

“Kinh Do Corp eyes bigger market share in cooking oil”

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VNIndex has again surpassed the resistance range of 580 points at the lately morning but finally turned out to close at 578.8 points (+0.13%). There was 16 out of 25 blue-chips whose price has gone up, such as VNM (+2.46%), MSN (+1.09%) and CSM (+4.03%). Especially, approximately 900 thousand tickers were traded at the ceiling price and VNM held the upward trend to gain by 3 points after the session ended, which supported VNIndex in the context of the decrease in GAS' price by 1.8%.

Last week Blue-chips and Midcap stocks dominated the markets meanwhile today Smallcap index was the highest rate (+1,43%). Demand forces in this group rose remarkably, especially HAR (over 2.5 million units), HQC (over 5.4 million units), FLC (over 11 million units). The moderate increase in both indices caused profit-taking at many tickers such as PVD, DPM, HPG. However, we recognize that the profit-taking activity did not impose high pressure as the decreases were only around reference prices. Thus, green color in VNIndex still remained unchanged till the closed session. Moreover, in combine with conservative signal in demand, we evaluate that slight rise would be maintained and stocks having outperformed results in 2Q2014 should be the best choice for investors.

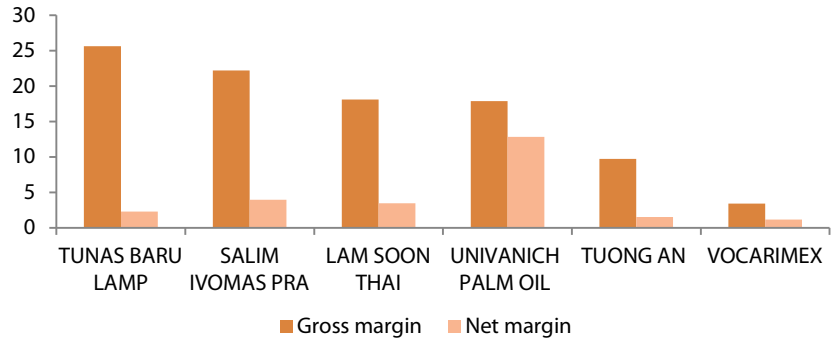
Kinh Do Corp eyes bigger market share in cooking oil

The advisory diary at the early of this week mentioned KDC's strategic investment in Vocarimex to diversify its product lines. Today, our research analyst will share another angle after receiving many questions regarding whether it is advisable to follow KDC's move, investing in Vocarimex. To answer this question we should know what value from synergy both parties, KDC and Vocarimex, will have.

On the upcoming 25th July, Vocarimex will conduct the Initial Public Offering. Vocarimex is currently holding subsidiaries and associates with more than 70% of cooking – oil market segment and this IPO has attracted much attention from the public. The government will decrease its holding at the company by 36% instead of 51% previously. Vocarimex will sell 32% for strategic investors: KDC (24%), VPBS (8%) and employees/workers (0.88%). The remaining 31.12% will be sold at public auction.

Cooking oil industry is forecasted to be prospective thanks to increasing demands. According to recent Euromonitor's report, estimated cooking oil constitutes of 7% productions and of 12% values in 2013. As regards IPSI's estimates, the vegetable oil consumption per capita was around 7.3-8.3 kg/person in Viet Nam in 2011 which was lower than recommendation of WHO (13.5kg/person/year). This indicator in 2015 is estimated to rise to 14.5 kg/person/year.

However, profit margin in this industry is not as high as in food & beverage industry in general. In particular, gross profit margins of TAC and Nakydaco in 2013 were 9.7% and 5.8%, respectively, compared with 23.4% average of food & beverage. In case of Vocarimex, the gross profit margin was 3.2-3.5% only. The main reason was supposed to be the price fluctuation of input materials. The main ingredient to produce oil was palm oil, soybean oil meanwhile most of local oil trees were coconut, peanut, soybean and sesame. Following our industry analysts, most cooking oil producers & exporters such as Indonesia and Thailand has owned the higher gross margin than Vietnamese companies as the chart below



Sources: Bloomberg

Significant gap in gross margin of both companies in Indonesia-the top exporting country in palm oil and in Viet Nam – the importing country, partly suggests the possibility of improving gross margin as material problem is solved properly. In a process of importing materials, refining and then repurchasing for industrial companies, the role of Vocarimex is probably remarkable importance to domestic vegetable oil companies.

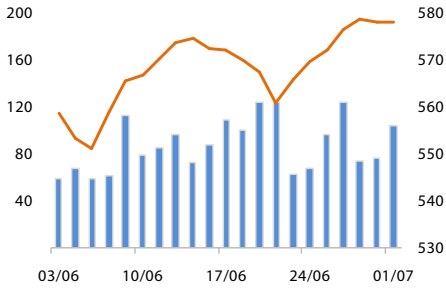
According to KDC, its advantages in existing distribution networks, marketings and branding experience, and professional and modern administration system will help increase revenue and reduce cost of Vocarimex and its associates and affiliates companies. However, our research analyst believes strategy of KDC can be more aggressive. KDC has raised VND1,877bn of capital while buying 24% share of Vocarimex only costs KDC VND330bn. Moreover, KDC revealed during the AGM that it would not invest in instant noodle industry, but “comprehensively cooperate”. Therefore, it is highly likely for Kinh Do to increase its ownership percentage. Different from KDC’s cooperation with Tribeco or Nutifood, we have optimistic view on this deal between Kinh Do and Vocarimex.

Dung Tran

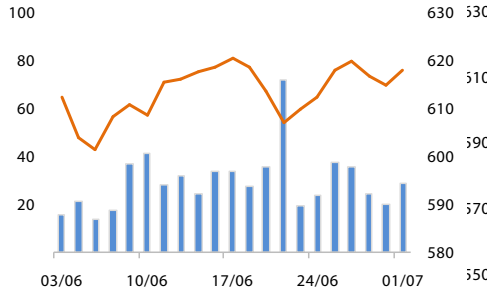
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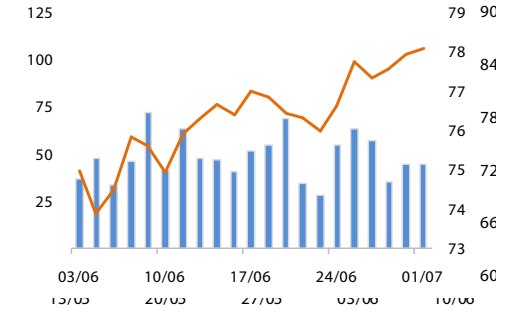
VN INDEX -0.01% **578.07**



VN30 0.47% **617.96**

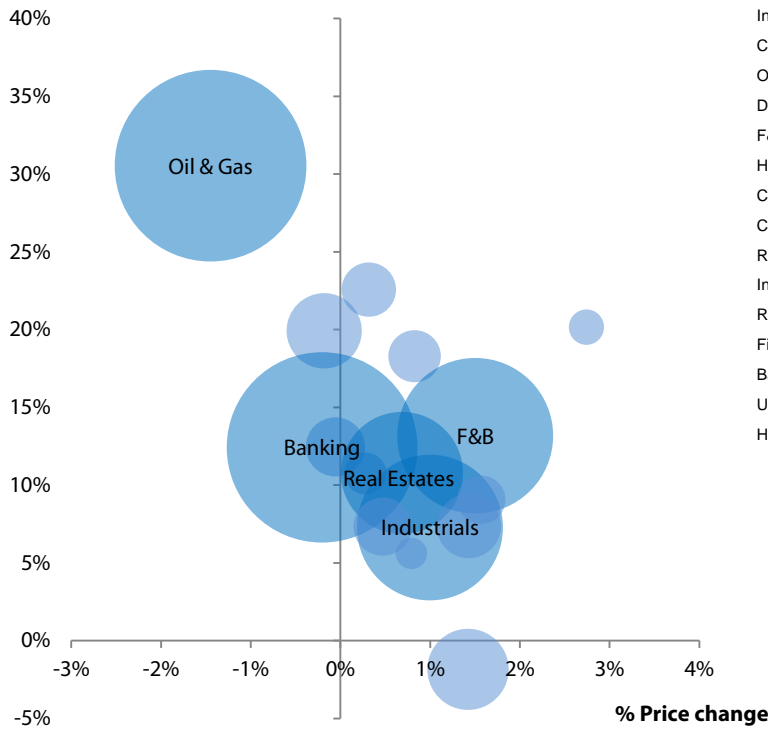


HNX INDEX 0.19% **78.08**



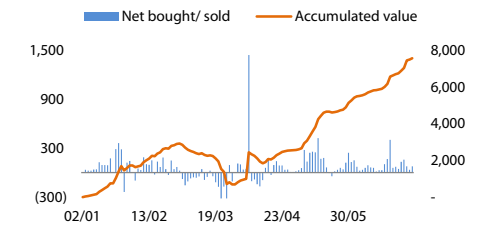
Industry Movement

Industry ROE

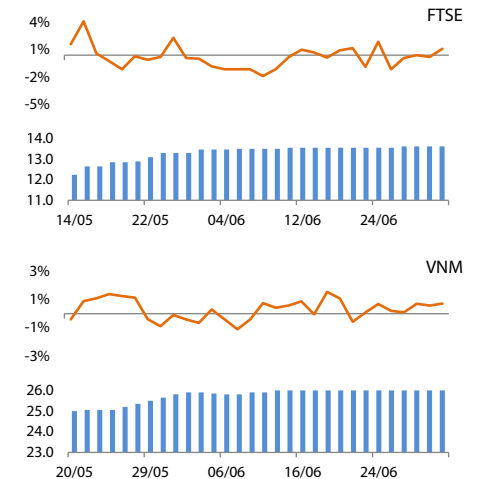


Industry	% change
Technologies	0.8%
Industrials	1.0%
Constructions	1.4%
Oil & Gas	-1.4%
Distribution	0.8%
F&B	1.5%
Household Goods	0.3%
Cars & Parts	2.7%
Chemicals	-0.1%
Resources	0.3%
Insurances	-0.2%
Real Estates	0.7%
Financials	1.4%
Banking	-0.2%
Utilities	0.5%
Healthcare	1.6%

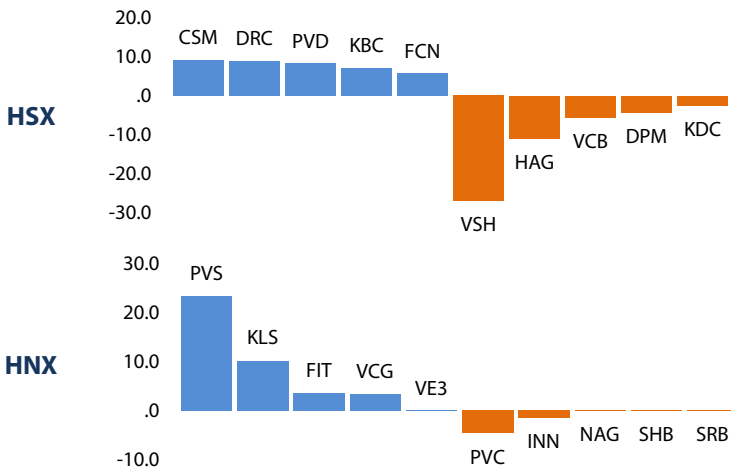
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



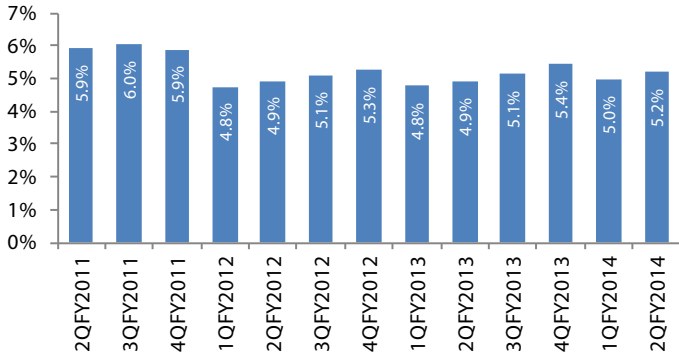
Top Active

Ticker	Price	Volume	% price change
FLC	11.90	11.33	10.6%
ITA	8.20	7.24	6.8%
HQC	8.30	5.49	5.1%
PVT	13.00	4.33	4.0%
DXG	14.80	3.98	3.7%

Ticker	Price	Volume	% price change
NVB	7.00	26.67	34.6%
PVX	4,4	4.72	6.1%
KLS	12,6	4.63	6.0%
SHS	9,1	3.51	4.6%
SHB	9,8	3.16	4.1%

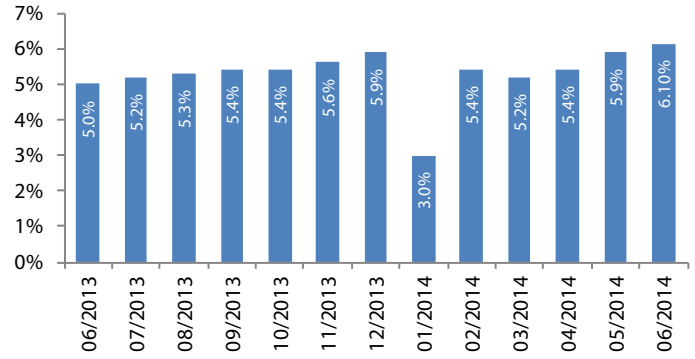
MACRO WATCH

Graph 1: GDP Growth



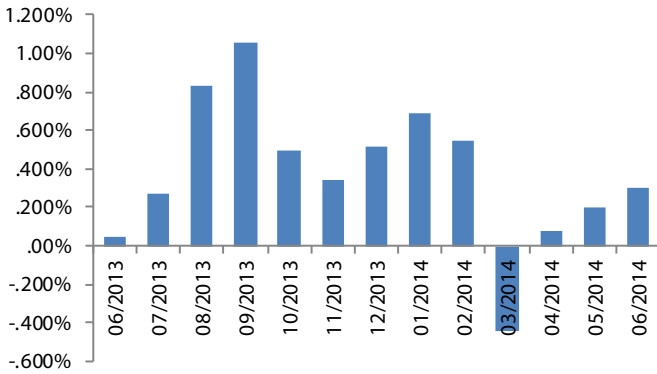
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



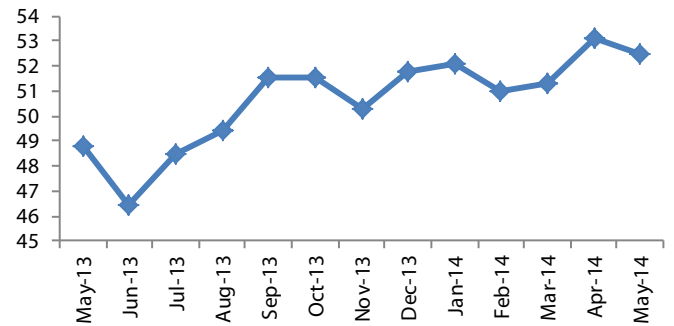
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



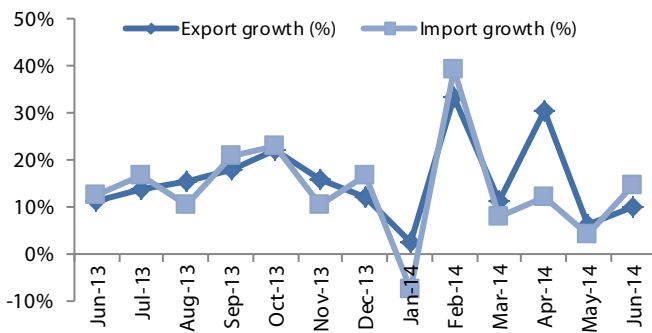
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



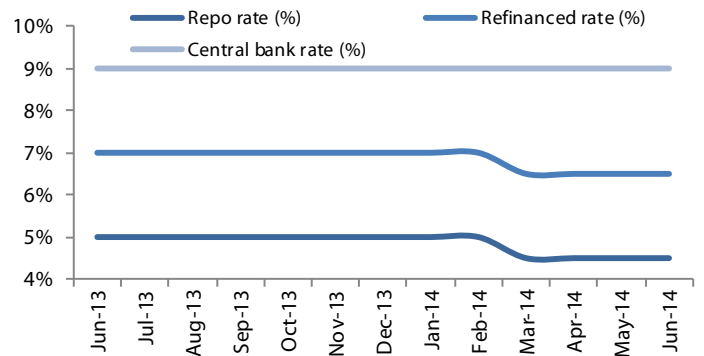
Sources: GSO, Rongviet Securities database

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	24/06/2014	0.75%	0.75%	10,833	10,790	0.4%
VF1	26/06/2014	0.20% - 1.00%	0.50%-1.50%	21,100	20,974	0.60%
VF4	25/06/2014	0.20% - 1.00%	0.00%-1.50%	9,527	9,545	-0.19%
VFA	26/06/2014	0.20% - 1.00%	0.00%-1.50%	7,377	7,358	0.25%
VFB	26/06/2014	0.30% - 0.60%	0.00%-1.00%	10,799	10,788	0.10%
ENF	20/06/2014	0.00% - 3.00%		9,785	9,789	0.04%

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