JUNE

22

MONDAY

ADVISORY DIARY

- **Motivation from foreign investor**

Motivation from foreign investor

VNIndex launch first session of this week positively with an increase of 1.6% to 594.08 points. Demand from foreign investors in blue-chips seems to be key motive of this session's bounce back. Accordingly, foreign investors bought a net of VND169 bn, focused on STB (VND67.6 bn), BID (VND23.2 bn), PVD (VND17.7 bn), VCB (VND12.7 bn) and HAG (VND12.4 bn). Liquidity also improved positively with matching volume reached 190.2 million shares, corresponding to the value of VND2,471.7 bn, down by -3.5% and -10.8% respectively compared to the average of last week.

Banking played leading role in today session with bound back of most of banking stocks such as VCB, BID, CTG, MBB, ACB and SHB. Besides some familiar leading names like VCB, BID and CTG who led the rally, MBB attracted attention the most. This stock boomed with high liquidity on Jun 15 and remained relatively stable in recent sessions. Rongviet Research's investors said they have heard some rumors that MBB has successfully issued to a domestic strategic investor. In other to set a size of 20% of its shares for a foreign strategic investor, MBB has had the FOL locked up at 10%, which has now been filled. Therefore, if the bank has issued new shares for a domestic strategic shareholder, this would effective increase the number of shares available for foreigners' purchases (non-strategic). This is the reason why MBB becomes more attractive and witness a strong increase in price.

Regarding to this issue, our industry analyst said that MBB has planned to increase its chartered capital to VND16,000 bn (+38%) this year, according to the Decision in 2015 AGM, in which (1) Paying the second dividend of 2014 to existing shareholders, approximately 34.78 million shares; (2) Offering for employees, approximately 15.78 million shares; and (3) Offering to strategic shareholders, both domestic and foreign, about 390.6 million shares. For the sale to strategic shareholders, MBB plans to sell 10-15% stake to a strategic partner, which are foreign shareholders. Information about domestic strategic shareholders, SCIC is currently the most viable candidate because at the 2015 AGM, the Chairman of MBB verified that SCIC is proceeding the strategic investment in MBB. Currently, there is no published information from the bank about the plan and the results of shares issue to strategic investors. However, in the most optimistic scenario, we believe that MBB has just completed the procedures of investment for domestic strategic shareholders. According to our calculations, if MBB completed the capital raise to VND16,000 bn this year, the remaining room for foreigners (excluding the strategic investors) is 132,2 million shares.

"Motivation from foreign investor"

Besides, two major shareholders of MBB are (1) Vietcombank, has so far held shares at other four credit institutes (CIs) and (2) Maritimebank, still owns at another CI after acquisition with the Textile finance company. Therefore, according to the Circle 36, Vietcombank and MaritimeBank will be forced to either divest or decrease their shareholding proportions at MBB. According to Circular 06 (published at 01/06) being in effect from 15/07/2015, individuals or CIs whose ownership at other CIs exceeding the percentage allowed by law must have taken the percentage to less than 5% prior 12/31/2015. As a consequence, there may be high pressure on Vietcombank and Maritimebank to divest from MBB in 2015. And the allowable number of MBB's shares for foreign investors (not strategy investors) calculated above would probably be a reciprocal demand for shares sold out by Vietcombank and Maritimebank, which may mitigate selling

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pressure on MBB's in the stock exchange.

Table 1. Current ownership of Major shareholders

	Current ownership	
Charter capital (VND bn)	**11,594**	***100.0%***
Major shareholders	6,204	*53.5%*
Viettel	*1,739*	*15.0%*
Maritimebank	*1,154*	*10.0%*
Vietcombank	*1,112*	*9.6%*
Vietnam Helicopter	*545*	*4.7%*
Saigon New Port	*495*	*4.3%*
Current foreign ownership	*1,159*	*10.0%*

Source: Rongviet Research database

Table 2. 2015 increase capital plan of MBB

	2015 increase capital plan	
Adding capital	**4,406**	**38.0%**
Stock dividend 2/2014	348	*7.9%*
Offering for employees	152	*3.5%*
Offering to strategic shareholders	3,906	*88.7%*
Foreigners (*)	*2,319*	*20.0%*
Domestic investors (*)	*1,587*	*13.7%*

(*)Rongviet Research assumption

Source: Rongviet Research database

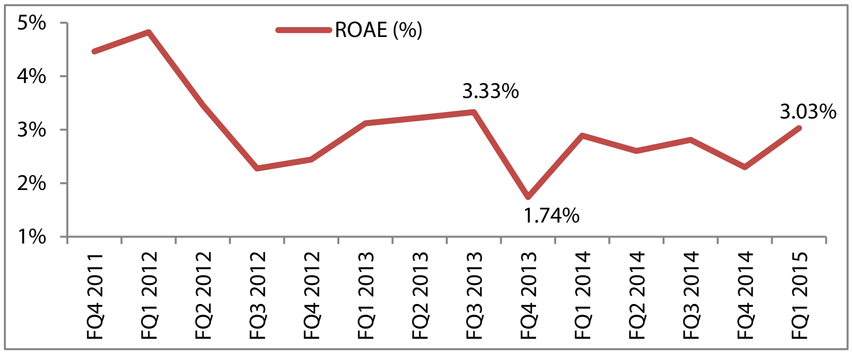
Table 3. Ownership rate of Major shareholders after issue plan

	In case of completing the 2015 plan
Vốn điều lệ (tỷ đồng)	**16,000**
Viettel	*10.9%*
Maritimebank	*7.2%*
Vietcombank	*6.9%*
Vietnam Helicopter	*3.4%*
Saigon New Port	*3.1%*
Domestic strategic investors	*9.9%*
Foreign strategic investors	*14.5%*
Current foreign ownership	*7.2%*
Remaining foreigner room	*132,181,875*

Source: Rongviet Research database

Relating to banking sector's outlook, out industry analyst informs that the banking business outlook has been better after many years of restructuring and concentrating on improving operation efficiency. Quarterly ROE seems to bottom up in 2013Q4 and be in recovery phase. After the period of restructuring, M&A activities as well as economic recovery would make banks to grow further in equity, total assets, credit and improve their operating income. Therefore, while 2015 is for M&A activities, 2016 would likely be a year for re-development of banks.

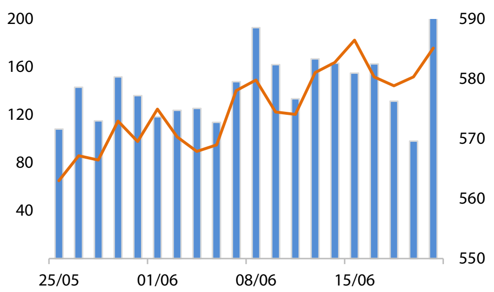
Graph: Quarterly ROAE of nine listed banks

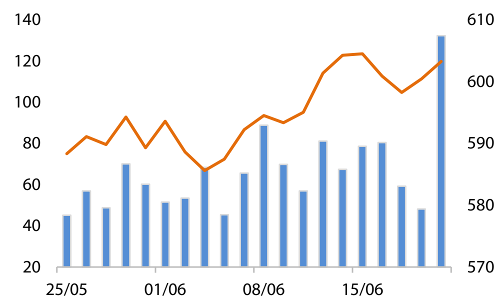


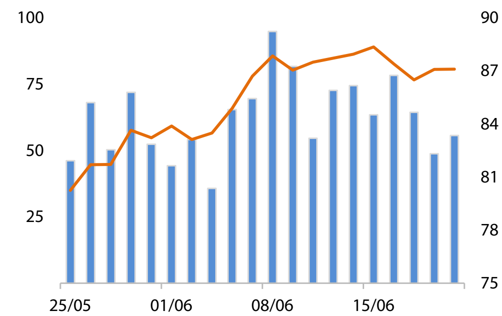
Source: Rongviet Research database

Today, Rongviet Research has published a brief update report regarding the business outlook of Vietnam Tanker JSC (HSX: VTO). VTO has the advangtages of possessing the largest domestic tanker fleet and enjoying the so-called "guaranteed" transport orders from parent firm. Noticeably, there have been encouraging developments regarding the company's debt and balance sheet liquidity over the years. We expect these improvements plus expanded refinery capacity in ASEAN would play a vital role in sustaining the company's profit growth in the years to come. For the share itself, potential investors might find a "plus" factor from the share's current trading multiple EV/EBITDA forward of 3.08x, below average shipping industry of 3.40x.

VNINDEX	1.53%	594.08	VN30	1.96%	615.10	HNXINDEX	-0.01%	87.09

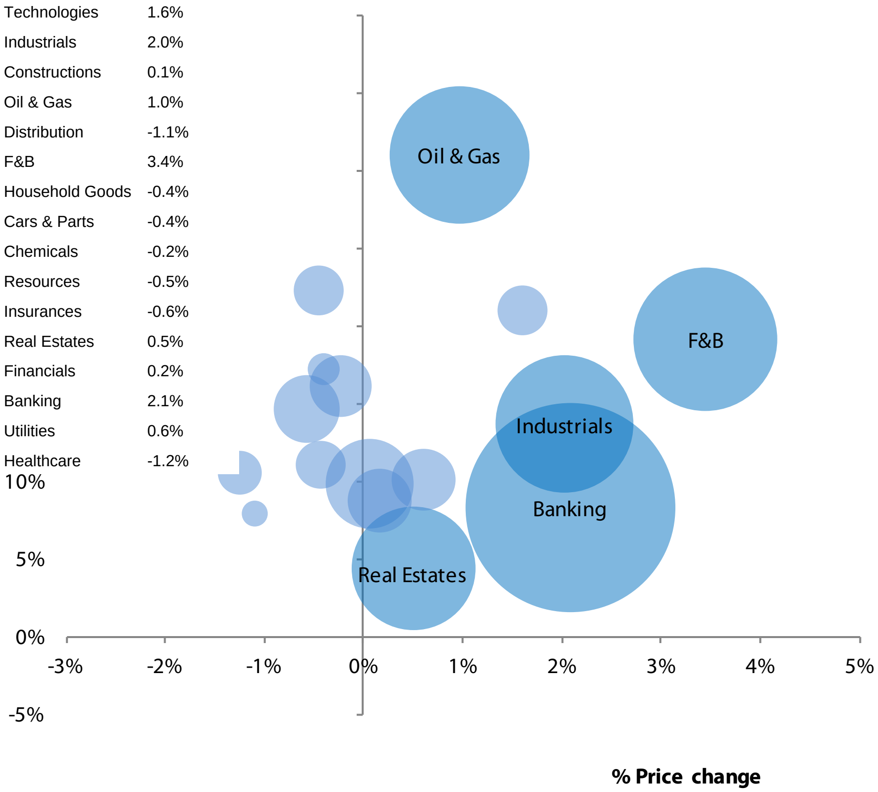




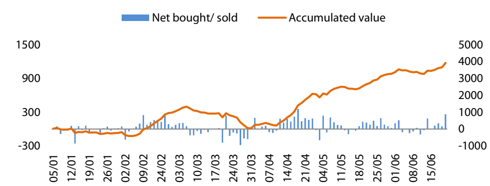


Industry Movement

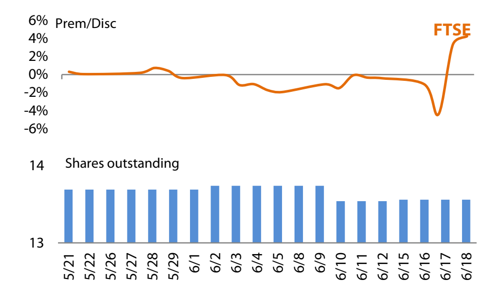
Industry	% change
Technologies	1.6%
Industrials	2.0%
Constructions	0.1%
Oil & Gas	1.0%
Distribution	-1.1%
F&B	3.4%
Household Goods	-0.4%
Cars & Parts	-0.4%
Chemicals	-0.2%
Resources	-0.5%
Insurances	-0.6%
Real Estates	0.5%
Financials	0.2%
Banking	2.1%
Utilities	0.6%
Healthcare	-1.2%

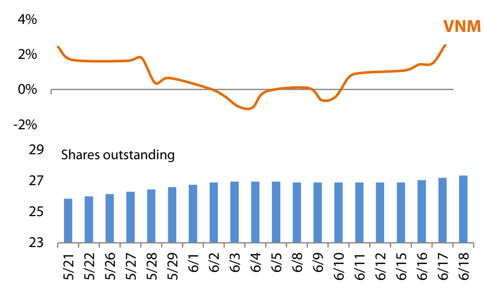


Foreign Investors Trading

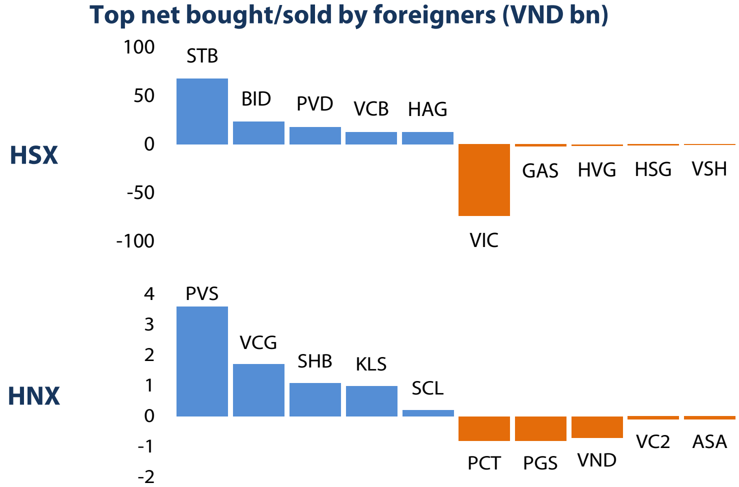


ETF





Top net bought/sold by foreigners (VND bn)



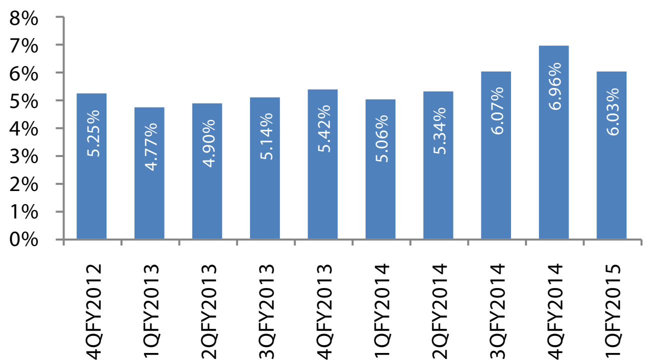
Top Active

Ticker	Price	Volume	% price change
FLC	9.0	40.79	-3.2%
OGC	3.0	18.31	3.4%
MBB	15.7	6.79	4.7%
STB	18.9	4.23	-0.5%
CII	24.2	3.70	0.8%

Ticker	Price	Volume	% price change
KLF	7.0	4.41	-2.8%
PVX	4.1	3.71	2.5%
SCR	8.2	3.61	-1.2%
FIT	13.0	3.37	-5.1%
SHB	8.3	3.10	1.2%

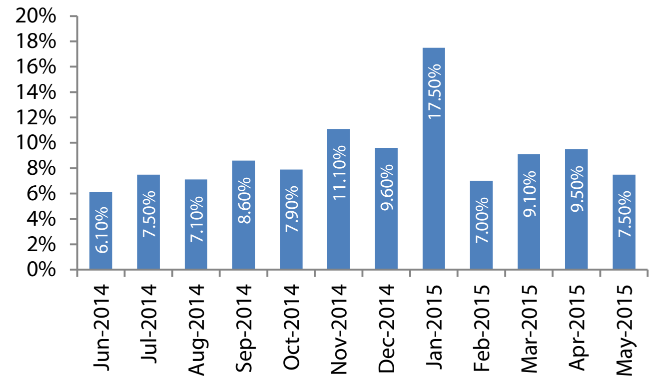
MACRO WATCH

Graph 1: GDP Growth



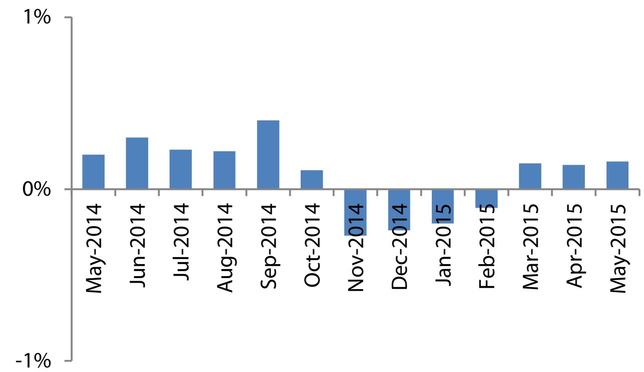
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



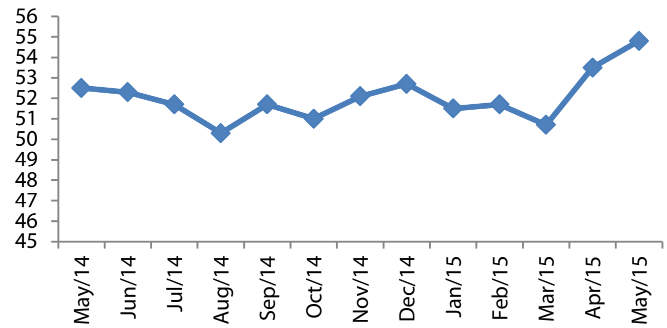
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



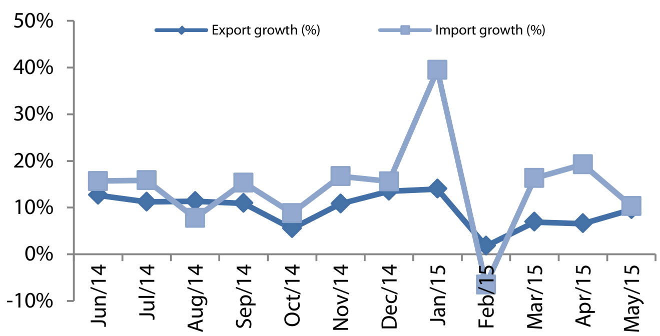
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



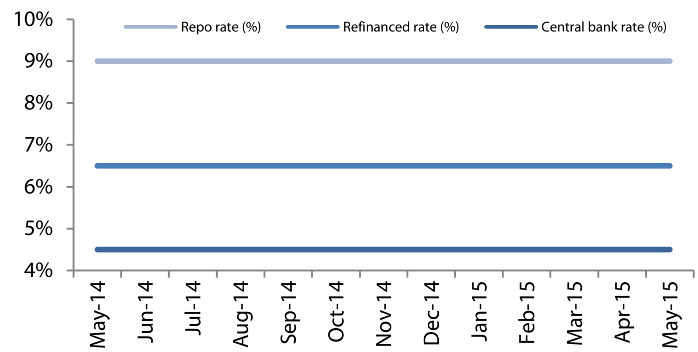
Sources: GSO. Rongviet Securities database

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
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
STK - Running on all cylinders	May 7th, 2015		30,800
VPH - Emerging from its lowest	May 5th, 2015	Buy – Intermediate term	15,300

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	16/06/2015	0% - 0.75%	0% - 2.5%	11,620	11,627	-0.06%
VEOF	16/06/2015	0% - 0.75%	0% - 2.5%	9,740	9,463	2.93%
VF1	19/06/2015	0.2% - 1%	0.5%-1.5%	21,904	21,861	0.20%
VF4	17/06/2015	0.2% - 1%	0%-1.5%	9,736	9,678	0.59%
VFA	19/06/2015	0.2% - 1%	0%-1.5%	7,289	7,312	-0.32%
VFB	19/06/2015	0.3% - 0.6%	0%-1%	12,167	12,170	-0.02%
ENF	12/06/2015	0% - 3%	0%	11,156	11,006	1.36%
MBVF	18/06/2015	1%	0%-1%	10,551	10,541	0.09%
MBBF	17/06/2015	0%-0.5%	0%-1%	12,120	12,139	-0.16%

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