

OCTOBER

09

THURSDAY

“Market jumped and influence of GAS”

ADVISORY DIARY

- **IDI: expected to get high profit from new fish oil product**
- **Market jumped and influence of GAS**

IDI: expected to get high profit from new fish oil product

As mentioned in the prior Advisory Diary, we are going to provide investors some information concerning high-quality fish oil - Ranee after attending the premiere yesterday. According to our understanding, the oil extracted from fish fat has not been widely produced worldwide by difficulties in centrifugal separation technology and shortage materials. Investing motivation is material resources making use of processing of frozen fish. Since 2011, the Company has negotiated and received technology transferred from Desmet Corp (Europe) with a total investment value approximately \$ 15 million. This factory has a design capacity of 200 tons/day. Phase 1 of this project with the capacity of 100 tons/day has come into operation from the beginning of July 2013, the output is approximately 97 tons/day. Thus, the ratio of raw material waste in manufacturing process is quite low, while the IDI is capable of supplying approximately 60% of raw materials by itself, mainly penguin fat. This advantage helps remain gross margins at high level.

The edible oil market is currently dominated by vegetable and animal oils. With high technology and high-end segment targets, IDI has revealed a number of outstanding advantages in comparison with other products. The product is planned to launch in domestic distribution, particularly in supermarkets. However, long-term strategy in form of distribution still aims export markets. According to the Company's shares, Ranee price is relatively competitive with edible oil products, approximately 44,000 VND/ product. As regards our research, the imported product in similar features costs at an expensive price, around 300,000 VND/product of 240ml. It is seemed to be a partial plan that IDI is undertaking as penetrating into the new market, especially price range. Once customer's awareness regarding to fish oil is enhanced, high-end price strategy is likely to be applied, as our consensus.

In 2014, new business is expected to generate about 100-120 billion revenue, equivalent to the total volume of over 2,000 liters in 4Q2014. Fish oil product is estimated to contribute 20 billion to PAT in 2014. According to our analyst, this plan is relatively feasible thanks to: (1) The low price of raw material price-about 13,000 VND per kg of fish fat; (2) the capable of supplying nearly 60% of raw material by itself. With these two factors, we believe that the return of fish oil product is extremely attractive and profit from new product will contribute significantly company performance during the year.

Related to the prospect of fish oil products in the following years, we believe that any new product launching will take a certain time to be accepted by the market. Especially in the first phase, marketing cost can rise sharply to in order to penetrate the market as well as to promote profit of the product to consumers. At the same time, the amortized expense in the first year may increase pressure on COGS. However, if gaining market acceptance, we will appreciate the prospect of the project as the high profit margin.

Market jumped and influence of GAS

There is no need to express by words about the influence of GAS in today's trading session. Market was vibrant from the early minutes after this share went limited, push VNIndex increased nearly 10 points and broke over 625 points surprisingly. Following that, gain momentum continuously spread to others ticker in Oil & Gas group like PVD, PVS, PGS. According to our industry analyst's sharing, price of Oil & Gas stocks was likely to be reflected positively thanks to news announced by Mr. Nguyen Xuan Thanh, chairman of PVN, in annual meeting yesterday.

Generally, that was old news (deploying the Blue Whale oil field, PVN negotiated successfully about price with EVN). Certainly, this information has not shown on the Company's earning result in short-term, but definitely bring out great prospect. Noticeably, GAS recorded the highest increase since early of this year with 1.05 million stocks of trading volume.

Thanks to above-mentioned factor, increasing trend of main indices was maintained till the end of the session, however, we still believe that this rise is not really sustainable, especially when it depends too much on thrust of a few leading stocks like GAS. To be clearly seen, today the index of blue chip stocks (VN30) and mid-caps had recorded a decrease by 0.42% and 0.28%, respectively. According to historical statistics, we realize that there were some inconsistencies in today session. Normally, after each rally of GAS, increasing trend of the market does not last for long. Over 11-most-tremendous increase sessions of GAS, there were 7 of them which the index decreased or did not change. This confirms that GAS could hardly be leading factors to the trend of the market.

Exhibit: Movement of indices in strongly increasing sessions of GAS

	T			T+3		
	VNIndex	GAS	VN30	VNIndex	VN30	GAS
16/01/2014	1.30%	4.80%	1.10%	4.94%	7.57%	0.00%
24/01/2014	1.20%	4.67%	0.21%	-1.86%	-0.81%	-3.81%
13/02/2014	1.05%	4.46%	0.61%	0.77%	0.61%	0.63%
07/04/2014	1.27%	3.47%	0.85%	0.00%	-1.05%	5.59%
08/04/2014	0.45%	3.35%	-0.13%	-1.18%	-1.64%	1.62%
25/04/2014	1.48%	4.86%	1.14%	-2.43%	-3.46%	2.58%
09/05/2014	2.92%	5.43%	2.19%	-2.38%	-1.04%	-6.70%
09/06/2014	1.18%	4.00%	0.40%	1.44%	0.85%	3.85%
27/06/2014	0.42%	3.70%	-0.49%	0.00%	0.54%	-2.68%
05/08/2014	1.45%	4.46%	0.72%	-0.38%	-0.25%	-0.85%
22/08/2014	1.17%	3.39%	0.77%	1.39%	1.98%	0.82%
09/10/2014	1.14%	6.42%	-0.28%	?	?	?

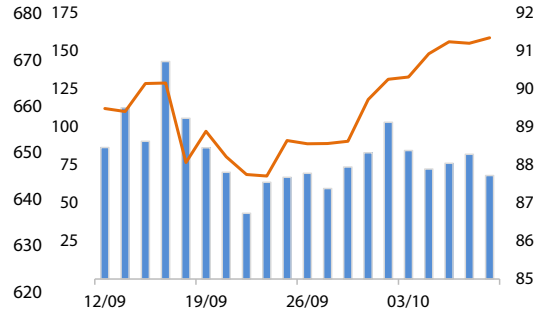
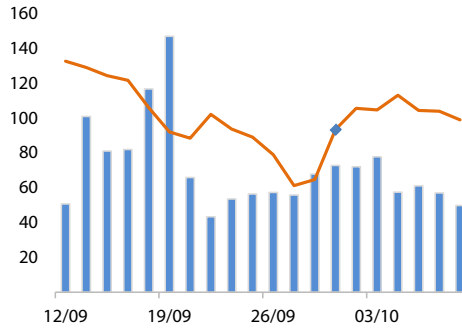
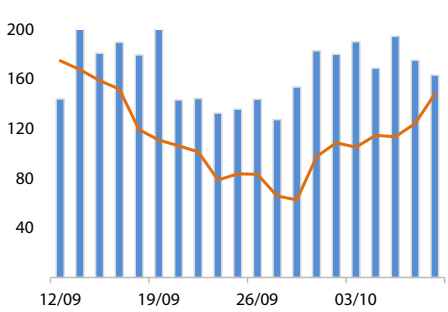
Source: Rong Viet Research

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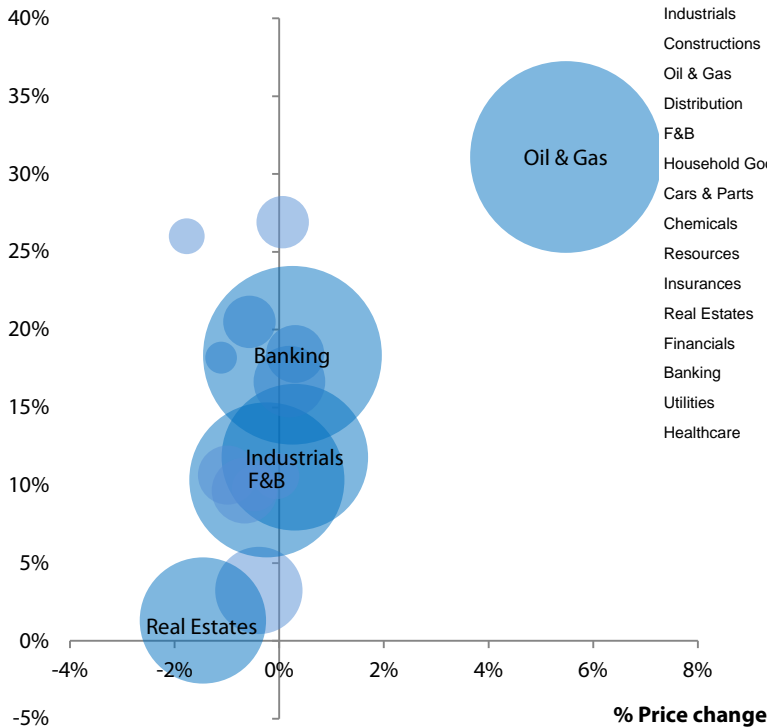
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VNINDEX 1.15% 624.34 VN30 -0.28% 657.11 HNXINDEX 0.15% 91.35



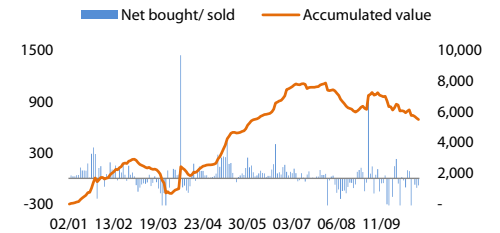
Industry Movement

Industry ROE

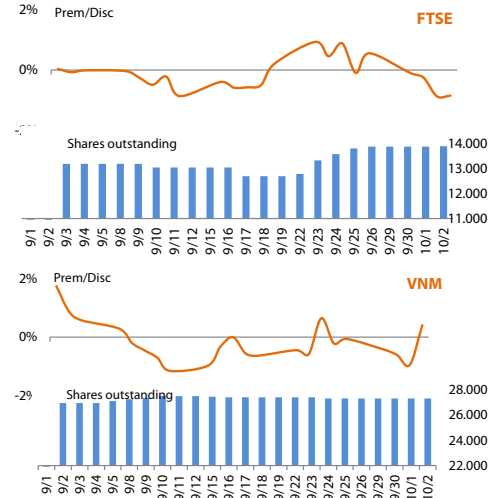


Industry	% change
Technologies	-0.6%
Industrials	0.3%
Constructions	-0.4%
Oil & Gas	5.5%
Distribution	-1.1%
F&B	-0.2%
Household Goods	-0.5%
Cars & Parts	-1.8%
Chemicals	0.3%
Resources	0.1%
Insurances	0.2%
Real Estates	-1.5%
Financials	-0.7%
Banking	0.2%
Utilities	-1.0%
Healthcare	-0.1%

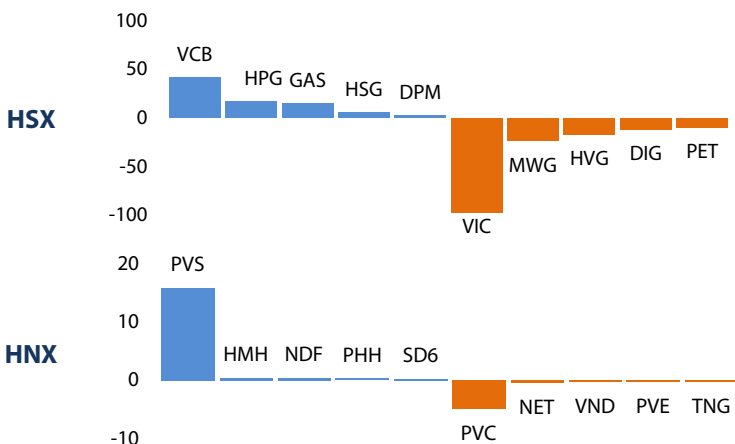
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



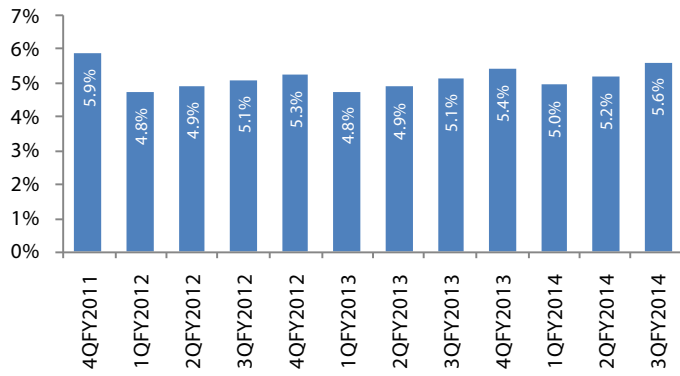
Top Active

Ticker	Price	Volume	% price change
FLC	11.8	10.59	0.0%
ITA	9.1	7.01	0.0%
VHG	15.3	6.10	7.0%
KBC	16.3	5.41	-3.6%
HQC	8.5	5.29	0.0%

Ticker	Price	Volume	% price change
SHB	9.40	10.20	1.1%
KLF	12.20	6.50	3.4%
SCR	10.50	4.17	-1.9%
PVX	6.50	3.90	-1.5%
FIT	26.80	3.25	-3.3%

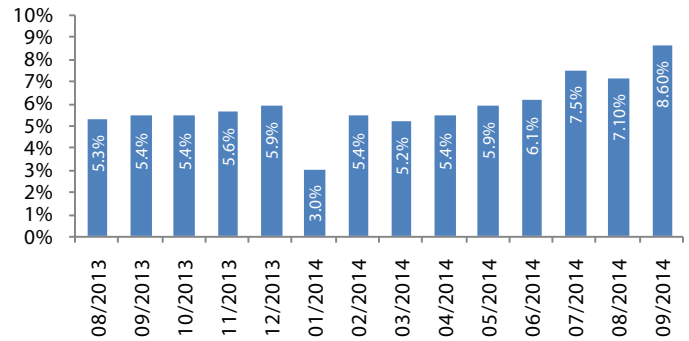
MACRO WATCH

Graph 1: GDP Growth



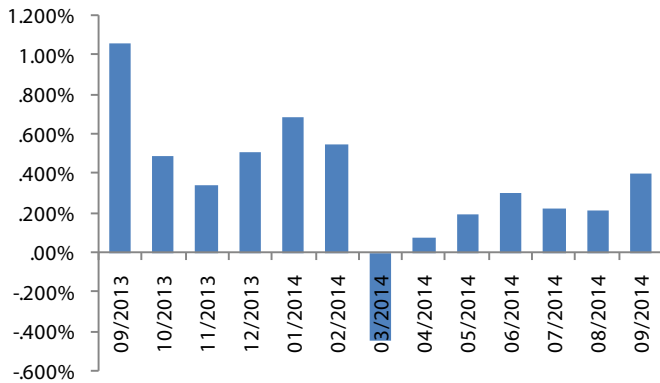
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



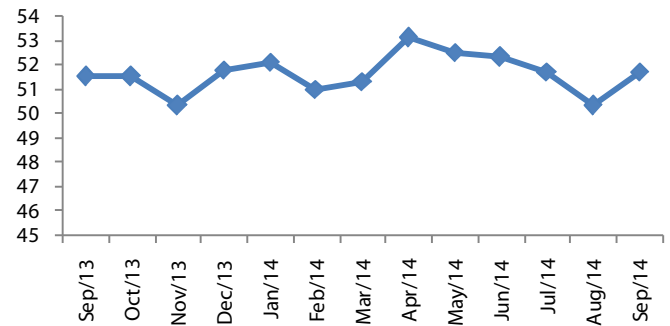
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



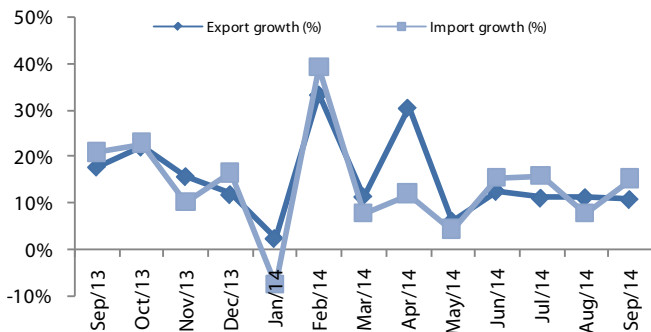
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



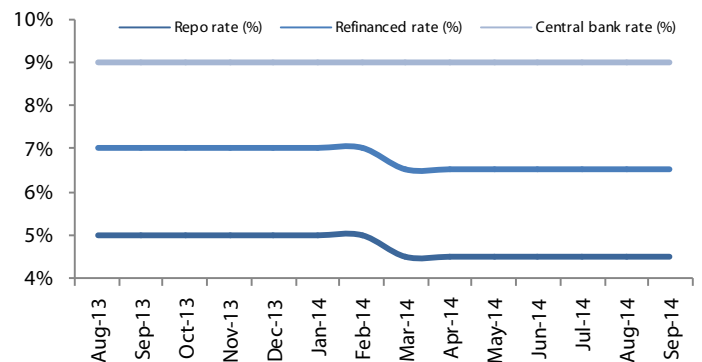
Sources: GSO. Rongviet Securities database

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
DHC - Restructuring yielded juicy fruits	Sep 29 th , 2014	Buy – Intermediate term	25,200
DCL – Chances as bad debts to be solved	Sep 22 th , 2014	Neutral – Long term	37,000
PVD – Busy O&G exploitation brought warmth	Sep 17 th , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 th , 2014	Neutral - Long term	29,700
HSG - The hard part has gradually done!	Aug 21 st , 2014	Accumulate – Intermediate term	48,100

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	30/09/2014	0-0.75%	0-2.5%	11,743	11,702	0.35%
VF1	08/10/2014	0.20% - 1.00%	0.50%-1.50%	23,723	23,714	0.04%
VF4	01/10/2014	0.20% - 1.00%	0.00%-1.50%	10,415	10,541	-1.2%
VFA	03/10/2014	0.20% - 1.00%	0.00%-1.50%	7,767	7,690	1.01%
VFB	03/10/2014	0.30% - 0.60%	0.00%-1.00%	11,761	11,709	0.45%
ENF	26/09/2014	0.00% - 3.00%		10,763	10,761	0.02%

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