JULY

16

THURSDAY

ADVISORY DIARY

- **Vietnam construction sector in the first six months of 2015**
- **Licogi 16 JSC (HSX: LCG) – A new cycle begins**
- **VCB, BVH pillar could not hold the market up**

Vietnam construction sector in the first six months of 2015

The construction sector is expected to have numerous positive changes in 2015 thanks to the special support policy as well as the "warming" of the real estate market. In our Advisory Diary today, we want to give an update on Vietnam construction industry in the first 06 months of 2015 as well as evaluating the potential of this sector in the rest of 2015.

In the first 6 months of 2015, the typical indicators of construction sector have achieved quite satisfactory results. The total construction value of the whole industry was up by 8.1% yoy, reaching VND393.8 trillion. The rate of urbanization in the country is estimated at 35.3%, up 1.4% from the same period in 2014 and the general planning of urban construction reached 100%. In the field of housing construction, the first 6 months of 2015, there were nearly 52 million m2 built, including a total floor area of social housing of approximately 0.6 million m2. The construction companies under the Ministry of Construction also reported positive results with total construction value up 16.2% over the same period, reaching VND76.46 trillion (equivalent to 50, 7% of the plan).

Overall, the achieved results of the construction industry in the first 6 months of 2015 have been reflecting the positive impacts from the macro stabilization and supporting policies for the construction industry this year. Most notably, the supply of cheap credit continued to maintain by the Central Bank. It is shown by the fact that 1H2015 credit recorded a good growth at 6.09% against the end of 2014.

"VCB and BVH could not hold the market up"

Commercial housing construction area continues to benefit from the stimulus housing credit package and relaxing conditions on foreigner's home ownership in Vietnam taking effect from July 2015. Credit growth from property sector at the end of May 2015 upped strongly 10.89% reflecting improved home buyer and property investors' confidence. Also, Decision 15/2015/NĐ-CP regarding private-public participation promulgated on Feb 14, 2015 expects to foster greater participation of private resources to Vietnam infrastructure construction projects this year and in the future.

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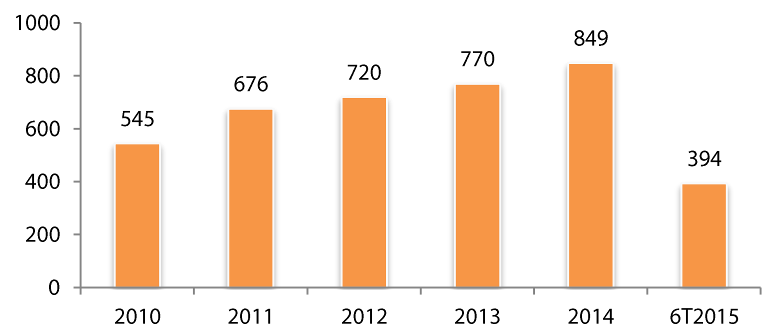
Chart: Total construction value (VND thousand billions)



Source: GSO và RongViet Securities compiled

However, a surge in credit growth to property sector this year does create public concern on the possible formulation of a property bubble. Regarding this matter, our analyst believes the rise in property supply would be met by proportional increase in demand. But the real home buyers figure remains an interest to verify real property demand issue. Also, lessons learned from the previous bubble burst may prove vital in housing credit financing growth control this time around and better resources mobilization.

Licogi 16 JSC (HSX: LCG) – A new cycle begins

Licogi 16 (LCG) was founded in 2001 with main activities in the field of construction and real estate business. Compared to other companies in the construction sector, LCG attracts our attention thanks to its experience in the field of infrastructure construction and construction capacity. In addition, demand for construction will increase rapidly with the highway project, power plant construction plans, seaports and airports, which will be supportive factors for LCG. Simultaneously, LCG currently is owning the large land-bank (~285 ha) with low capital cost in NhonTrach (Dong Nai) promising in the long term.

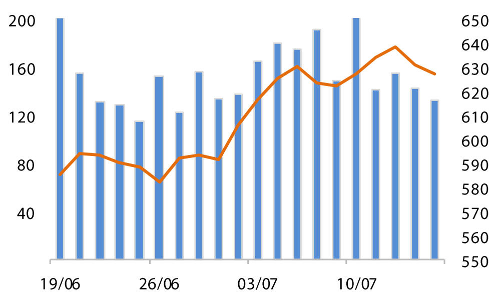
With the combination of three valuation methods including the NAV, P/E and P/B, we determine the fair value of LCG is **9,500 VND/share**. Therefore, we recommend that investors can **ACCUMULATE** this stock in the **INTERMEDIATE TERM.**

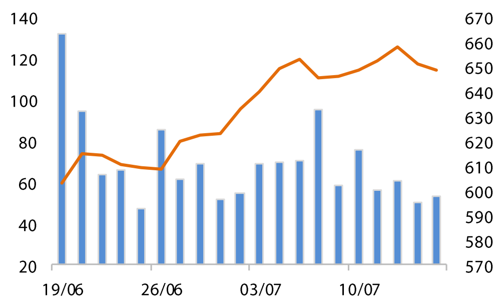
Financially, LCG is making significant improvements on business results; the debts have been restructured to improve the financial health of the company. Besides, the use of surplus to clear the accumulated losses in order to shorten the period of dividend payment from 2017 to 2016 is also a notable point for the LCG.

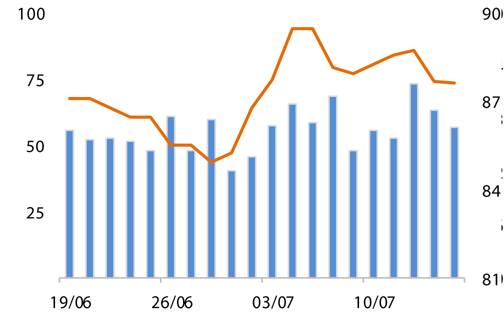
VCB, BVH pillar could not hold the market up

Investors continued to witness a "tug-of war" trading session today with VN-index and HNX-index closing down 0.63% and 0.08% respectively. Market liquidity stayed indifferent compared to yesterdays. Our analyst believes the market would likely continue this trend in the coming sessions. What we observed is such supporting information as enterprise half year earnings results has presumably been reflected at certain degree to stock prices and that could only be waited by a small proportion of investors joining late. So, the market's further developments would rely on information's on foreign ownership limit lifting details and the successful signings of important free trade deals in the coming months.

VNINDEX	-0.63%	626.90	VN30	-0.37%	649.06	HNXINDEX	-0.08%	87.59

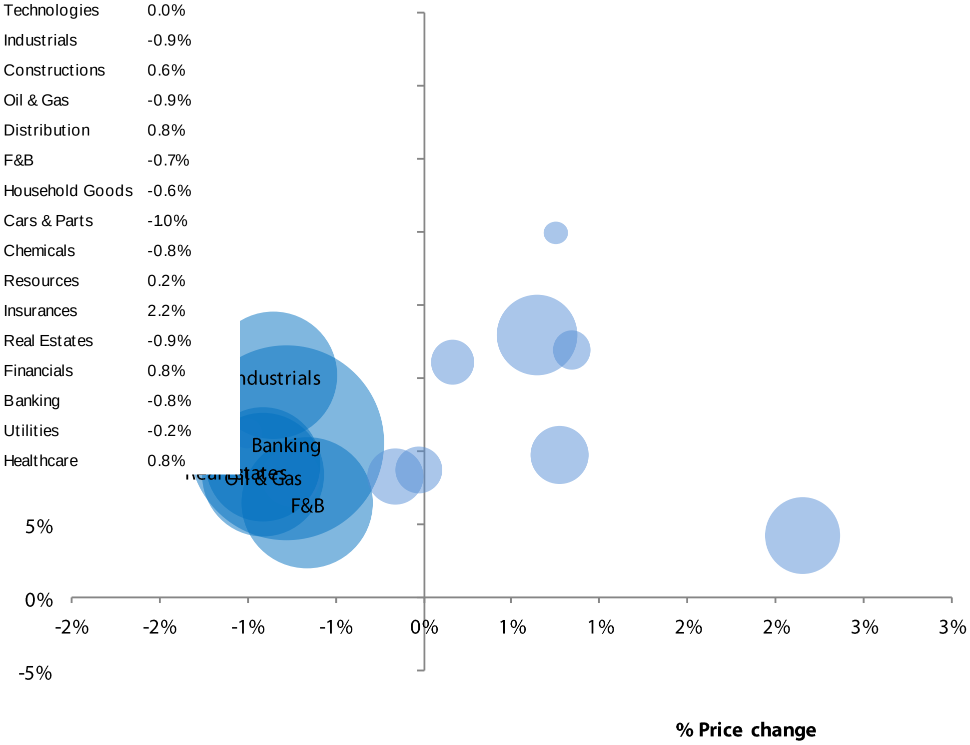




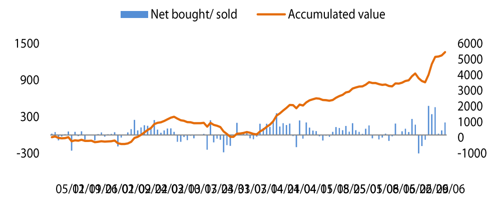


Industry Movement

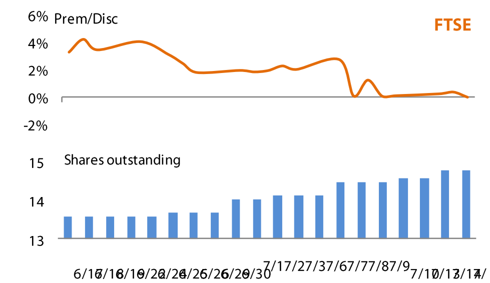
Industry	%change
Technologies	0.0%
Industrials	-0.9%
Constructions	0.6%
Oil & Gas	-0.9%
Distribution	0.8%
F&B	-0.7%
Household Goods	-0.6%
Cars & Parts	-1.0%
Chemicals	-0.8%
Resources	0.2%
Insurances	2.2%
Real Estates	-0.9%
Financials	0.8%
Banking	-0.8%
Utilities	-0.2%
Healthcare	0.8%

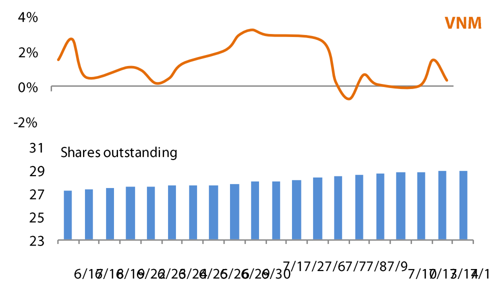


Foreign Investors Trading



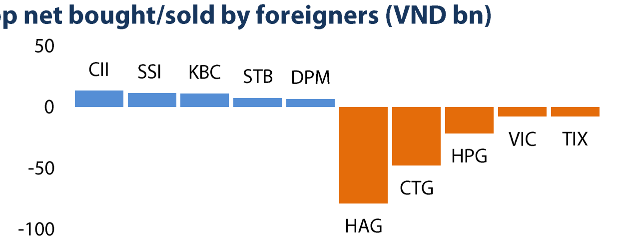
ETF



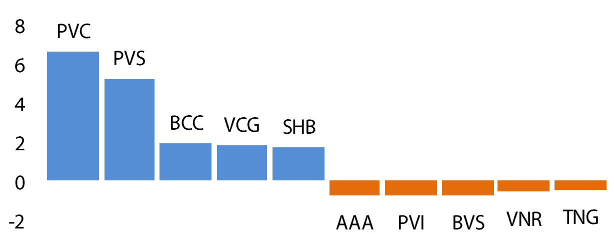


Top net bought/sold by foreigners (VND bn)

HSX



HNX



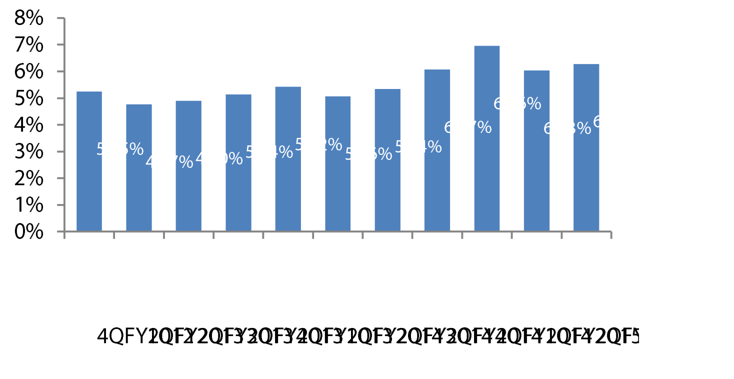
Top Active

Ticker	Price	Volume	% price change
CII	27.2	17.10	5.0%
FLC	8.1	6.09	-1.2%
MBB	15.9	5.27	-1.2%
CTG	21.6	5.21	-1.8%
DLG	8.9	4.84	-1.1%

Ticker	Price	Volume	% price change
SCR	9.0	6.51	3.4%
KLF	6.4	3.92	-1.5%
FIT	12.0	3.55	2.6%
SHB	9.1	3.48	0.0%
KVC	31.4	2.73	9.8%

MACRO WATCH

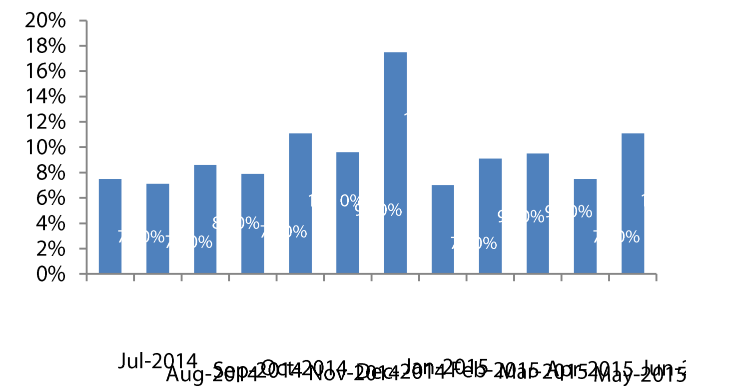
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

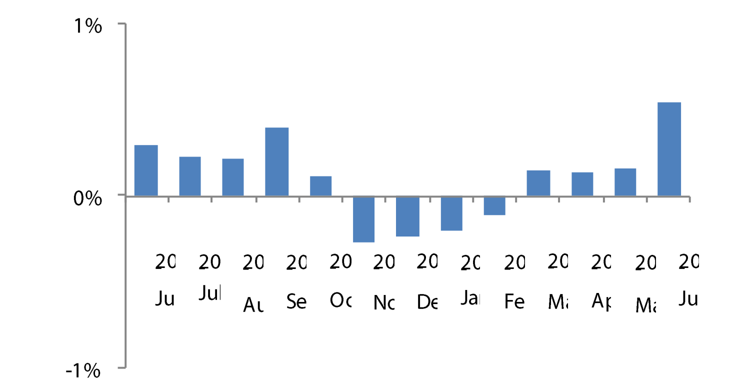
(*) Comparision price in 1994

Graph 2: IIP



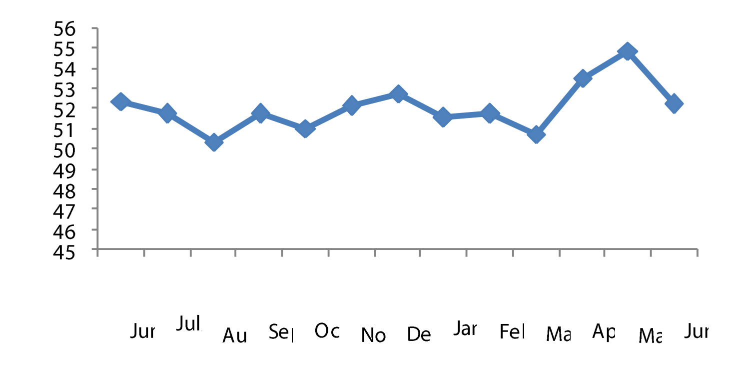
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



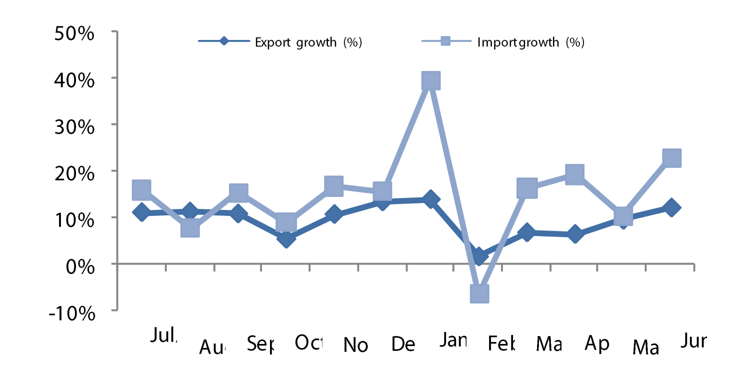
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



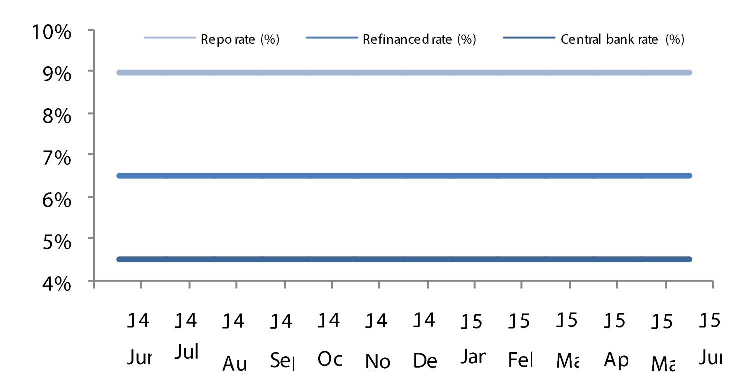
Sources: GSO. Rongviet Securities database

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
SKG - Growing alongside the pearl island	June 24th, 2015	Buy – Long term	64,300
VTO-Profitability sets for steady improvement	June 22th, 2015	Monitor	
MWG - Optimistic business outlook in 2015	May 25th, 2015	Buy – Intermediate term	101,000
FPT - Positive recovery in the technology business	May 12th, 2015	Accumulate – Long term	60,900
GSP- Heading for a new growth period	May 11th, 2015	Accumulate – Long term	16,600

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	30/06/2015	0% - 0.75%	0% - 2.5%	11,729	11,675	0.46%
VEOF	30/06/2015	0% - 0.75%	0% - 2.5%	9,821	9,767	0.55%
VF1	06/07/2015	0.2% - 1%	0.5%-1.5%	22,992	22,728	1.16%
VF4	01/07/2015	0.2% - 1%	0%-1.5%	9,961	9,932	0.29%
VFA	03/07/2015	0.2% - 1%	0%-1.5%	7,426	7,307	1.62%
VFB	03/07/2015	0.3% - 0.6%	0%-1%	12,211	12,185	0.21%
ENF	03/07/2015	0% - 3%	0%	11,424	11,271	1.36%
MBVF	02/07/2015	1%	0%-1%	10,563	10,536	0.26%
MBBF	01/07/2015	0%-0.5%	0%-1%	12,133	12,115	0.15%

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