JUNE

11

THURSDAY

ADVISORY DIARY

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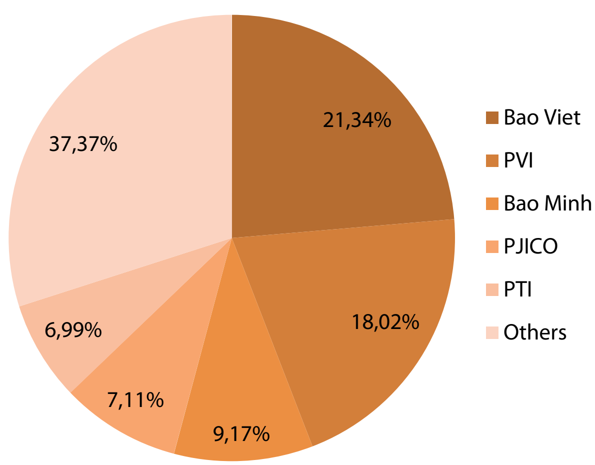
Non-life insurance market overview 4M2015

In 2015, RongViet Research appreciates that non-life insurance industry will have plenty of positive outlooks. As Insurance Supervisory Authority of Ministry of Finance (ISA) has just released the statistics related to 4M2015 insurance market, we want to update a general picture of listed insurance companies.

According to the Ministry of Finance, total premium revenue in 4M2015 is estimated to reach at VND19,106.29 billion (up 20.75% yoy). In particular, the non-life insurance segment recorded VND9,939 billion (up 16.5% yoy). With regard to compensation, the actual amount of the original insurance compensation in terms of non-life insurance is estimated to reach at VND4,425 billion with a compensation ratio of 44.55% (up 10.81% yoy).

Overall non-life insurance market structure has not changed since early this year. PVI (21.34%) is still the leader followed by Bao Viet (BVH) with 18.02%. 3 other positions are shared by Bao Minh (BMI), PJICO (PGI) and PTI with market shares of 9.17%, 7.11% and 6.99% consecutively. In general, all of the listed companies have recorded positive premiums so far. Our expert thinks such growth comes from significant contribution of better national industrial production, trading and consumption.

Figure 1: Market shares of top 5 non-life insurance companies 4M2015



Source: IAS, RongViet Research

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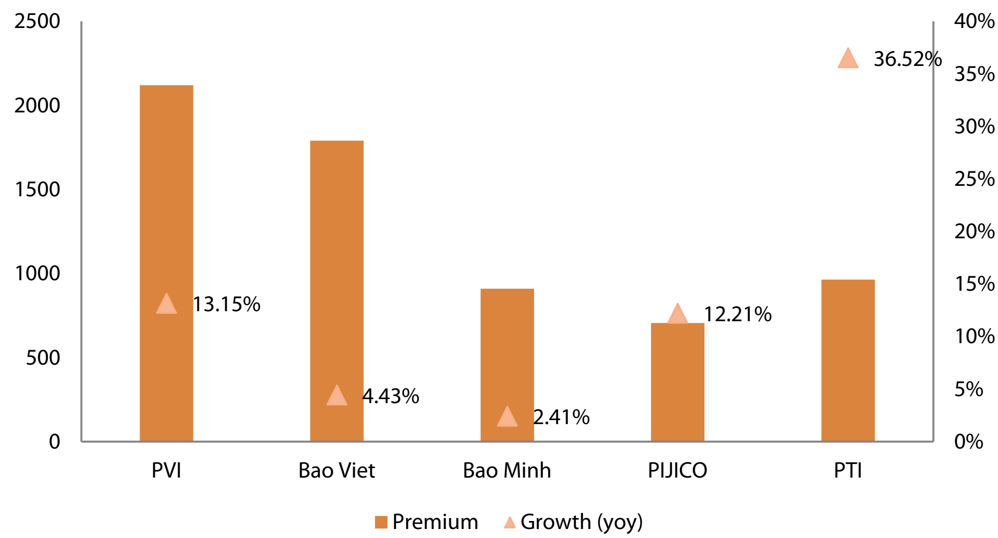
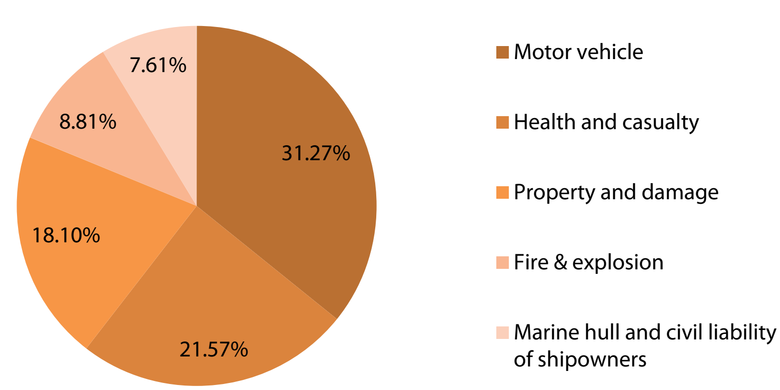
Figure 2: Non-life premium revenue of top 5 non-life insurance companies 4M2015



Source: IAS, RongViet Research

In particular, motor vehicle segment contributes largest proportion to premium structure with 31.27%; second place is health & casualty (21.57%). Coming third is insurance operation of property and damage, which accounts for 18.10%. The rests are fire & damage insurance holding 8.81% and marine hull & civil liability of ship owner (7.61%). In the upcoming period, we suppose that revenue proportion of motor vehicle insurance will increase due to: (1) the consumption of cars in the country is growing (according to the VAMA, the number of cars sold has risen 67% compared to the same period last year); (2) the higher premium fees of automobile insurance (the new one is 1.5% of the total asset value, higher 0.2% compared to the old premium 1.3%). According to new development plan of Vietnam's road transportation, up to 2020, Vietnam could have 3.2-3.5 million automobiles (57% cars, 14% of passenger cars and 29% trucks) and 36 million motorcycles. This might be a major growth driven for motor vehicle insurance segment in the long term.

Figure 3: Premium segments



Source: IAS, RongViet Research

The insurance stocks might not significantly increase but did not fluctuate strongly following the movement of the market either. Therefore, investors might consider adding some non-life insurance stocks to their investment portfolios in order to diversify risk.

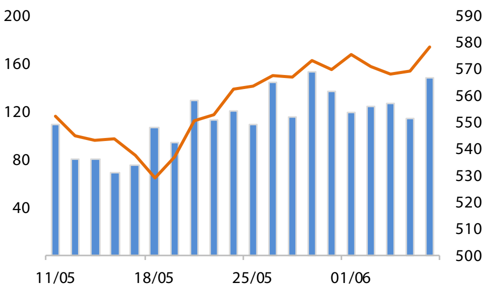
Over the bar

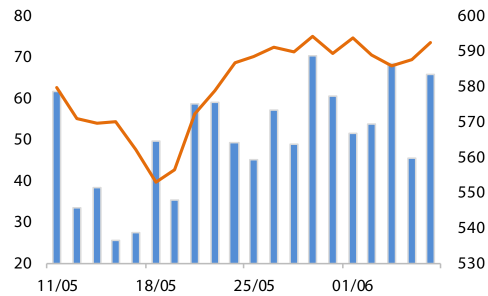
No later than a day after a strong correction, investors seemed to regain confidence. Today's upbeat market saw some significant support for large-caps, especially in the morning. The bank, O&G, sectors all gained well but it was real estate and construction stocks like DXG, IJC, DIG, ITA, TDH and NBB that were the most attractive to cash flows. Widespread enthusiasm pushed VNIndex above the short-term resistance of 580 and at a certain point of time, to almost 583. VNIndex ended the day up 6.95 or 1.21% and HNIndex up 0.22 or 0.25%. Trading value on both exchanged solidified at 3,690 billion, equivalent to 239 million shares.

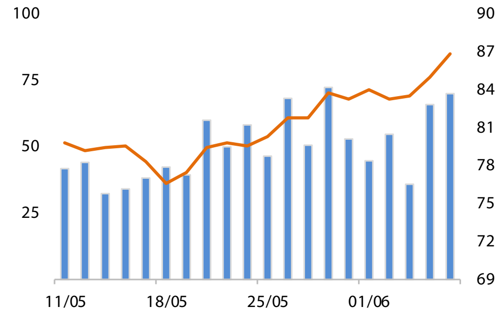
JVC became a phenomenon, seeking the lower limit of price band the second straight day and ending with over 3.6 million shares waiting on the sell side with the absence of official comment from the company on the "adverse news" broking out yesterday. FLC and CII, on the other hand, were arguably the most sought after stock with respectively 25.2 and 19.9 million shares traded for the day. Foreigners continued to sell a net VND33.7 billion on the HSX while buying a modest net amount on the northern exchange.

The fact that liquidity held up provided some encouragement to traders and short-term investors. However, since foreigners have yet to stop selling (at least on the HSX), their actions should still be a factor watched out for. Therefore, racing the market with and overly leveraged positions is something we advise against.

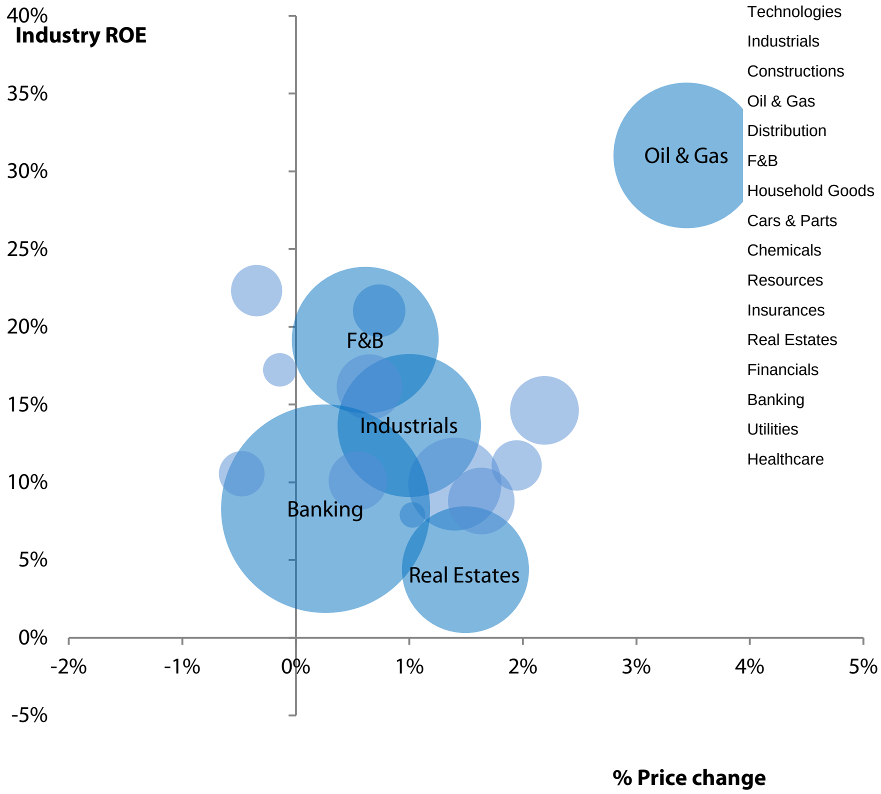
VNINDEX	1.21%	581.05	VN30	1.07%	601.40	HNXINDEX	0.25%	87.72





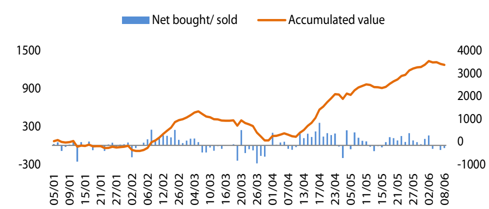


Industry Movement

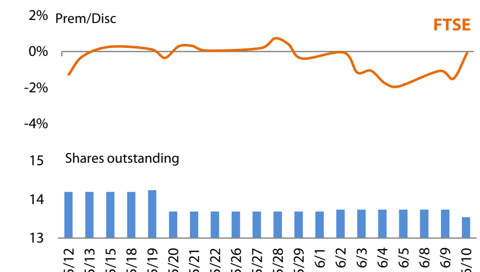


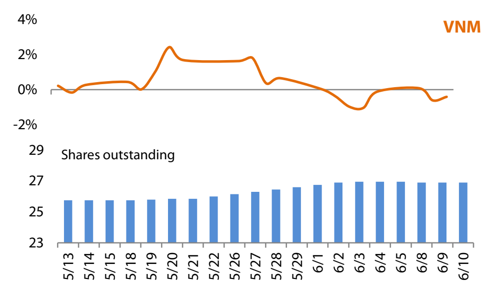
Industry	% change
Technologies	0.7%
Industrials	1.0%
Constructions	1.4%
Oil & Gas	3.4%
Distribution	1.0%
F&B	0.6%
Household Goods	1.9%
Cars & Parts	-0.1%
Chemicals	0.6%
Resources	-0.3%
Insurances	2.2%
Real Estates	1.5%
Financials	1.6%
Banking	0.3%
Utilities	0.5%
Healthcare	-0.5%

Foreign Investors Trading



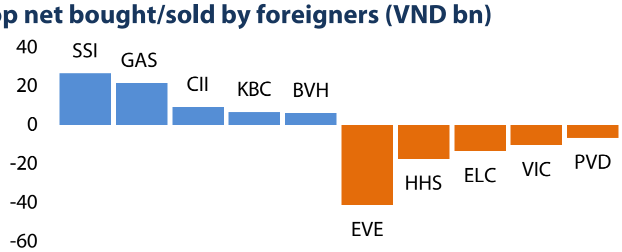
ETF



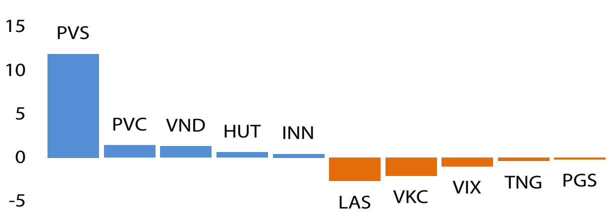


Top net bought/sold by foreigners (VND bn)

HSX



HNX



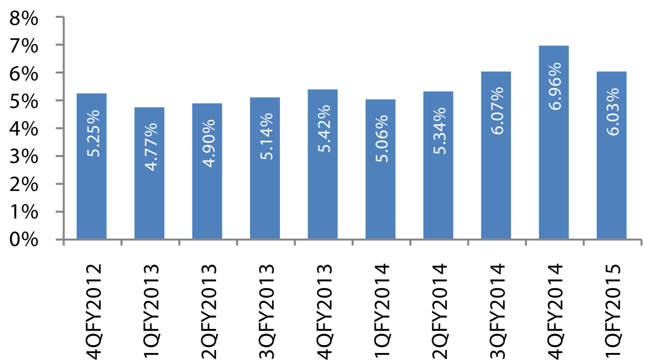
Top Active

Ticker	Price	Volume	% price change
FLC	9.6	25.24	2.1%
CII	23.8	19.90	3.9%
DLG	9.8	5.88	4.3%
ITA	6.6	5.71	3.1%
KBC	16.4	4.68	1.9%

Ticker	Price	Volume	% price change
FIT	17.0	10.03	5.6%
KLF	7.7	4.75	0.0%
PVS	28.4	3.98	1.8%
PVX	4.4	3.89	0.0%
SCR	7.9	3.65	1.3%

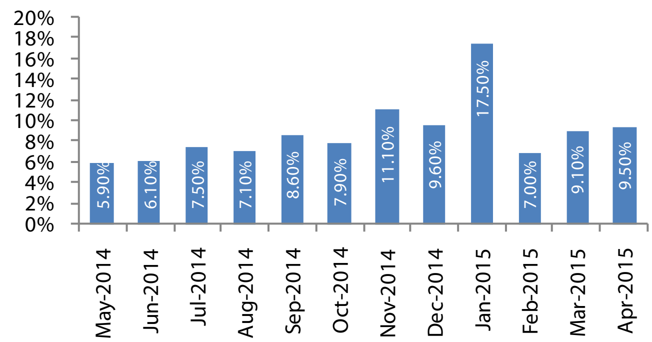
MACRO WATCH

Graph 1: GDP Growth



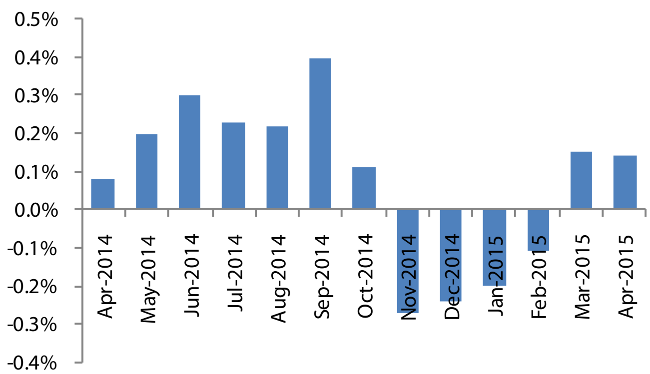
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



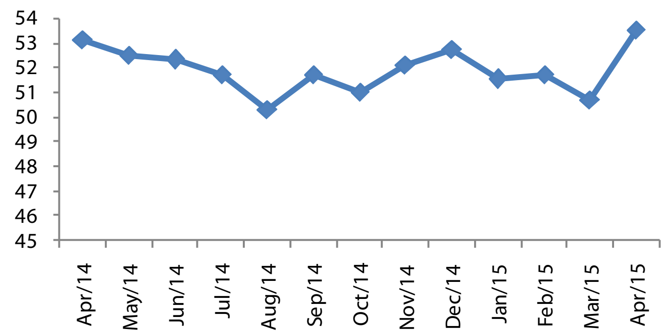
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



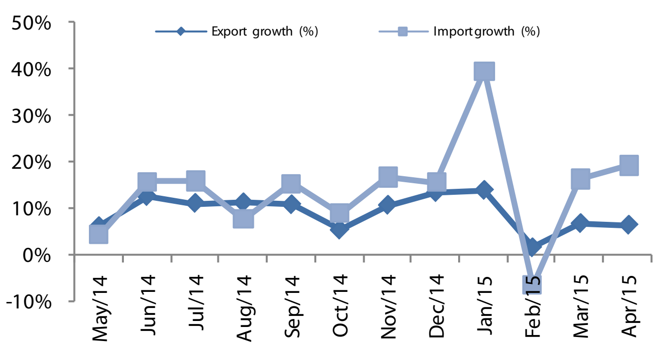
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



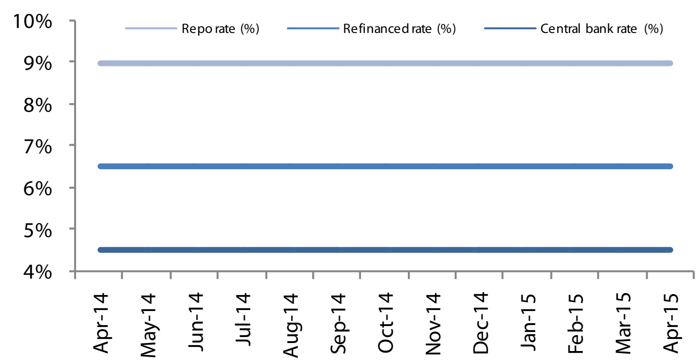
Sources: GSO. Rongviet Securities database

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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