

JULY

25

FRIDAY

“Improved FDI and investment licensing rate in 7M2014”

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ADVISORY DIARY

- **Improved FDI and investment licensing rate in 7M2014**
- **FMC – Q2 Result update**

Improved FDI and investment licensing rate in 7M2014

In the 7 months through July 2014, FDI into Vietnam reached \$6.85 billion, down 0.9% from a year earlier, with 889 new projects granted investment licenses. 300 projects were approved for capital raises of VND2.67 billion, down 47.3% from the previous year. For the 7-month period, the disbursement of FDI steadied at VND6.8 billion, up by 2.3% from the same period of 2013. Most notably, Samsung (Korea) pledged \$1 billion for a high-definition display factory in Bac Ninh, i.e. Samsung Display LLC., which helped doubling the value of new FDI pledges during the period as compared to June.

Furthermore, our macro analyst notes that the rate of investment license granting in July was quite optimistic. In fact, it took only one and a half months for Samsung’s one-billion-dollar project to get the approval. Our records also tell that the number of new license grants has been picking up speed in the last 3 months with 234 new grants in July as compared to 156 in June and 100 in May. This suggests that there have been some improvements in the licensing procedures after the government’s effort to improve the economic environment, which we hope would help boost Vietnam’s image as an appealing destination for foreign investors in the coming years.

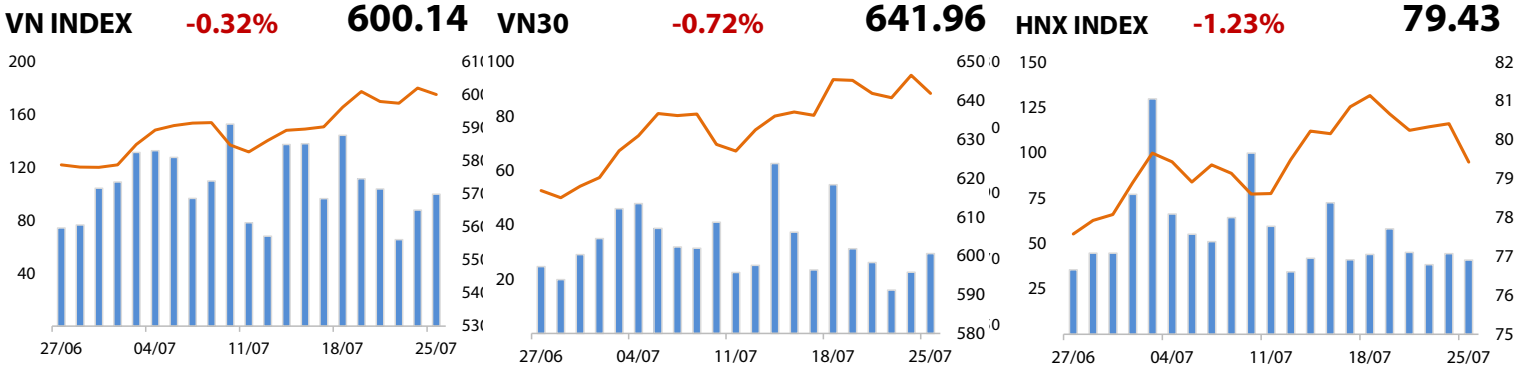
FMC – Q2 Result update

FMC hit the ceiling price at VND17,900/share today after the Company posted highly optimistic Q2 results. Q2 revenue reached VND689 billion, up by 52% yoy whereas net income jumped 20 times from a year ago. In the 6 months ended June 2014, FMC made VND1.244 billion (+66% yoy) of revenue and VND23 billion (+1200%) of net income, thereby fulfilling 74% of 2014 profit guidance.

The hike in Q2 sales was mostly due to a substantial increase in export revenue. 6-month exports jumped almost 70%. Sales to the US expanded twofold over the same period last year to VND604 billion. Accounting for 48% of export revenue, the US was the largest export market of FMC. As a result of strict quality control, sale prices in the US are \$13-14 higher than in Vietnam for every kilo of aqua-products. FMC sees high potential for this market if the Company can enlarge its market share here.

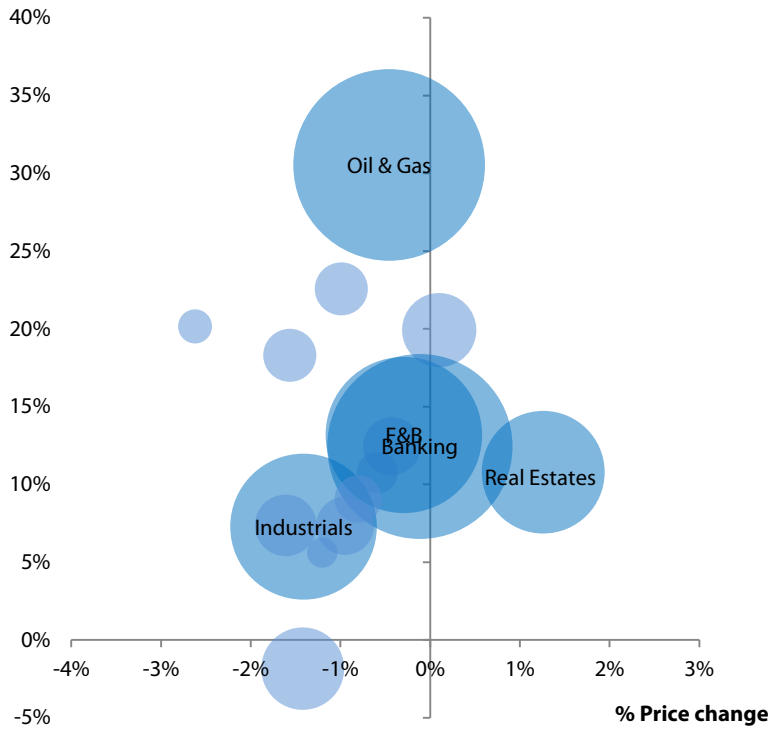
In FY2013, FMC greatly enhanced its self-supply capability by investing in a 6-hectare plantation in Vinh Tan (Soc Trang). During the year, FMC harvested up to 565 tons of raw prawns or 5.5% of its material needs. Thanks to the new advantage of input supply, gross profit margin added 3% from 1H2013 in the first 6-month period.

With regard to the business’ outlook, our industry analyst sees a high chance that FMC will meet its profit guidance in 2014 given the 6-month results. In FMC’s business cycle, the latter half of the year, especially Q4, usually sees significant increases in consumption and sales as compared to the first 2 quarters. Also, FMC will have its capacity enhanced substantially when the new prawn-processing plant comes into operation in November. To fund the new plant’s working capital outlay, FMC has had its shareholders pass a plan to issue the 6.5 million common shares at VND15,000 each and 500 thousand shares under the ESOP at VND10,000 each.

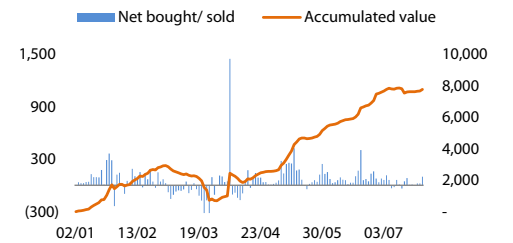


Industry Movement

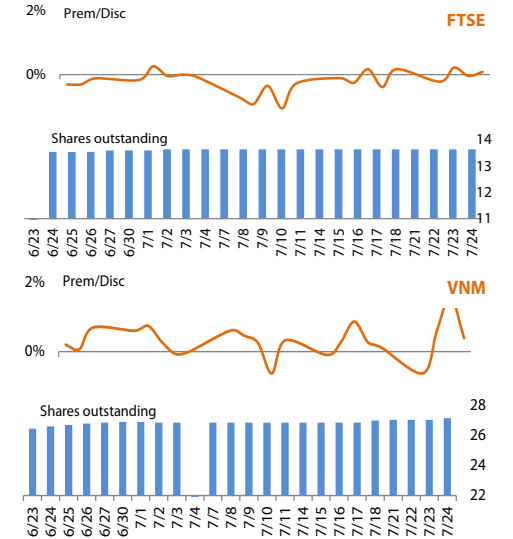
Industry ROE



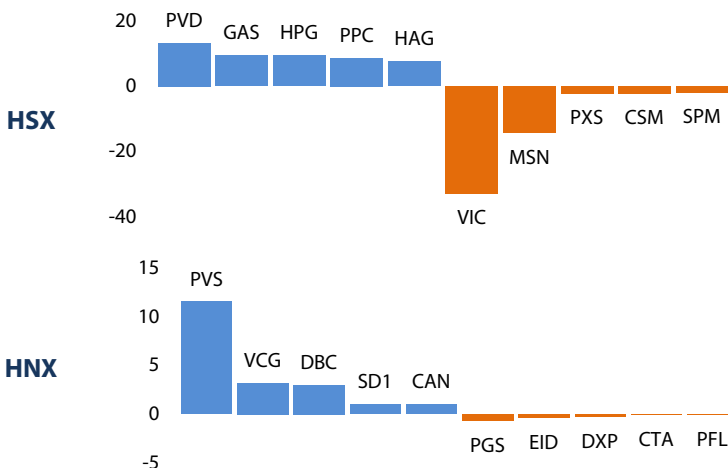
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



Top Active

Ticker	Price	Volume	% price change
FLC	12.60	13.40	0.8%
HAG	25.90	5.01	0.1%
HQC	7.60	3.88	-3.8%
ITA	7.90	3.12	-2.5%
VHG	9.80	2.84	-2.0%

Ticker	Price	Volume	% price change
SCR	8,50	4,57	-3,4%
PVX	4,40	3,98	0,0%
PVS	33,00	2,82	-2,9%
KLF	11,40	2,66	-1,7%
FIT	14,20	2,15	-3,4%

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index added 3,88 points (or 0,65%), closed at 600,14. Trading volume was down from 510 million to 437 million shares.

VN-Index continued going up but it soon met its resistance at around 603 . Recently, although VN-Index rose, the liquidity did not rise respectively. After moving up from 510 through 600 threshold, it seems that VN-Index is weakening. Traders should watch for an extended move to its previous peak at 608 or a correction to its resistances at 590 and 580 further.

Looking at technical indicators, the MACD has been trading roughly even for weeks and could be turning bearish. The slope of the RSI is declining and it may soon cut down its uptrend line support.

Negative divergence between VN-Index and the RSI still exists, warning a bearish reversal but we need more confirmations.



HNX-Index

Unlike VN-Index, HNX-Index lost 0,99 points (or 1,23%), closed at 79,43. Trading volume reduced slightly (-10%) with 205 million shares changed hands.

HNX-Index could not move above 81 area and turned down to the its lower trend line support at around 79,5. Trader should watch for an extended move down towards 78 area or a move back to retest the 81 zone.

Looking at technical indicators, the MACD turned bearish while the RSI fell sharply towards 50 threshold.

The volume did not rise respectively to the price for a long time also is a negative sign.



Recommendation:

VN-Index rose slightly while HNX-Index turned down. Corrections may come soon and traders consider taking profit and wait for new signals from the markets.

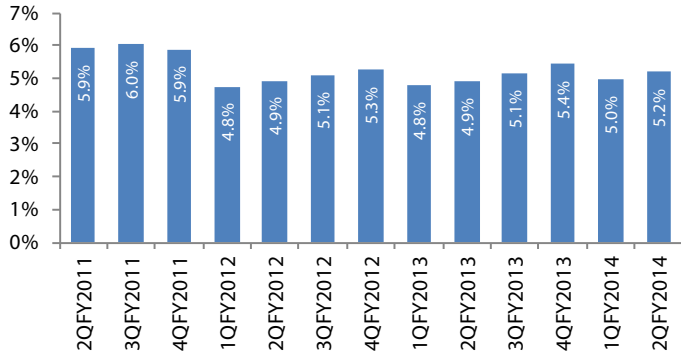
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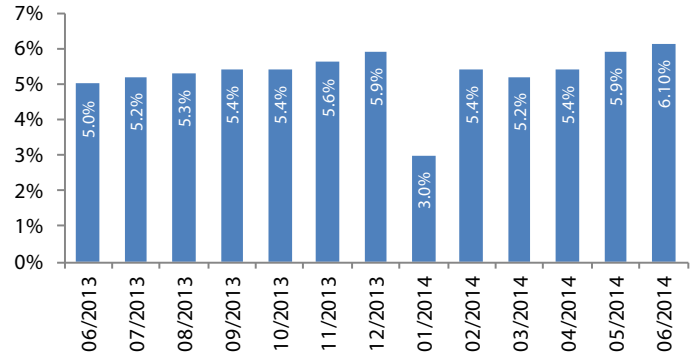
MACRO WATCH

Graph 1: GDP Growth



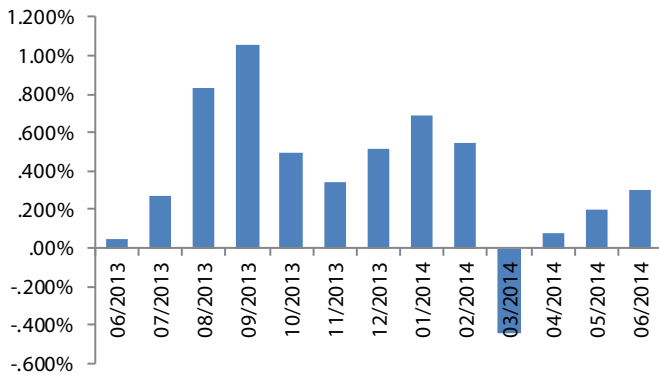
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



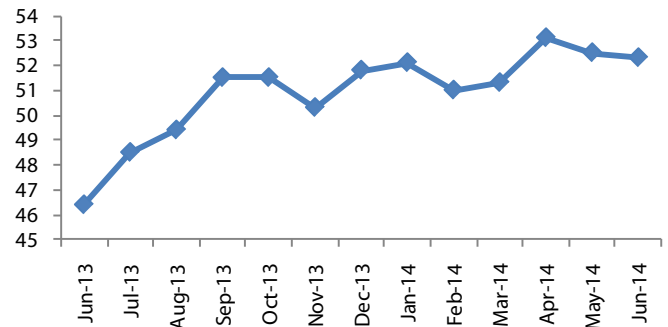
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



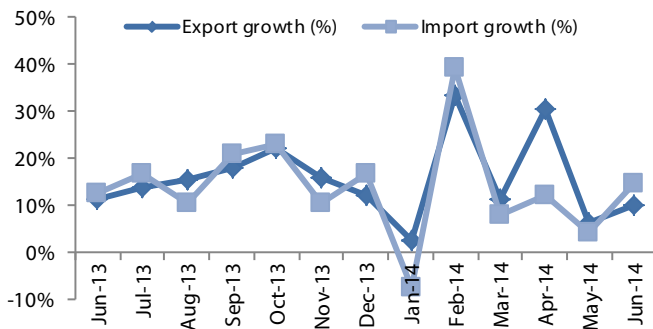
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



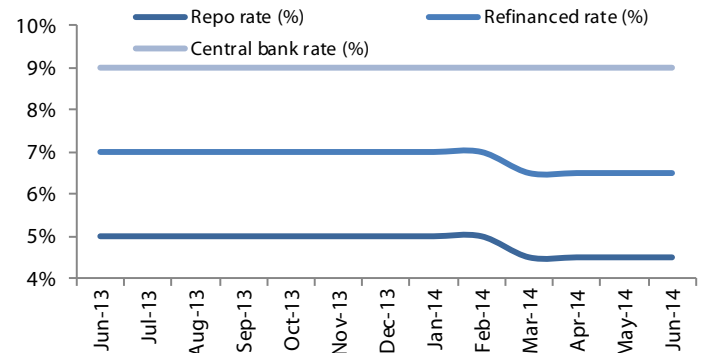
Sources: GSO, Rongviet Securities database

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 th , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
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

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	01/07/2014	0.75%	0.75%	10,881	10,833	0.44%
VF1	03/07/2014	0.20% - 1.00%	0.50%-1.50%	21,377	21,100	0.60%
VF4	02/07/2014	0.20% - 1.00%	0.00%-1.50%	9,704	9,527	1.86%
VFA	04/07/2014	0.20% - 1.00%	0.00%-1.50%	7,411	7,377	0.47%
VFB	04/07/2014	0.30% - 0.60%	0.00%-1.00%	10,853	10,799	0.50%
ENF	27/06/2014	0.00% - 3.00%		9,888	9,785	1.05%

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