JUNE

01

MONDAY

ADVISORY DIARY

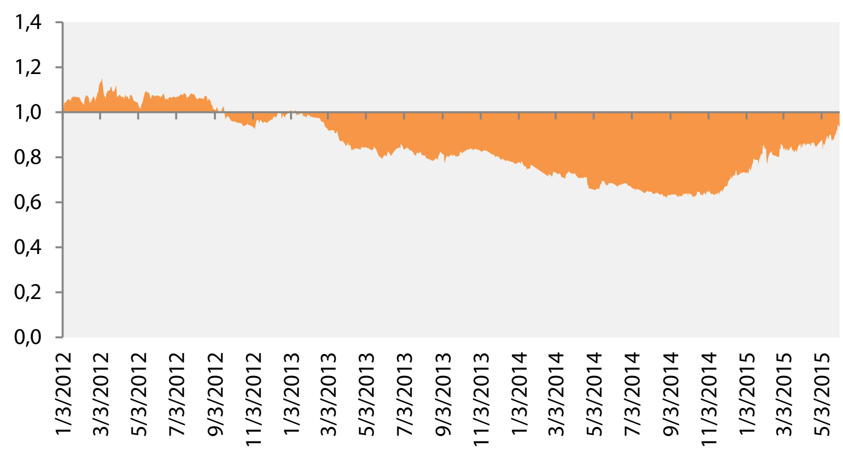
- **Banking sector has leading the market twice**
- **Banking stocks became expensive?**

Banking sector has leading the market twice

"The frequency of stories related to completion of restructuring banking segment could create up and down in the market" (Advisory diary on 01/23/2015 – RongViet Research)

Even though the increase in banking stocks has happened since the end of May 2015, the trading session started this week reminding us of the statement from market analysts in the advisory diary in the beginning of 2015. Therefore, during the first half of 2015, banking sector has leading the market twice. Up to now, banking index has increased by 38% over the beginning of this year.

Figure: Relative strength between banking index and VNIndex (base year: 2012)



Source: RongViet Research

"Banking sector has leading the market twice"

After the recent price spike, investors raised the concern with RongViet about the further momentum for growth in this segment. As a result, in today advisory diary, we conducted a statistical survey in order to analyze the change in banking stocks recently based on trading perspectives. Regarding the price increase, we realized that banking stocks have been heavily divided into: (1) leading stocks with strong growth (BID, VCB, CTG and ACB), (2) sideways trading stocks (MBB, EIB, SHB, STB). This indicated that large banks are the investors' preference, especially foreign investors. Statistics about net buy from foreign investors demonstrated that CTG and BID were the stocks with strongest net buy over the last 5 months, coming after was VCB while remaining companies (except out-of-room stocks such as MBB, ACB) have limited buying volume.

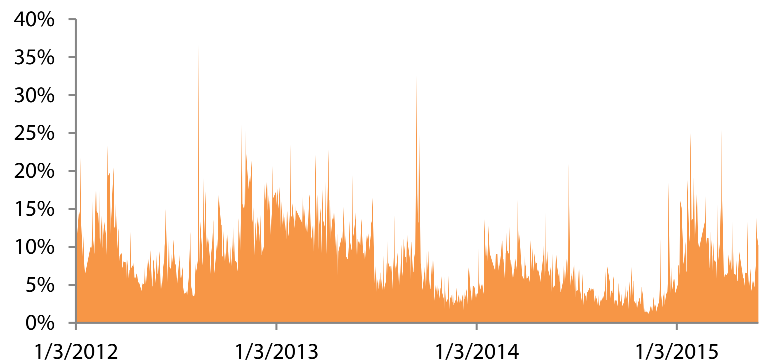
Table: Net bought value of Foreign investors (Unit: VND bn)

	VCB	STB	BID	SHB	CTG	EIB	ACB
T01/2015	4.6	29.3	25.6	1.1	22.1	2	-0.2
T02/2015	119.1	54.9	98	42.2	197.6	1.6	6.3
T03/2015	-219.4	-154.8	125.7	-1.4	84.8	10.2	-0.3
T04/2015	184.7	15.4	195.0	33.8	193.2	18.6	0.3
T05/2015	164.9	84.6	57.2	-13.3	119.2	7.4	0
Total	254	29.5	501.4	62.4	616.9	39.8	6.1

Source: RongViet Research

Regarding trading volume, at this moment, we realized that trades in banking segment have not been the peak of liquidity. Demand from this sector is relatively positive and there is no sign of profit taking activities. As a result, the possibility about strong adjustment in banking segment is quite low. On the other hand, the increase momentum could heavily depend on leading stocks, especially the strength of the demand coming from foreign capital flows.

Figure: Relative strength between banking shares and VNIndex's volume (2012-now)



Source: RongViet Research

Banking stocks became expensive?

Statistics about P/E demonstrated the current valuations of several bank stocks are reaching the highest points in 3 years (VCB, CTG and BID). Therefore, the attractiveness from banking segment could lay on the prospects about profit improvement in next quarters or stories related to industry reconstruction (selling bad debts, M&A, provision reversals…) The movements in currency market seemed to support the first prospect when credit growth has been positive over the last 5 months (~4.26%). Recently, the bond market has not attracted the capital flows as the previous years and several banks have slightly adjusted the interest rates. Investment demand for production has been improved (PMI in May reached a peak at 54.8 points and business activities from domestic companies have positive signs) according to us is the important aspect leading to increase in credit growth in the future.

Table: P/E of banking shares (2012-now)

P/E	VCB	MBB	STB	BID	SHB	CTG	EIB*	ACB
Now	24.66	6.65	9.76	11.09	9.35	12.60	282.61	18.58
Average	15.62	5.60	12.21	9.53	7.50	8.64	34.62	17.28
Median	15.27	5.37	9.58	9.69	9.00	8.50	13.41	16.15
Max	24.66	7.83	24.73	11.79	14.16	12.65	323.30	61.41
Min	9.53	3.67	5.70	7.17	2.97	4.85	5.15	3.99

**Price as of 30/03/2015, Source: RongViet Research*

Regarding the stories related to reconstruction, VEPR has recently pointed out the assessment about the health and endurance in term of the payment ability in Vietnam banking system in 2015. The result illustrated the poor endurance from banking system before negative shocks, when CAR from banks could not maintain the minimum as the regulation from the State Bank. At this moment, we believe that prospect in term of stories regarding reconstruction could take more times to see the actual results.

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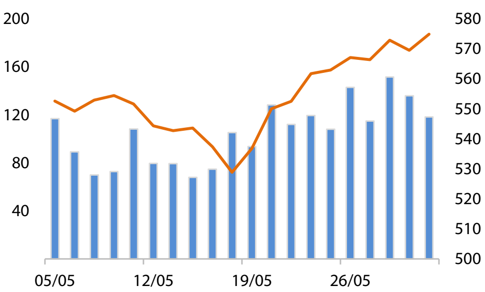
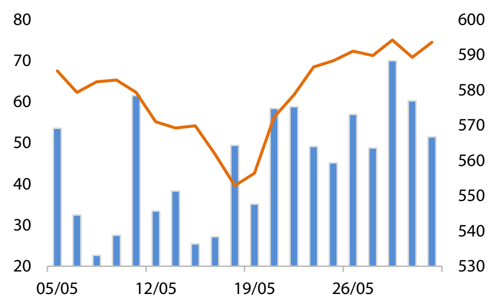
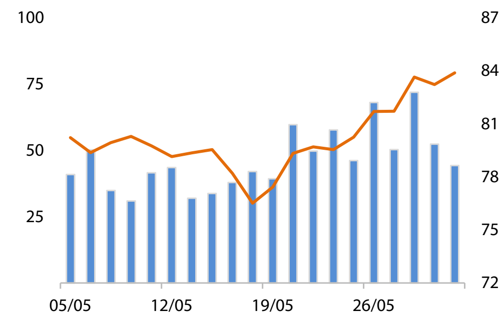
ROMG VIET SECURITIES

Advisory Diary

VNINDEX	0.95%	574.98	VN30	0.73%	593.61	HNXINDEX	0.79%	83.89

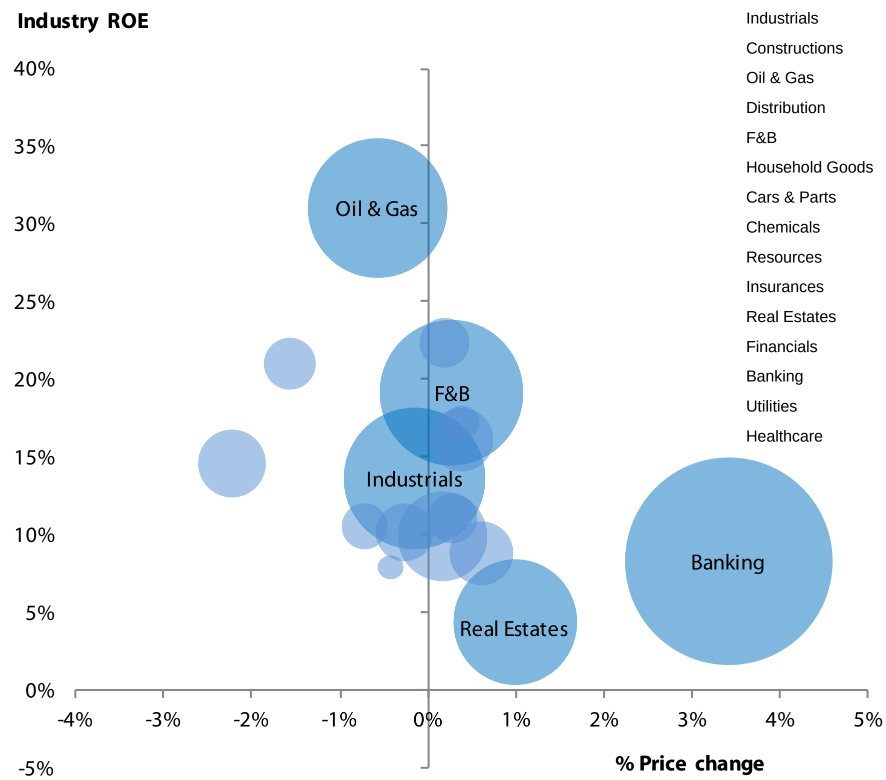




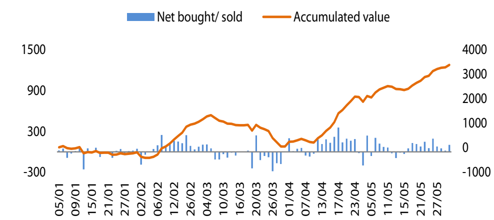


Industry Movement

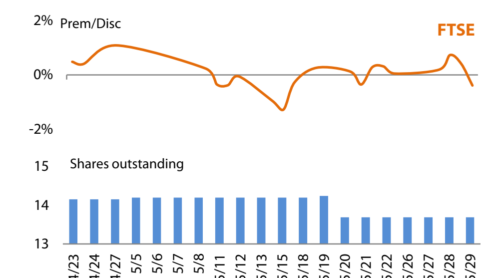
Industry	% change
Technologies	-1.6%
Industrials	-0.2%
Constructions	0.2%
Oil & Gas	-0.6%
Distribution	-0.4%
F&B	0.3%
Household Goods	0.3%
Cars & Parts	0.4%
Chemicals	0.4%
Resources	0.2%
Insurances	-2.2%
Real Estates	1.0%
Financials	0.6%
Banking	3.4%
Utilities	-0.3%
Healthcare	-0.7%

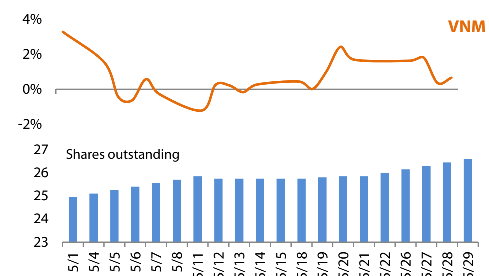


Foreign Investors Trading



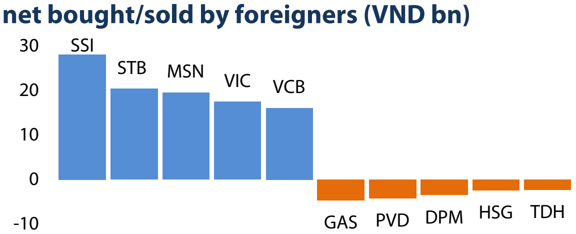
ETF



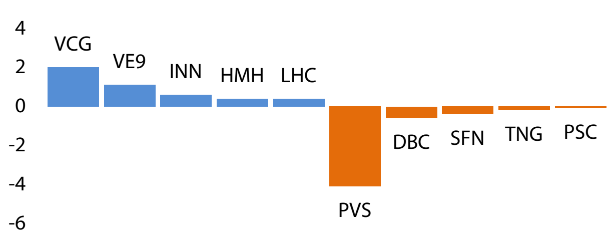


Top net bought/sold by foreigners (VND bn)

HSX



HNX



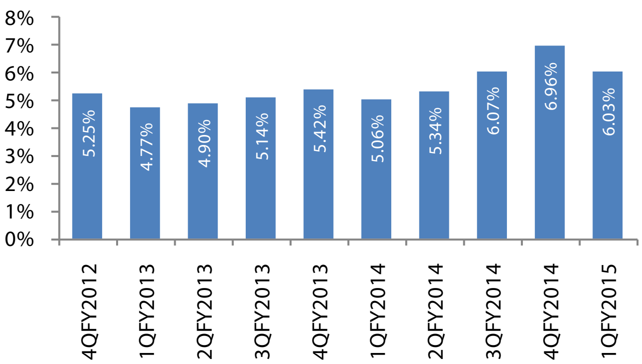
Top Active

Ticker	Price	Volume	% price change
FLC	9.0	13.06	-2.2%
OGC	2.8	7.40	0.0%
HAI	9.6	7.00	6.7%
MBB	14.2	4.77	2.9%
CII	19.5	4.43	-1.5%

Ticker	Price	Volume	% price change
KLF	7.5	5.01	0.0%
SCR	7.1	2.84	0.0%
SHB	8.1	2.74	1.3%
VCG	14.1	2.04	2.2%
BAM	3.4	1.88	0.0%

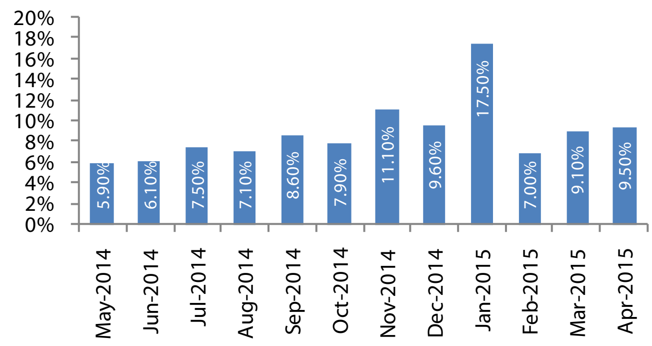
MACRO WATCH

Graph 1: GDP Growth



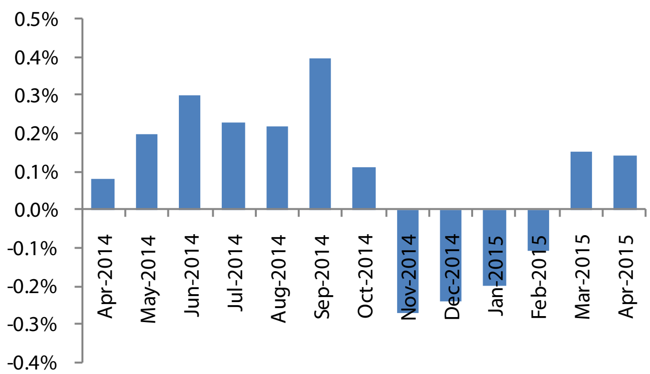
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



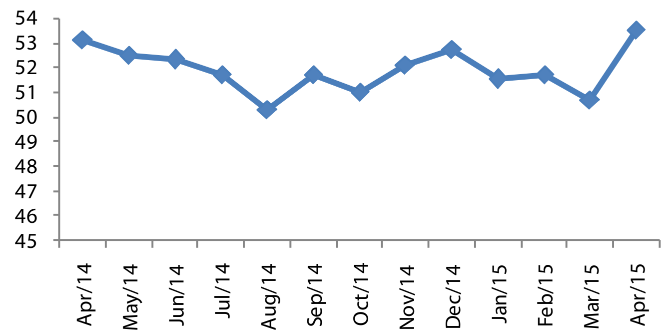
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



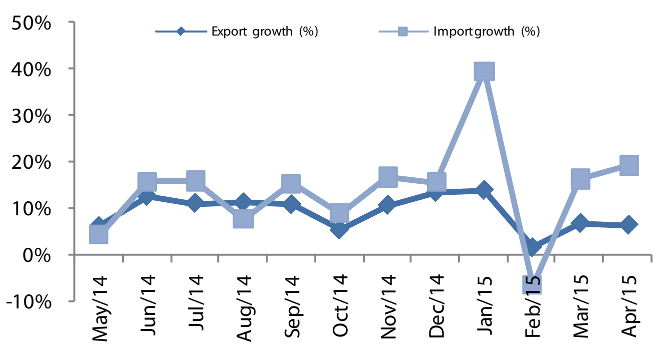
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



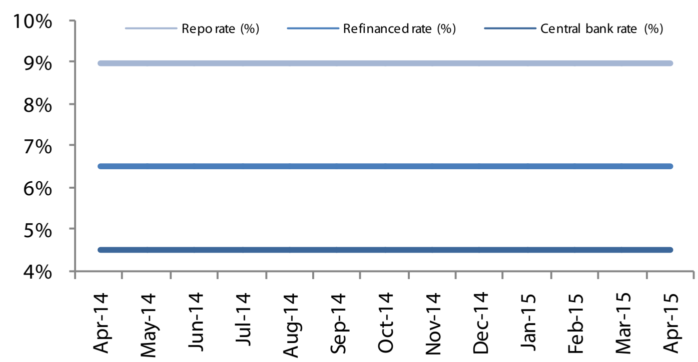
Sources: GSO. Rongviet Securities database

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
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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