

*“Excitement seen away as investors lost appetite for “foreign room expansion””*

- **Market excitement seen away as investors lost appetite for “foreign room expansion”**
- **The latest handshake in farming and HAG’s long-term prospect**

The stocks slowly traded in narrow range, and liquidity (volume) considerably decreased in both exchanges. In today session, HSX and HNX reached 120.8 million shares, declined by 34% compared to the yesterday session, and equivalent to VND 1,611.3 billion.

On HSX, the declining shares were completely overwhelming. However, the increase of GAS (3%) and MSN (2%) helped VNIndex maintain the upward movement. The index closed at 566.98 points, marginally rose by 0.2%. Not favoring the support from key tickers, HNIndex almost moved slowly in downward trend. Even the fair rise of NTP (6%) also could not improve the situation when PVX, VND, KLS and BVS suffered drastic sales pressure. As a result, the major indices of HNX closed at 74.95 points, slightly fell by 0.9%

HAG was in the spotlight on the HSX today. Even though it closed up only 0.2% from yesterday, the stock was one of the most-wanted in the market, trading an astounding 5.7 million shares; the foreign sector also took chance to get rid of 1.2 million shares. Optimistic trading of HAG most likely came from the signing of a cooperation contract between the HAG, Vissan Co. Ltd. – a major food processor and Nutifood Corp – a rising milk producer on 09/06/2014 to distribute products of HAG’s cow farms.

Under the contract, Nutifood and Vissan pledge to bring dairy and beef products from HAG’s cow herd to the open market at competitive prices. HAG has a plans to invest VND11,300 billion in a 236-thousand-cattle cow herd in two phases, each with half the amount, from now to 2017. This year alone, the Company will import 20,000 dairy cattle (16/06/2014) and 20,000 meat cattle (October 2014). Just the first purchase will make HAG dairy cattle herd 11% the size of the whole-country herd, second but very close to that of TH Milk.

In September, Nutifood will start the construction of a 500-million-liter-per-year dairy plant in Gia Lai for a total investment of VND5,000 billion. The plant will introduce its first products in 3Q2015. With the raw milk from HAG, Nutifood will be able to have its very first line of whole milk after years focusing only on reconstituted milk products. Also, according to the HAG, it is able to offer Vissan with beef only half the price of imported beef, at about USD1-1.5 per kilo. Vissan will set up a new 78-thousand-ton-a-year processing line to accommodate the new supply from HAG this year. Apparently, with this cooperation, the market for HAG’s cattle products will be much less of a concern for the Company.

In the long term, the cattle project can also add value to HAG’s agricultural arm. Using by-products of corns, sugar canes and palm trees, the Company can save up to 70% of feed cost for its cattle herds. On the other hand, by HAG’s estimate, for every 100,000 cattle, fertilizer cost will be reduced by ~VND300 billion. The large yet un-scattered farming area also makes cross-transportation of products from one sector to another less costly and more convenient.

The latest contract signing is an indication of HAG Chairman Doan Nguyen Duc’s determination in moving to the cattle farming business. The Company apparently is taking advantage of its market position and resources to move the industry to its long-term benefits. As far as we concern, however, economy of scale in farming may create cost advantage but not always outstanding profit margins. What we are positive about is that eventually, there is a real cooperation among local firms to promote the appearance of made-in-Vietnam products on the shelves. Anyway, before considering raising the weight of HAG in their portfolios, investors

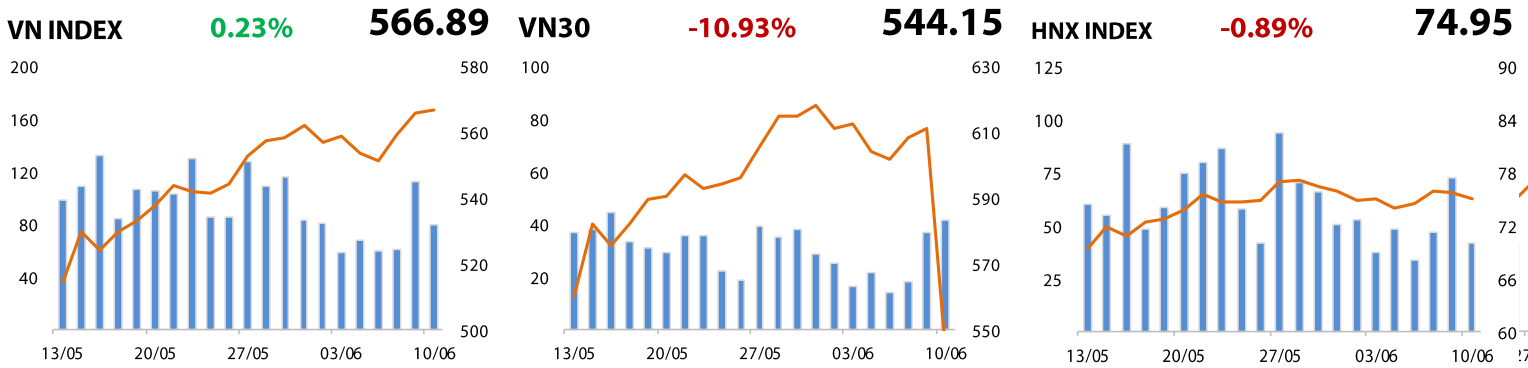
should take a look of other business segments of the Company, especially the rubber plant business struggling at its 4-year low.

Back to the stock market, after two improved sessions, the sharp decline in liquidity has reflected the confident back of cash flow during the stage of lacking supporting information. Nevertheless, when the investor's sentiment is stable, the market still has chances to recover in the following sessions. In our perspective, medium and long-term investors can still hold or accumulate stocks for higher goal whereas the short-term investors should stand out, at least until the liquidity has sustainable recovery.

**Tai Nguyen**

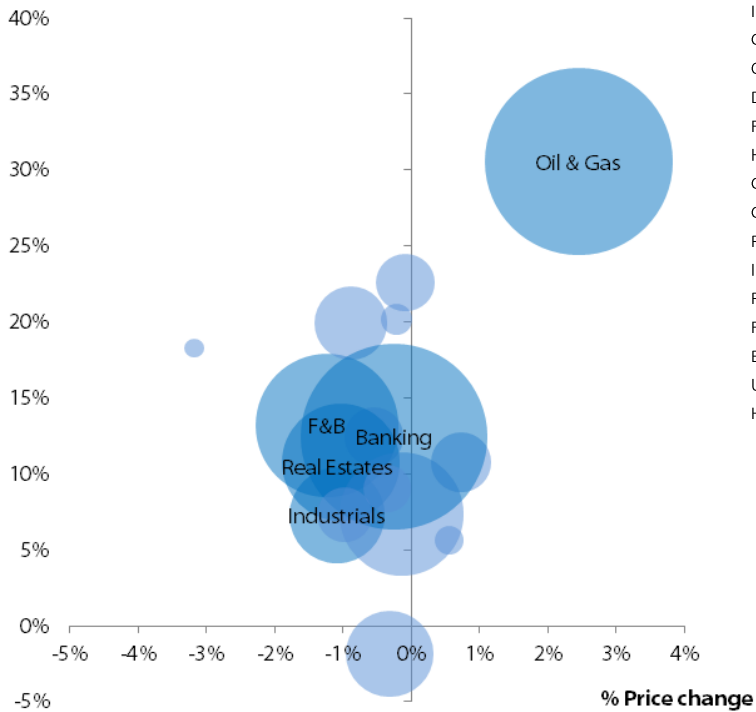
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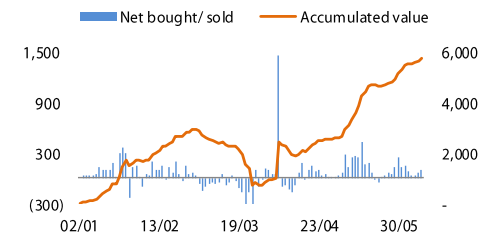


**Industry Movement**

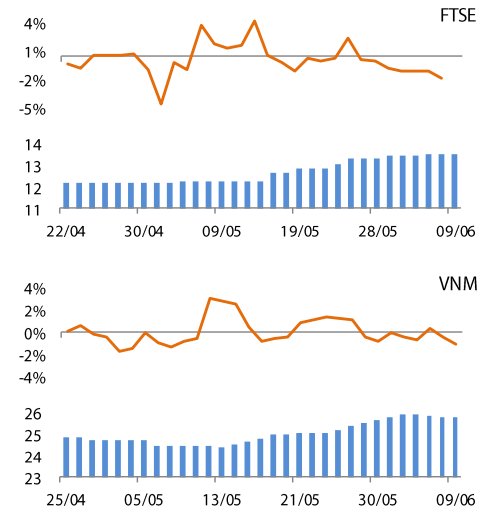
**Industry ROE**



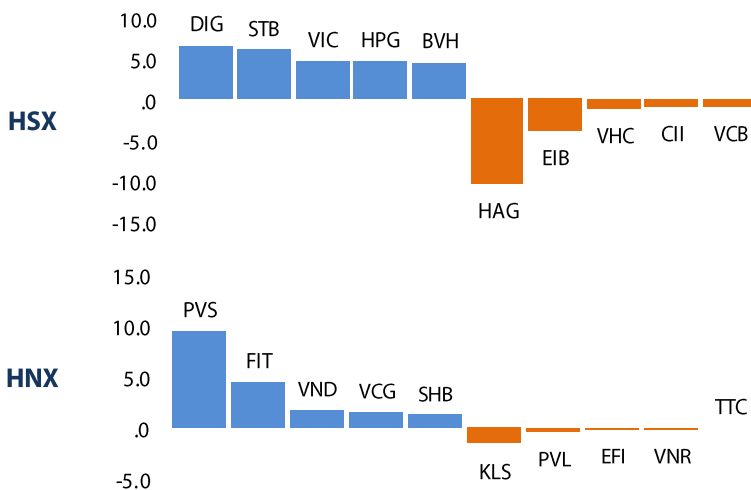
**Foreign Investors Trading**



**ETF**



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



**Top Active**

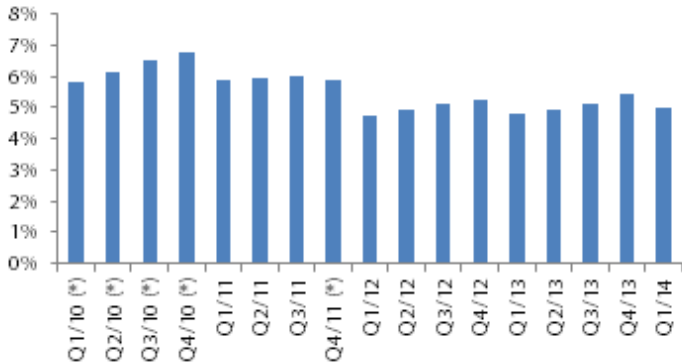
Ticker	Price	Volume	% price change
FLC	10.40	13.87	-5.5%
HAG	24.20	5.72	0.8%
SSI	24.40	4.80	-3.9%
HQC	6.90	3.72	-2.8%
ITA	7.90	2.23	-2.5%

Ticker	Price	Volume	% price change
KLF	11.10	6.45	-1.9%
KLS	11.40	4.78	-2.9%
SCR	8.20	3.89	0.8%
PVS	26.30	3.16	1.1%
SHS	8.40	2.51	-0.8%

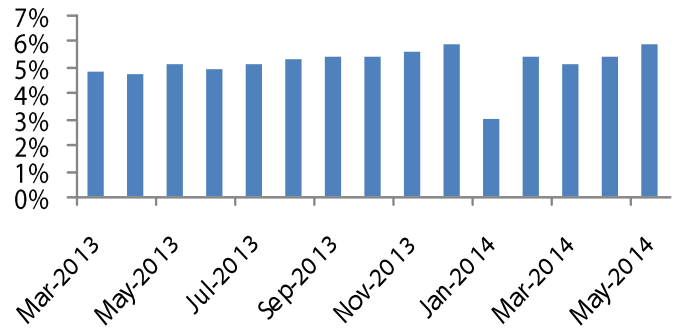
**MACRO WATCH**

**Graph 1: GDP Growth**



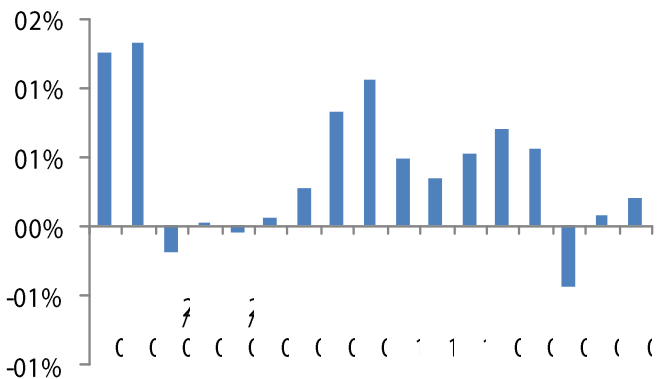
Sources: GSO, Rongviet Securities database  
(\* ) Comparison price in 1994

**Graph 2: IIP**



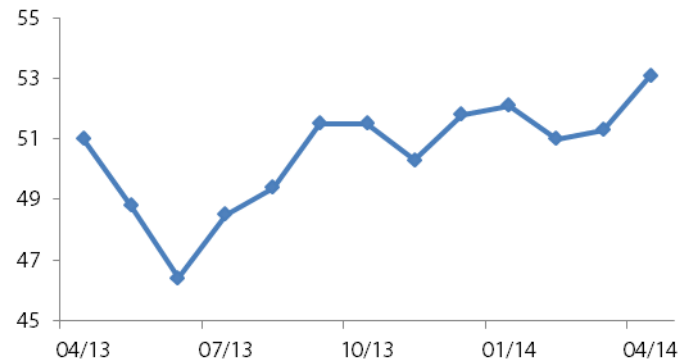
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



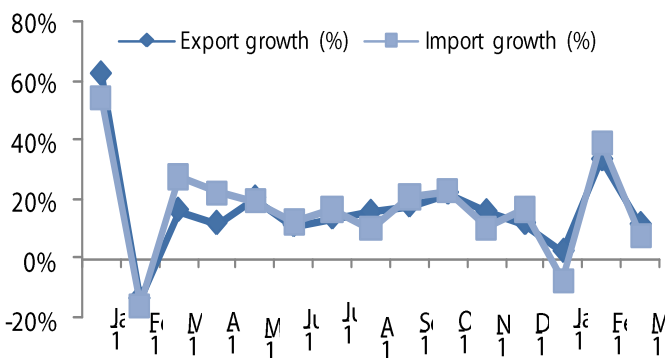
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



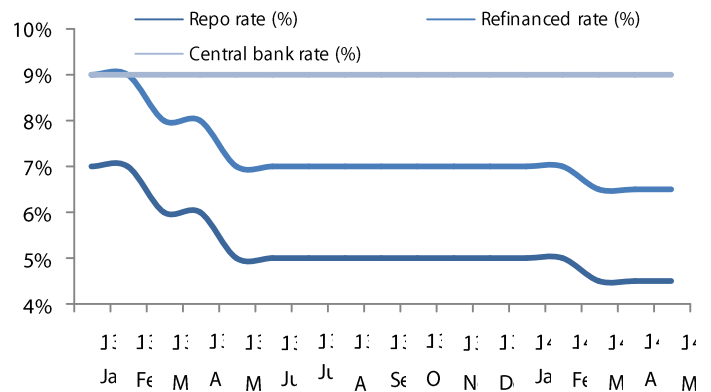
Sources: GSO, Rongviet Securities database

**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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