OCTOBER

ADVISORY DIARY

29

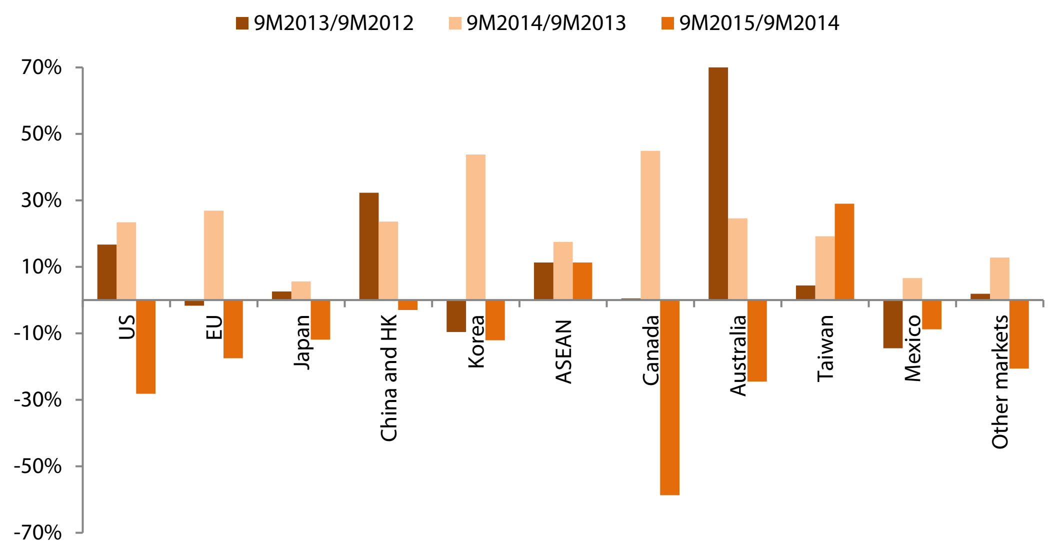
THURSDAY

- **Fishery industry in 9M2015: Bleak picture**
- **Positive trading session after FED's decision to not hike rate**
- **Today updates: VNM, The rate hike possibility was left open by Fed until late 2015**

Fishery industry in 9M2015: Bleak picture

VASEP announced fisheries export value in the first 9 months of 2015. Accordingly, total value reached USD4.8 billion (-16% yoy). Most dominant market such as US and EU decreased by two-digit figures, except Asean market which still grew by 11%. In comparison with the growth in the past two years, dark shadow seems to embrace the whole market in 2015.

Figure: Growth in fishery export value by periods



Source: Vasep, RongViet Research compiled

Notably, the largest market (US) recorded a decline up to 28% over the same period. Divided into specific products, we realize that pangasius export value only dropped slightly by 3% meanwhile shrimp export value witnessed significant drop of 45%. Due to antibiotic contamination, the USA returned 25 Vietnamese shrimp batches in the first five months of 2015 (according to FAO). Moreover, incremental supply from Thailand, Ecuador is only the main factor to cause decline in export value in 9M2015.

"Fishery industry in 9M2015: Bleak picture"

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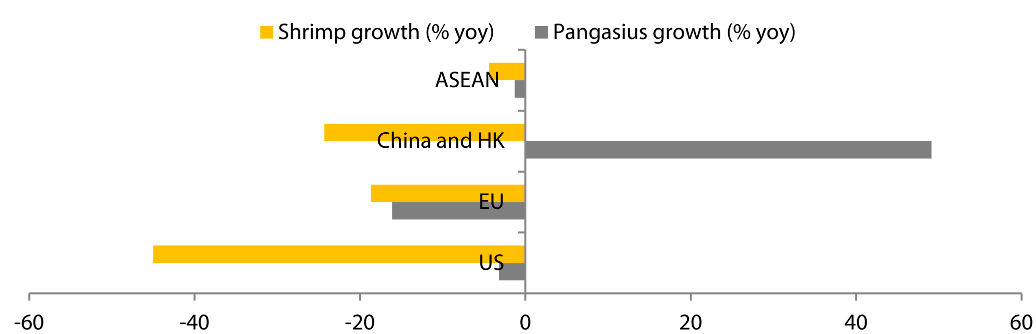
Figure: Growth in pangasius and shrimp export value



Source: Vasep, RongViet Research compiled

Under the circumstance, business results of companies in fishery industry demonstrated differentiation. Specifically, in pangasius segment, leading companies such as Vinh Hoan Corp still grew by 18% meanwhile other listed companies such as Hung Vuong Corp, Nam Viet and Agifish declined remarkably, over 10% to the same period. As discussion, many companies took initiative to reduce export prices in order to enhance competitiveness. Thus, although it was seasonal in Q3, export value did not witness improvement as expectation.

Figure: Pangasius export value in 9M2015

No.	Company	Export value in 9M2015 (USD)	% yoy
1	VINH HOAN CORP	167,671,280	18%
2	BIENDONG SEAFOOD	81,501,738	68%
3	HUNG VUONG CORP	72,549,885	-28%
4	NAVICO	67,582,003	-9%
5	I.D.I CORP	49,807,640	5%
6	AGIFISH	43,918,593	-35%
7	YUEH CHYANG CO	43,336,234	-11%
8	GODACO	40,795,786	14%
9	HUNGCA CO., LTD	38,361,556	8%
10	SEA MINH HAI	36,597,512	-40%

Source: Vasep, RongViet Research compiled

Therefore, with consumption risk and price devaluation between competitors, we believe it is a good choice to select the ticker that plays the leading role with a variety of value added products and gets low antidumping tax rate. VHC, one of our favorite stocks, meets all above criteria. As our estimates, revenue and NAPT reach VND 6,790 billion (+8% yoy) and VND387 billion (+34% compared with core business earnings in 2014), respectively; accordingly, EPS is about VND4,189 per share. With closed price today of VND36,400, P/E traded at 8.6x. Considering long-term growth prospects relating to enhancing capacity and annual revenue growth of 20%, investor should accumulate this ticker.

Positive trading session after FED's decision to not hike rate

After surpass 600 at the end of last week, today session continuously fluctuated around 600 to test market sentiment. Receiving the information from FED to postpone rate hike, stock exchanges started with the positivity thanks to large-caps, especially the surge of VNM and VIC. Particularly, VNM trading activities were supported by 9M2015 business results, with 35% increase in profit after tax compared to the same period. Furthermore, large-cap segment also crease the spill-over effect into the exchanges, resulting in the number of increase stock doubling the number of decline ones. VNIndex closed at 605.02 (+8.96) and HNIndex at 82.01 (+0.79). VNM and VIC also increased by 4.3% and 3.6%. Their order-matching volume increased 3.4x and 3.0x, respectively.

VNIndex fluctuating in shape of T+3 trading style. In this month, VNIndex movement was suitable for traders to take profit as well as open new position continuously. As our observation, the movement is so similar to what happened in June. That is a constraint for market to break out strongly for a new trend.

As we mentioned in Advisory Diary on 23/10, stock exchanges have experienced a long period of accumulation at peak. During such sensitive time, it could only need a slight impact from supportive information to make a breakthrough in term of indices. Today could be said as that and exchange could happen next trading sessions. If this scenario occurs, market risk could become higher and investors with low risk tolerance should limit price chasing actions when markets surge.

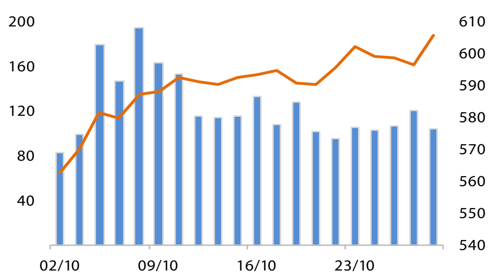
The second net selling session of foreigner despite market's surge. They were net selling of VND 71 billion in HSX, focusing on HSG (VND -24.1 billion), MSN (VND -16 billion), PVD (VND -9.2 billion), NT2 (VND -8.4 billion), HBC (VND -5.6 billion) and net buying in HNX, focusing on VND (VND +3.2 billion) and PVS (VND +2.3 billion).

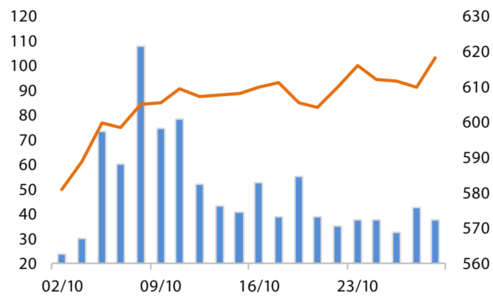
Today highlights

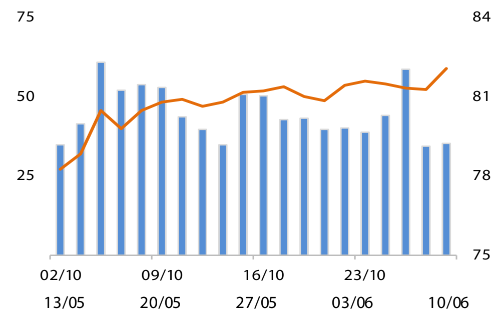
VNM: gained significantly thanks to positive performance published today. In 9M2015, revenue and PAT reached VND 29,765 billion and 5,869 billion, respectively completed 20.5% and 77.5% the 2015 plan. Notably, cost of sales increased by 65% yoy. This rate in the first 2 quarter of 2015 also recorded a sharp increase yoy. This showed that in order to protect market share, VNM must push marketing cost. As our estimation, competitive pressure can be heavier, especially in liquid milk when new competitor "Nutifood" has just penetrated in this segment. However, with the leading position in milk industry, VNM will reach the 2015 plan and grow in the future

The rate hike possibility was left open by Fed until late 2015. Late October meeting (28-29/10) ended with the decision to maintain the basic rate at the record low level. It was not unexpected to many observers, however, FED lowered the negative impacts on global economy and left the possibility for a rate hike open in the next December meeting. The statement was announced in the context of unemployment statistics to be less optimistic and inflation at low level. The interest rate increase is mostly expected to achieve 0.25%, the first adjustment since 12/2008.

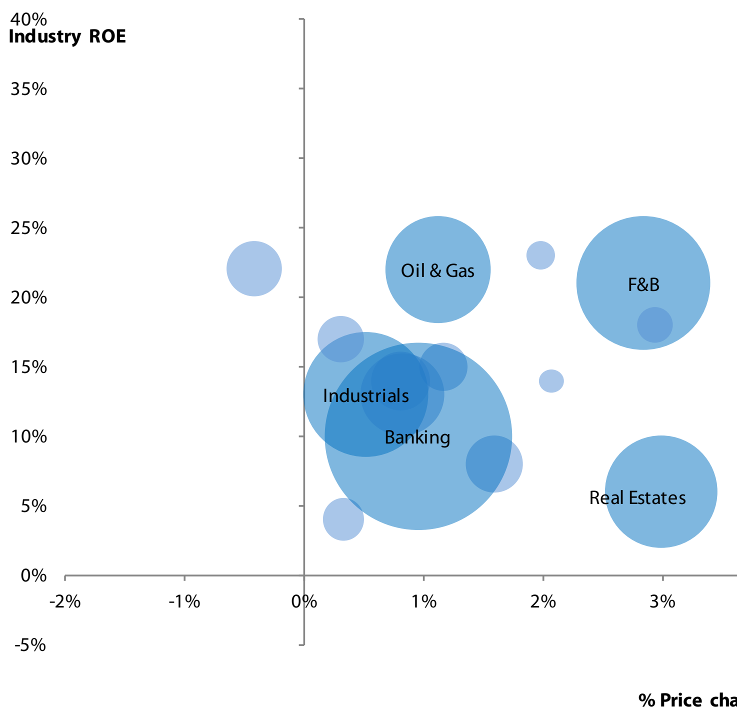
VNINDEX 1.50% **605.20** | **VN30** 1.37% **618.01** | **HNXINDEX** 0.97% **82.01**





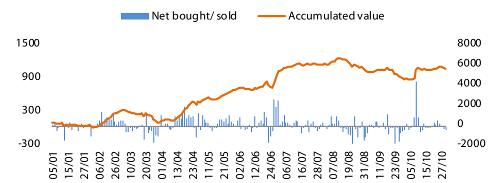


Industry Movement

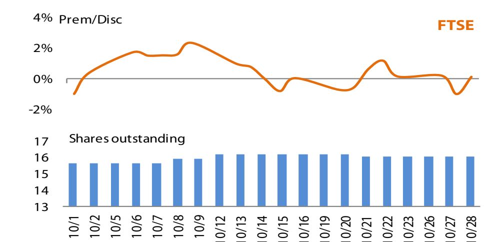


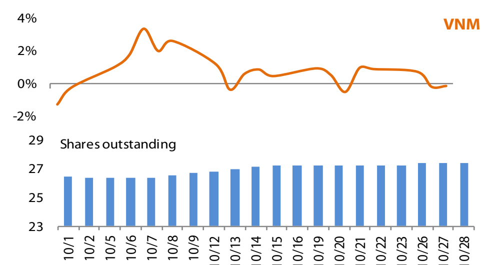
Industry	% change
Technologies	1.2%
Industrials	0.5%
Constructions	0.8%
Oil & Gas	1.1%
Distribution	2.1%
F&B	2.8%
Household Goods	0.3%
Cars & Parts	2.0%
Chemicals	0.8%
Resources	0.3%
Insurances	4.0%
Real Estates	3.0%
Financials	1.6%
Banking	1.0%
Utilities	-0.4%
Healthcare	2.9%

Foreign Investors Trading



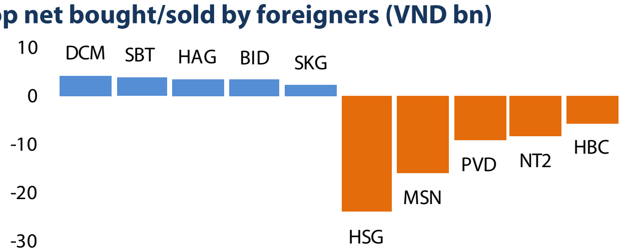
ETF



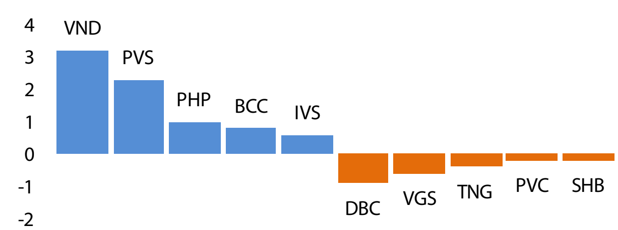


Top net bought/sold by foreigners (VND bn)

HSX



HNX



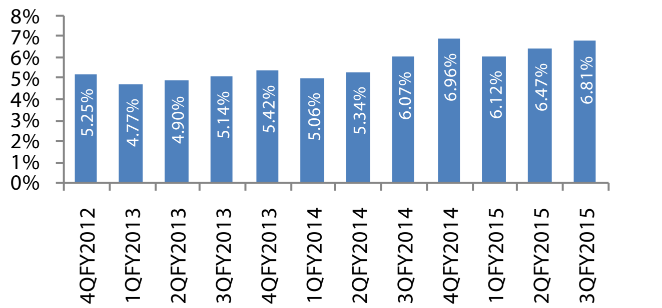
Top Active

Ticker	Price	Volume	% price change
HQC	6.7	5.22	1.5%
VIC	46.0	3.77	3.6%
SBT	15.6	3.62	1.3%
HAG	14.0	3.59	0.0%
FIT	10.0	3.31	2.0%

Ticker	Price	Volume	% price change
PVS	21.9	2.35	1.9%
VIX	7.7	2.10	4.1%
SCR	8.0	2.08	0.0%
VND	13.9	2.01	2.2%
KLF	4.4	1.95	0.0%

MACRO WATCH

Graph 1: GDP Growth



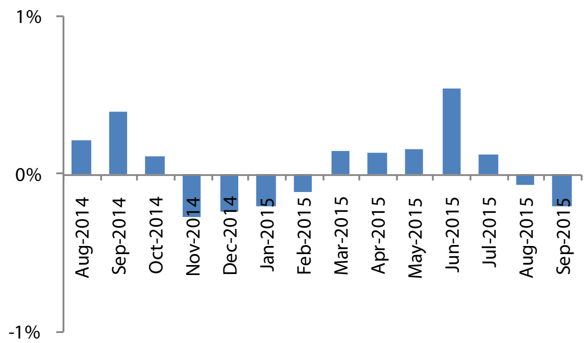
Sources: GSO. Rongviet Securities database

(*) Comparision price in 1994

Graph 2: IIP

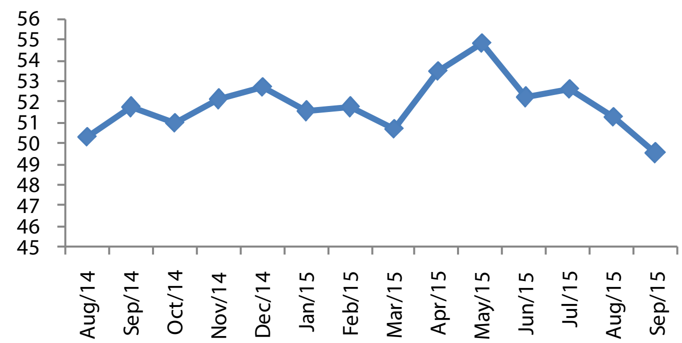
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



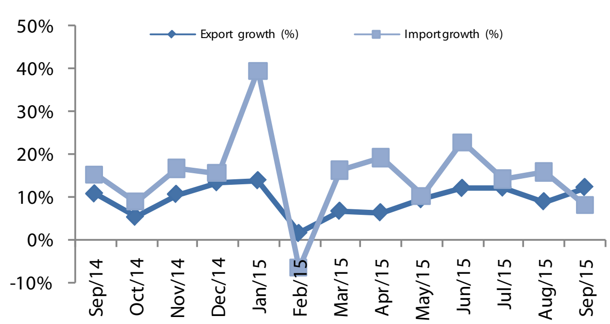
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



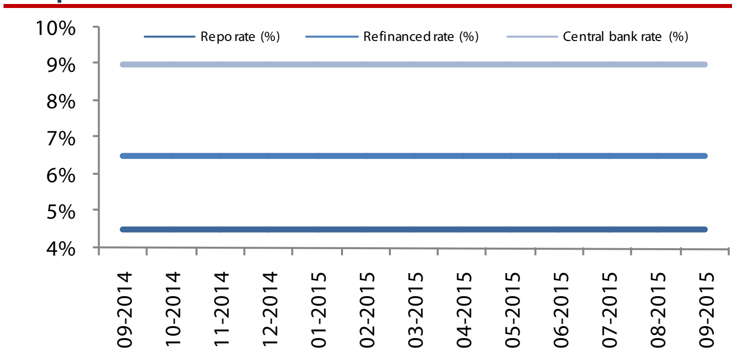
Sources: GSO. Rongviet Securities database

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
PVT - Upside potential outweighs short-term risks	October 20th, 2015	Buy – Long-term	15,900
CHP- Off season advantages	Sep 30th , 2015	Buy - Intermediate	23,600
PXS - Invest to strengthen construction capacity	Sept 4th , 2015	Accumulate - Intermediate	17,000
SHP - Positive over long-term	Sept 3rd, 2015	Accumulate - Intermediate	20,800
PET - Tracking the progress of Thanh Da land plot transfer	Aug 20th, 2015	Stable	N/a

Please find more information at http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302

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	06/10/2015	0% - 0.75%	0% - 2.5%	11,935	11,922	0.11%
VEOF	06/10/2015	0% - 0.75%	0% - 2.5%	10,347	10,241	1.14%
VF1	16/10/2015	0.2% - 1%	0.5%-1.5%	23,599	23,545	0.23%
VF4	16/10/2015	0.2% - 1%	0%-1.5%	10,558	10,511	0.45%
VFA	16/10/2015	0.2% - 1%	0%-1.5%	7,488	7,457	0.42%
VFB	16/10/2015	0.3% - 0.6%	0%-1%	12,409	12,391	0.14%
ENF	09/10/2015	0% - 3%	0%	11,842	11,582	2.24%
MBVF	08/09/2015	1%	0%-1%	10,696	10,574	1.15%
MBBF	07/09/2015	0%-0.5%	0%-1%	12,395	12,383	0.10%

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