JUNE

05

FRIDAY

ADVISORY DIARY

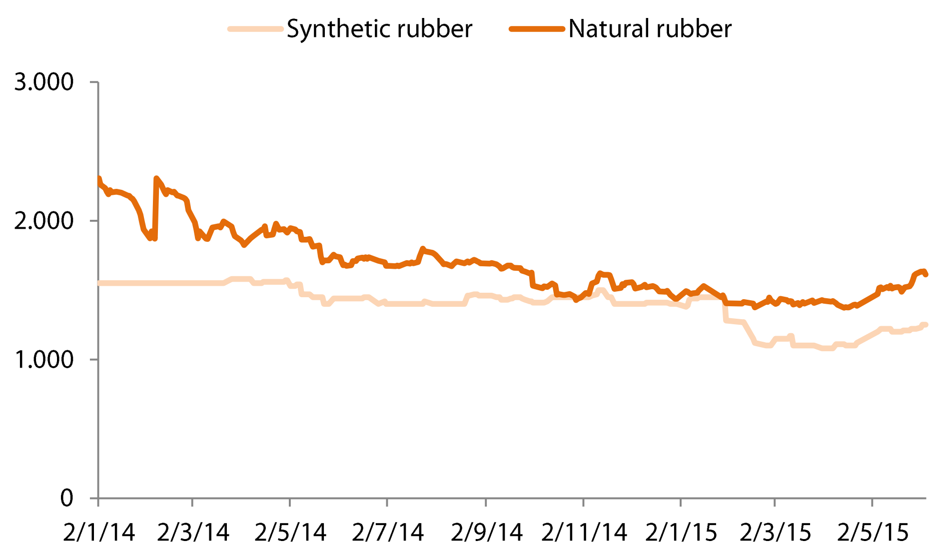
- **Update on CSM**
- **The market is likely to be extended gain**
- **Investment strategy report- June 2015**

Update on CSM

Yesterday, 04.06.2015, our analyst had discussed with representatives of the Southern Rubber JSC (HSX: CSM). In the advisory diary today, we would like to update about the project's prospects Radial and prospects of 2Q2015.

According to our observation, the prices of both natural and synthetic rubber have continuously shifted in downtrend. Particularly, the natural rubber average price has dropped by 17% yoy as well as the synthetic one fell 21% yoy. Additionally, Carbon black price decreased 50% in this year. This downtrend price can improve 8% of gross margin due to the 50% and 13% of COGS proportion respectively coming from rubber and carbon black. However, CSM has not benefited completely the raw material movement as decreases of selling price (4.5% in domestic market and 6.9% in foreign one) in 2014. Under competitive pressure, especially made-in-China products, CSM has continued to reduce 5% of selling price in Q1/2015. Thus, the gross margin may improve only 4% yoy, if excluding the effect of the Radial project.

Figure: The movement in natural and synthetic rubber from 2014 to now



Nguồn: Bloomberg

"The market is likely to be extended gain"

Along with the acceleration of Radial tire sales volume in 2015, the impact of this project on CSM's earnings may become more significant. As to the information from the company, CSM will not be likely to reach the breakeven point of the 1st phase of the project in FY2015. Currently, product consumption is being promoted to 7,000 tires/month and striving to reach 18,000 tires next year. At present, the company's strategies, one of which is targeting foreign markets, are searching for the market to consume the 1st stage products. According to the latest news, the products was sold and well received overseas. Even though having small contribution to total revenue, positive signal from export products reinforce both brand names and quality of CSM. Thus, the consumption progress of Radial project remained positively. According to our calculation, revenue from Radial Tyre could contribute VND 109.2bn (+40%q-o-q). Gross profit margin in second quarter included Radial project would be equal to 21.6%(calculated gain from input price). With this influence, 2Q2015 result would be better than 1Q2015 but worse than the same period last year when not having Radial product. We especially noted about the abnormal profit from 2 projects which are No9 Nguyen Khoai and 504 Nguyen Tat Thanh. The procedures of these two projects are nearly completed; thus the abnormal profit can be booked either in second or third quarter with total value of VND 67.5bn.

The market is likely to be extended gain

At the weekend, the markets were explosive with liquidity and indices. Liquidity on the both bourses reached VND3,166 billion, increased at 31% in comparison with the prior session, higher than the average level in the recent two weeks. Similarly, VNIndex rose by 9 points, closed at 578 points. Mid cap and Small cap continued to be the most eventful trading in today's session. Otherwise, the large-cap stocks, especially Banking witnessed the a large number of increased stocks such as BID, VIC, CTG; thus supporting the spike of VNIndex.

On contrary to the positive sentiment of domestic investors, foreign investors maintained their net selling with the total value of VND73 billion on the both bourses, concentrating on tickers such as HPG (VND43 billion), HAG (VND 12 billion), CII (VND 11 billion). Another remarkable news is that FTSE has just announced officially the review in 2Q2015. Accordingly, STB is going to be added meanwhile PPC is going to be excluded. The result is quite match to our forecast, exception a case of HHS. Therefore, HHS recorded a decline of 2.3%, closed at 29,600 VND/share.

Thus, after two weeks of gains, this week is the period to examine the psychological and the demand in the market. Last week trend has demonstrated that cash flow still remained and positively supported the market. With this trend, we believe that the positive signal will continue in next weeks. Furthermore, in our opinion, cash flow will circulate between stocks with great vitality instead of leading stocks such as bank stocks.

Investment strategy report- June 2015- Screening based on 2Q business results

Today, RongViet Research released "Investment Strategy June 2015". We think that there may be insufficient positive information to create a strong upside in June. According to our assessment, market in June shall experience an upward trend with alternating correction sessions; therefore, there may not be many chances to "buy cheap" like the previous months. However, current price level is still considered appropriate for investors to select and accumulate stocks that have positive earning result in Q2. Last but not least, it may appear some strong upside waves leading to profit taking activities. Investors should not aggressively open buying position in these cases.

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WEEKLY TECHNICAL VIEW

VN-Index

VN-Index added 8,51 points (of 1,5%), closed at 578,07. Trading volume decreased slightly down to 600 million shares.

VN-Index is now challenging the 580 threshold, which is a strong resistance (equivalent to 200-day moving average). The index is moving right below the SMA(200). According to trading volumes, which are quite positive, the possibility of VN-Index to break above its strong resistance is feasible.

Once VN-Index cut above the SMA(200), it also escapes from the intermediate-term downtrend and may reach the target at 600.

Looking at technical indicators, the MACD and the RSI remain bullish. They also overcame their previous highs but were still below the overbought territories, so that next week, VN-Index will have chance to go further.

It seems that the short-term correction has gone to the end and traders should increase the proportion of shares in their portfolio.

HNX-Index

HNX-Index jumped 3,48 points (or 4,2%), closed at 86,71. Trading volume maintains at high level with about 278 million shares changed hands.

HNX-Index fluctuated below the SMA(200) for few sessions and then broke above this moving average on high volume. HNX-Index closed at the highest. The 200-day moving average also goes up itself. The intermediate-term trend turned up and HNX-Index now aims to 90 area. Before that, HXN-Index will encounter little difficulty at around 87 (previous peaks) .In case of correction, the support area is around 85.

Looking at technical indicators, both the MACD and the RSI remain bullish.

Recommendation:

After short corrections, both VN-Index and HNX-Index turned up strongly on high volumes. It seems that the intermediate-term uptrend of two indexes will continue and traders should increase the proportion of stocks in their portfolio.

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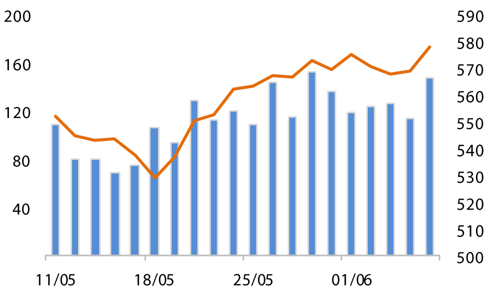
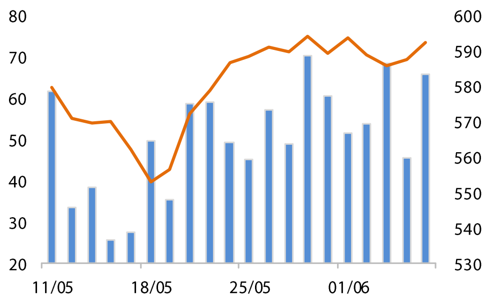
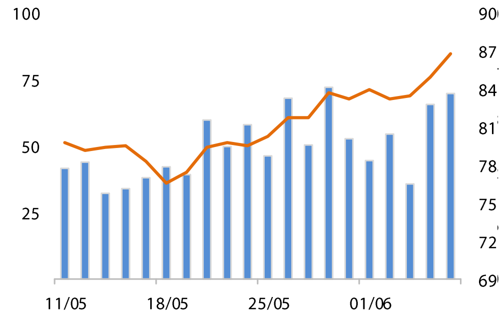
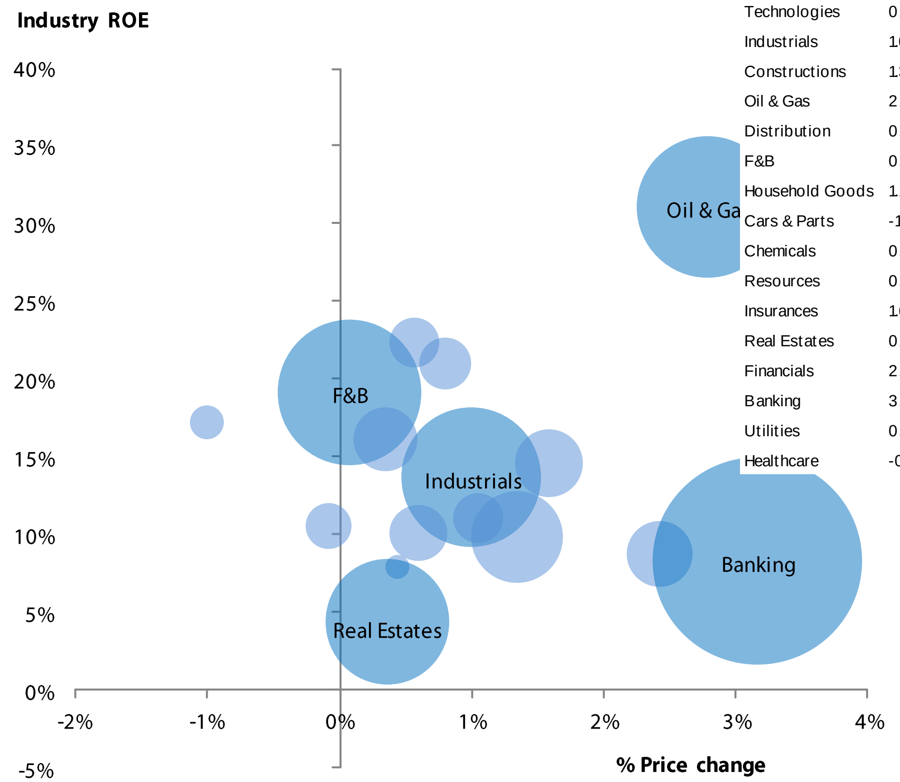
VNINDEX	1.60%	578.07	VN30	0.81%	592.22	HNXINDEX	2.14%	86.71





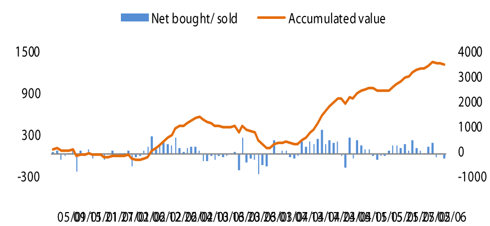


Industry Movement

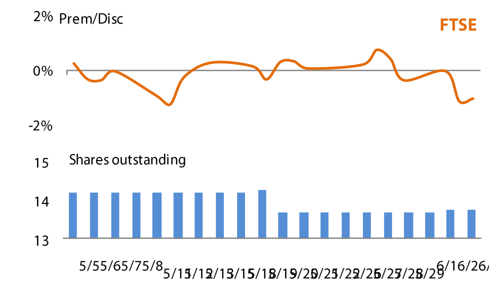


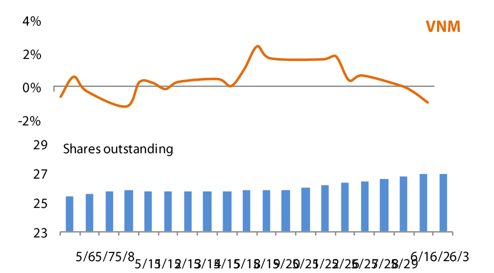
Industry	%change
Technologies	0.8%
Industrials	1.0%
Constructions	1.3%
Oil & Gas	2.8%
Distribution	0.4%
F&B	0.1%
Household Goods	1.1%
Cars & Parts	-1.0%
Chemicals	0.3%
Resources	0.6%
Insurances	1.6%
Real Estates	0.4%
Financials	2.4%
Banking	3.2%
Utilities	0.6%
Healthcare	-0.1%

Foreign Investors Trading



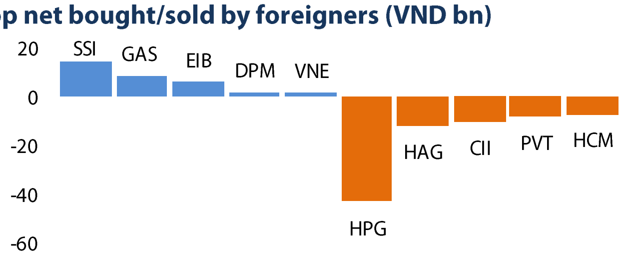
ETF



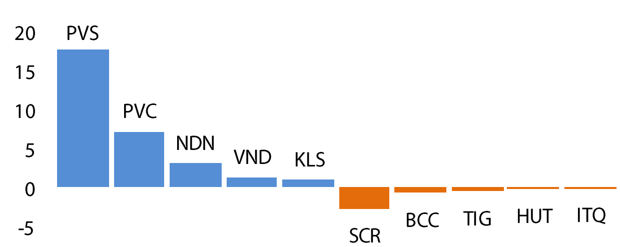


Top net bought/sold by foreigners (VND bn)

HSX



HNX



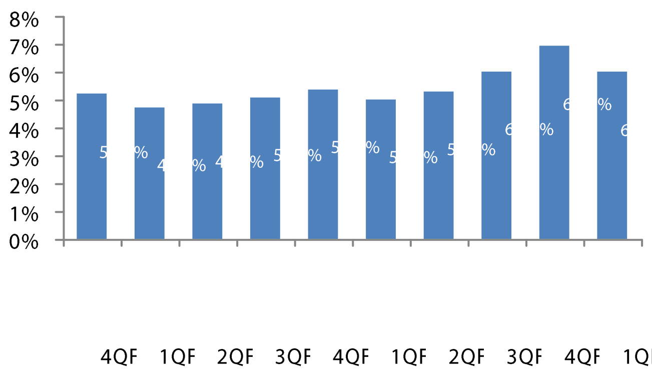
Top Active

Ticker	Price	Volume	% price change
CII	23.5	14.17	6.8%
FLC	9.0	10.09	0.0%
HAI	10.0	8.17	4.2%
HQC	5.9	6.32	1.7%
SSI	23.2	6.22	2.7%

Ticker	Price	Volume	% price change
SCR	8.1	10.58	8.0%
KLF	7.8	6.40	2.6%
PVC	25.6	3.23	6.7%
FIT	16.0	2.89	-0.6%
PVS	26.5	2.85	2.3%

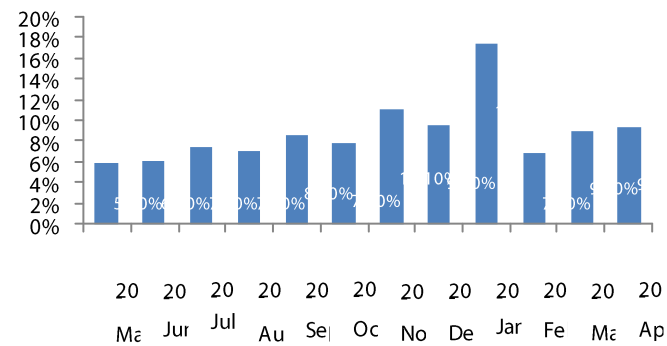
MACRO WATCH

Graph 1: GDP Growth



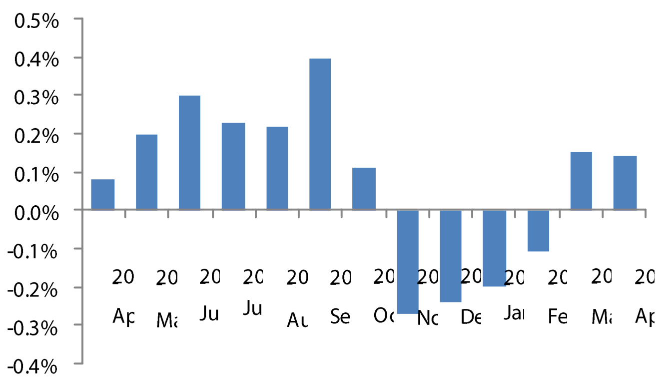
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



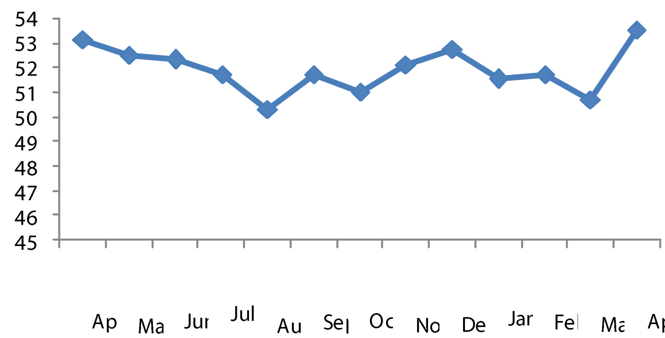
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



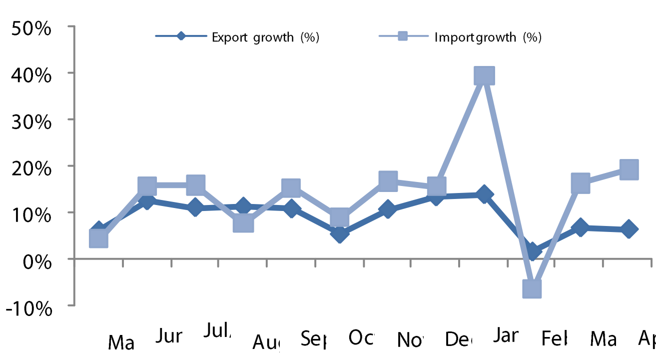
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



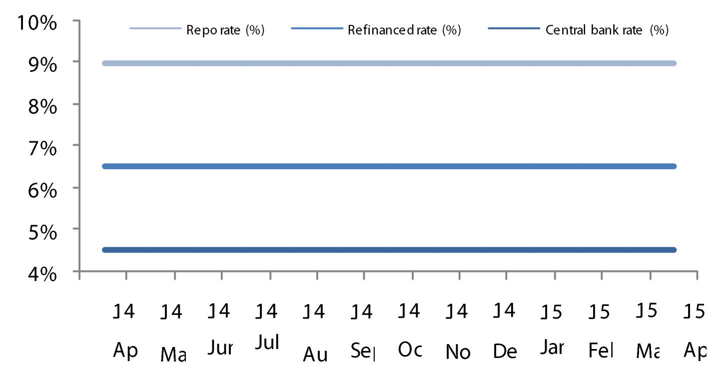
Sources: GSO. Rongviet Securities database

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
GSP- Heading for a new growth period	May 11th, 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7th, 2015		30,800
VPH - Emerging from its lowest	May 5th, 2015	Buy – Intermediate term	15,300
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24th, 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14th, 2015	Accumulate – Intermediate term	40,000

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

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