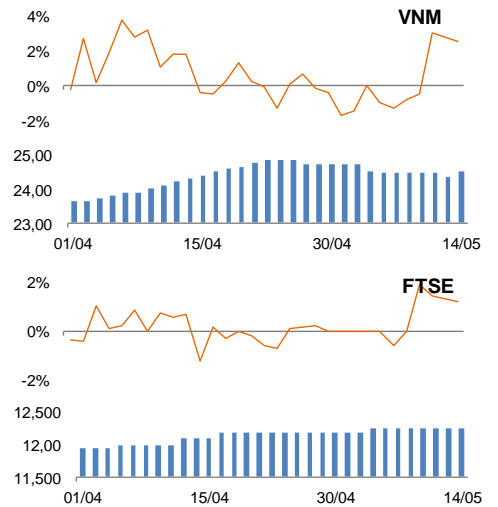


Industry	%change
Technologies	-3,73%
Industrials	0,19%
Constructions	-2,06%
Oil & Gas	-0,78%
Distribution	-0,42%
F&B	-2,71%
Household Goods	-2,16%
Cars & Parts	-2,00%
Chemicals	-0,07%
Resources	-0,23%
Insurances	-3,65%
Real Estates	-0,29%
Financials	-0,95%
Banking	-1,70%
Utilities	0,30%
Healthcare	0,08%

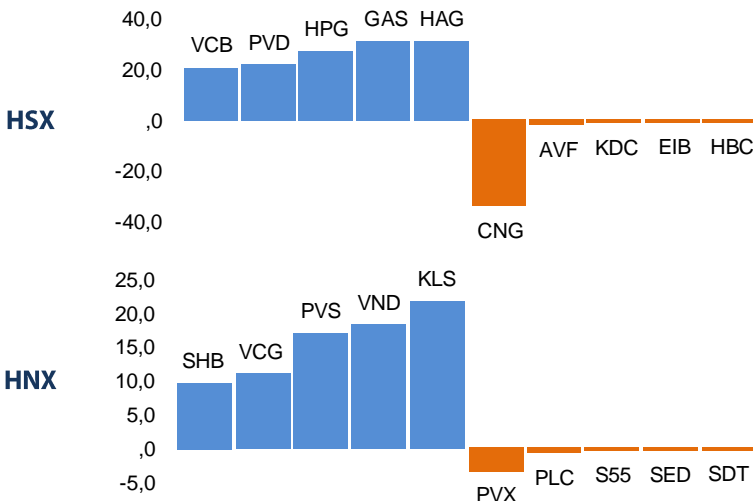
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



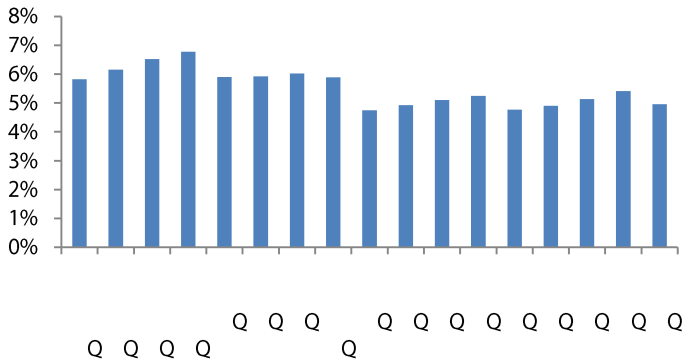
Top Active

Ticker	Price	Volume	% P change
FLC	7.90	12,80	-1.25%
ITA	7.10	7.05	0.00%
HQC	5.60	7.00	3.70%
HAG	23.40	6.69	0.00%
SSI	20.50	5.03	-2.84%

Ticker	Price	Volume	% P change
PVX	4.20	13,84	-8.70%
KLS	9.00	12.39	0.00%
SHB	8.20	8.51	-3.53%
SCR	7.00	7.29	-4.11%
SHS	6.60	5.43	-2.94%

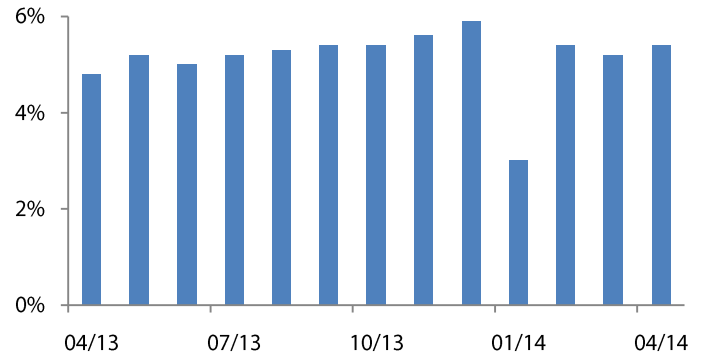
MACRO WATCH

Graph 1: GDP Growth



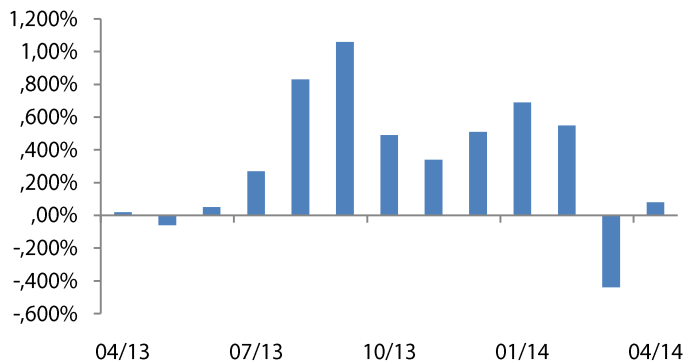
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



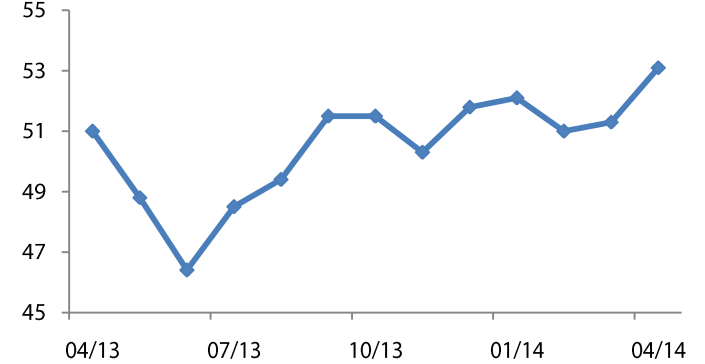
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



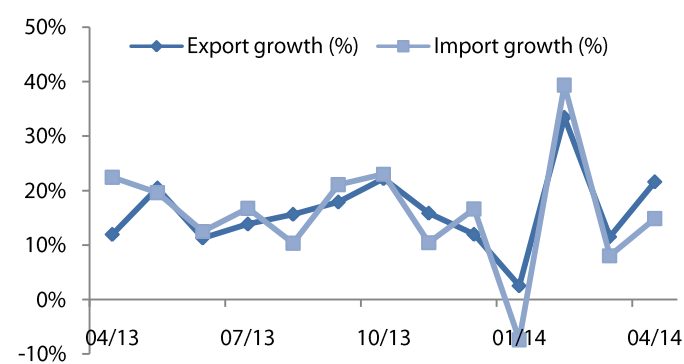
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



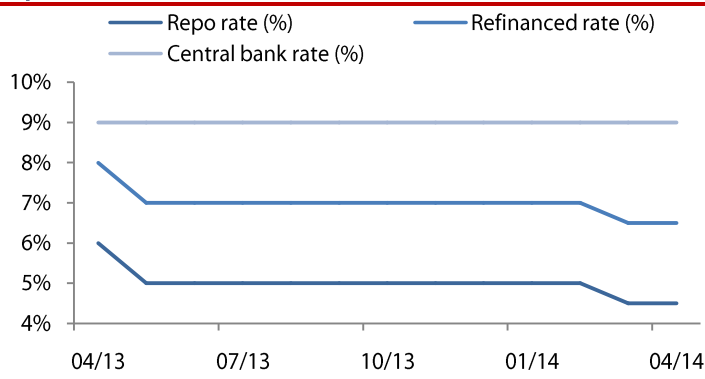
Sources: GSO, Rongviet Securities database

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
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	06/05/2014	0.75%	0.75%	10,455	10,727	-2.54%
VF1	08/05/2014	0.20% - 1.00%	0.50%-1.50%	21,227	21,917	-3.15%
VF4	07/05/2014	1.00%	0.50%-2.00%	9,502	9,946	-4.46%
VFA	09/05/2014	0.20% - 1.00%	0.00%-1.50%	7,344	7,400	-0.76%
VFB	09/05/2014	0.30% - 0.60%	0.00%-1.00%	10,775	10,771	0.03%
ENF	02/05/2014	0.00% - 3.00%		9,796	9,773	-1.06%

ANALYSTS
Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

truc.dtt@vdsc.com.vn

Huyen Ho –Deputy of Research

+ 84 8 6299 2006 | Ext: 339

huyen.htt@vdsc.com.vn

Huy Nguyen

+ 84 8 6299 2006 | Ext: 344

huy.nt@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

tai.ntp@vdsc.com.vn

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

Khoi Nguyen

+ 84 8 6299 2006 | Ext: 318

khoi.nlm@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



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