AUGUST

07

FRIDAY

“Defending 600”

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ADVISORY DIARY

- **Marine Supply & Engineering Service JSC (MAC-HNX)**
- **Defending 600**

Marine Supply & Engineering Service JSC (MAC-HNX)

Marine Supply and Engineering Service JSC (HNX: MAC) is relatively a small firm specializing in marine mechanical engineering and port logistics services. A re-focus to container mechanical engineering business and scaling down of ineffective vessel engineering operation help stabilize earnings result and exploit high growth of cargo throughput in Hai Phong area.

Years of experience in mechanical engineering and established customer network in Hai Phong area (vessel operators like Hanjin, Kline and Maersk) remain MAC's important competitive advantages. In addition, MAC holds potential investment in listed companies typically HAH and HMH that pay a stable stream of dividend annually. Importantly, MAC plans to double its current chartered capital to serve capacity expansion purposes in the context of increasing trade flow in Vietnam and especially Hai Phong area.

Combining the DCF and P/E valuation methods, MAC share shall be appropriately priced at **VND17,600**; higher than the closing price on August 07th, 2015 nearly **44.26%**. Therefore, our recommendation is to **"BUY"** MAC with the **"LONG-TERM"** horizon. However, MAC share's low trading liquidity shall be noted here. Last but not least, the company's share-capital raising plan (1:1) , which is likely to be completed in 4Q2015, would significantly increase the number of floated shares thereafter. Hence, 2016 year-end EPS calculation may look less satisfactory in absolute number despite a positive growth in PAT expected for the year.

Defending 600

Markets rebounded today after slightly traced back to 597, establishing 600 as a new support level. The dwindling of Banking stocks, typically the leaders VCB and BID has undesirably effects on the morning session. However, we saw a recovery FPT, HCM, SSI… with stability of another market heavyweights such as MSN and VNM holding back the VNIndex, which closed at 603.76 points (+0.45%) while HNIndex stayed unchanged (slightly up 0.1%). Volumes remained relatively low with a total turnover of VND2,100 billion.

Markets did show some signs of correction such as downsizing liquidity and exhaustion of leading stocks from Banking sector. Resonance effect from groups of news, if any, only worsen declining of markets; they are postpone of TPP Agreement, diminishing effects of Q2 earnings and relaxation of FOL for Vietnam listed equities. To sum up a volatile week, VNIndex lost 17.30 points (~2,79%) and HNIndex down 1.25 points (~1.47%) while average trading volume scaled down 10.56% compared to that of the previous week. Contrary to the conservative, somewhat pessimistic of domestic investors, foreigners were active net buyers to the tune of VND240 billion and VND31 billion in Ho Chi Minh and Hanoi respectively. NT2 (VND116.3 billion) and SSI (VND107.8 billion) were on top list while VCB were net selling up to VND85.4 billion.

Regarding two VNM ETF and FTSE ETF indexes, it seems that the price of FTSE fund certificates FTSE remained premium as compared to NAV, meanwhile VNM ETF fund certificate witnessed a discount in four sessions in this week. The number of VNM shares outstanding declined from 29.55 million shares to 29.45 million since Friday (July 03rd, 2015). In VNM ETF's portfolio, VCB, MSN and BVH accounted for the majority proportion, equivalent to 8.24%, 7.31% and 6.12% respectively. With the number of share outstandings VNM ETF redeemed and those three stocks witnessed a strong sell during the whole week, we supposed that part of short position came from VNM ETF. Besides, the discount of VNM ETF has risen to -1.07% while the FTSE premium rate decreased from 1.96% to 0.69%. Based on this trend, we believe that it has no more opportunity for cash flow from two funds flowing to the market in the coming sessions.

Table: Price and NAV of FTSE ETF (03 – 06/08)

Date	Price	NAV	Shares outstanding	Premium /Discount
06-08-15	26.25	26.07	15.08	0.69%
05-08-15	26.78	26.39	15.08	1.49%
04-08-15	26.44	25.96	15.08	1.85%
03-08-15	26.82	26.30	15.08	1.96%

Table: Price and NAV of ETF ETF (03 – 06/08)

Date	Price	NAV	Shares outstanding	Premium /Discount
06-08-15	17.74	7.93	29.45	-1.07%
05-08-15	18.00	8.13	29.45	-0.72%
04-08-15	17.76	7.94	29.45	-0.99%
03-08-15	17.96	8.11	29.45	-0.83%

Source: Bloomberg, RongViet Research

Currently, 600 is considered as a sentiment support for VNIndex. However, as we mentioned in 05/08 Advisory Note, no sooner than liquidity upraises significantly does VNIndex rally to new heights. Opportunities in sideways markets are only for short-term and risk tolerance investors as they can open long position in correction sessions and short at higher prices later, particularly choosing small and mid-cap stocks.

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index dropped 17.3 points (or 2.78%), closed at 603.76. Trading volume reduce 17.5% down to 475 million shares.

Vn-Index broke down its support at around 613.5 quite easy. The fall of VN-Index stopped at 600 and VN-Index is now fluctuating around this threshold on low volumes.

When VN-Index broken down 613.5, a triple-top patterned formed and a reversal was confirmed. Short-term trend of VN-Index is down.

Looking at technical indicators, both the MACD and the RSI kept moving down sharply.

After a sharp decline from 640 area, VN-Index is now accumulating around 600. VN-Index may fell below 600 and that would be a good chance to accumulate stocks for long-term purposes.

HNX-Index

HNX-Index decreased 1.25 points (or 1.47%), closed at 83.88. The liquidity reduced for the fifth consecutive week, with only 192 million shares changed hands (-6.8%).

HNX-Index kept moving down on low volumes. The support at around 84.5 was broken and HNX-Index is now moving right below this threshold.

HNX-Index also cut down the SMA(200) this long-term moving average became resistance.

Looking at technical indicators, both the RSI and the MACD remains bearish.

The ADX indicator kept moving down and fell below 20, showing that the previous uptrend of HNX-Index was terminated completely.

Next week, the trading range of HNX-Index may be 82-84.5.

Recommendation:

VN-Index and HNX-Index both fell strongly and broken their supports. The decrease of the market may be continued but that would be a good chance for investors to accumulate stocks at low prices for long-term purposes.

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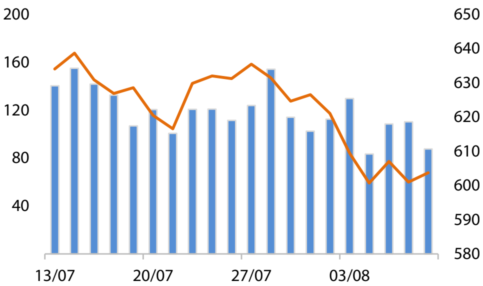
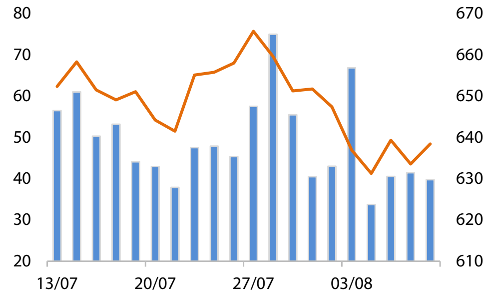
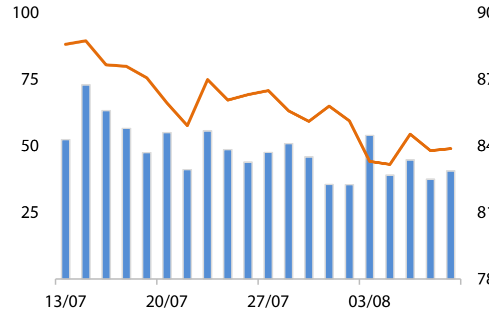
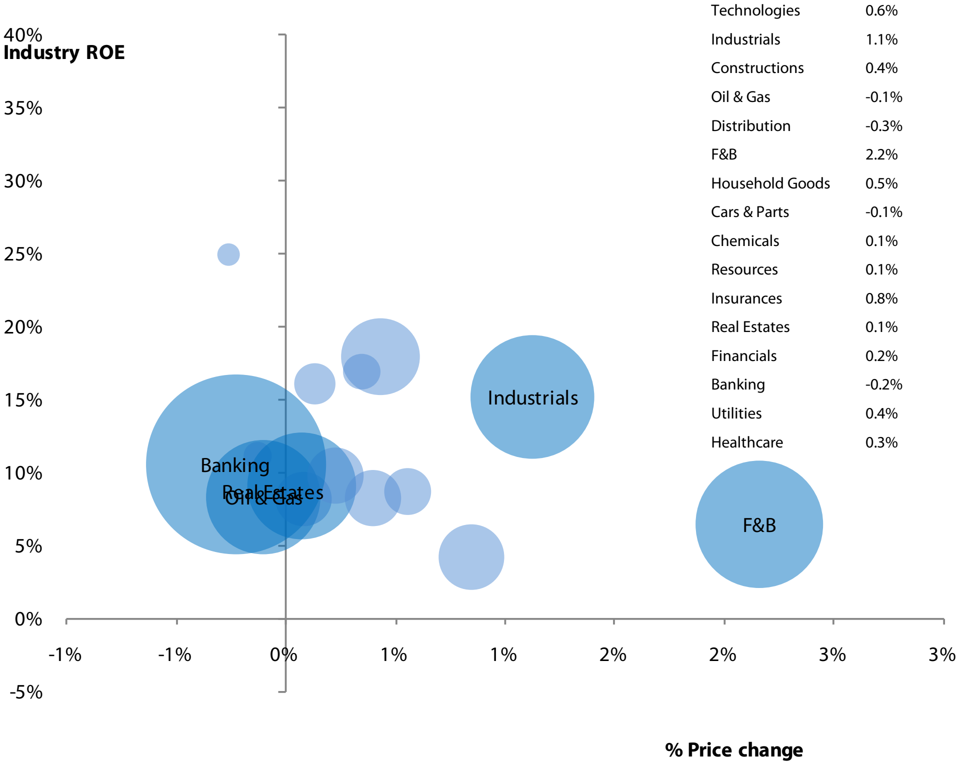
VNINDEX	0.45%	603.76	VN30	0.77%	638.40	HNXINDEX	0.11%	83.88





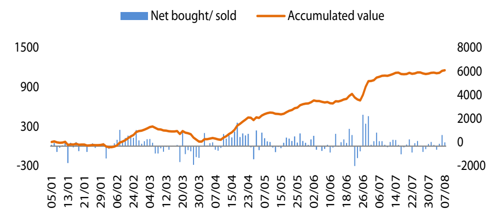


Industry Movement

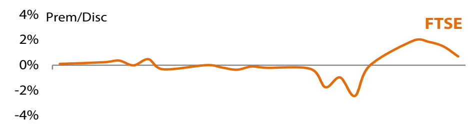


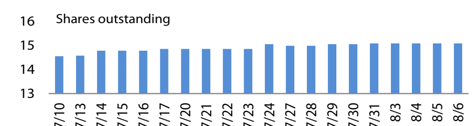
Industry	% change
Technologies	0.6%
Industrials	1.1%
Constructions	0.4%
Oil & Gas	-0.1%
Distribution	-0.3%
F&B	2.2%
Household Goods	0.5%
Cars & Parts	-0.1%
Chemicals	0.1%
Resources	0.1%
Insurances	0.8%
Real Estates	0.1%
Financials	0.2%
Banking	-0.2%
Utilities	0.4%
Healthcare	0.3%

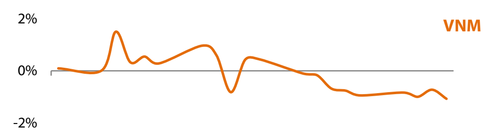
Foreign Investors Trading

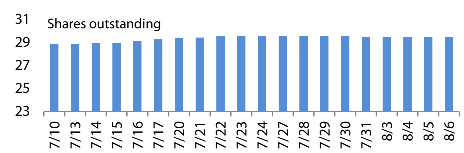


ETF



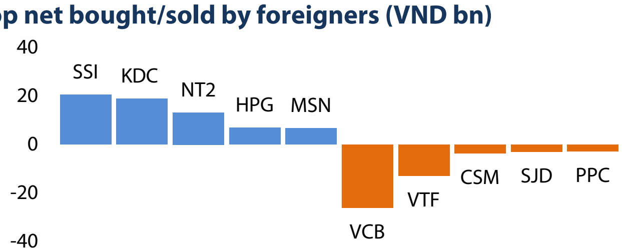




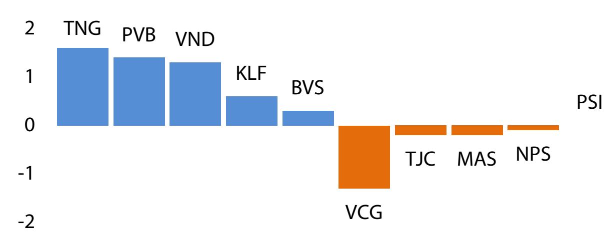


Top net bought/sold by foreigners (VND bn)

HSX



HNX



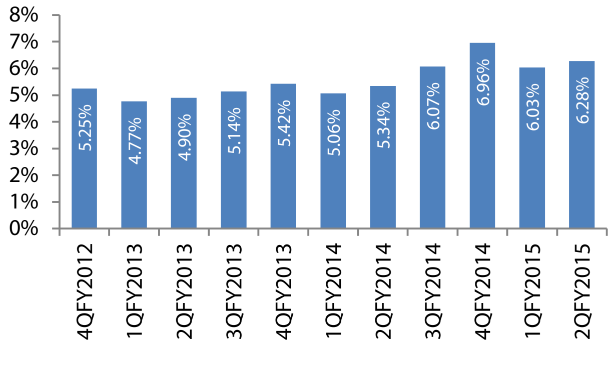
Top Active

Ticker	Price	Volume	% price change
FLC	8.0	5.03	1.3%
OGC	2.5	3.08	0.0%
SSI	26.8	3.04	0.0%
NT2	26.9	2.75	2.3%
HPG	34.1	2.70	2.7%

Ticker	Price	Volume	% price change
FIT	12.6	4.16	0.8%
SCR	8.4	2.35	1.2%
PVX	3.7	2.07	-2.6%
KVC	17.3	1.93	-9.9%
KLF	6.1	1.62	0.0%

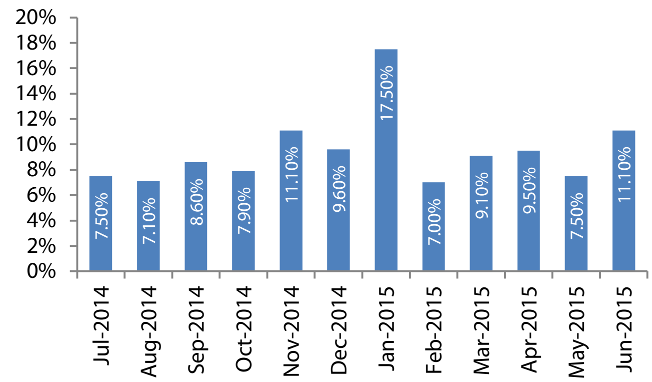
MACRO WATCH

Graph 1: GDP Growth



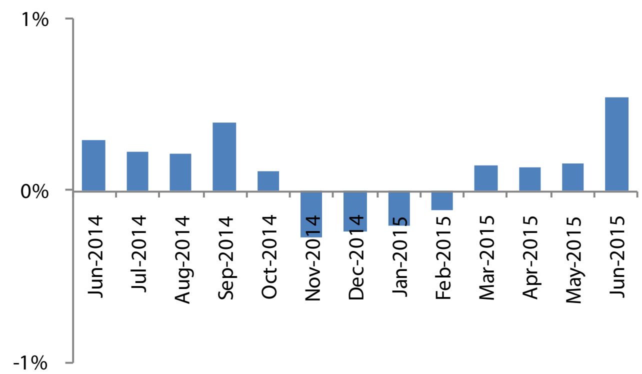
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



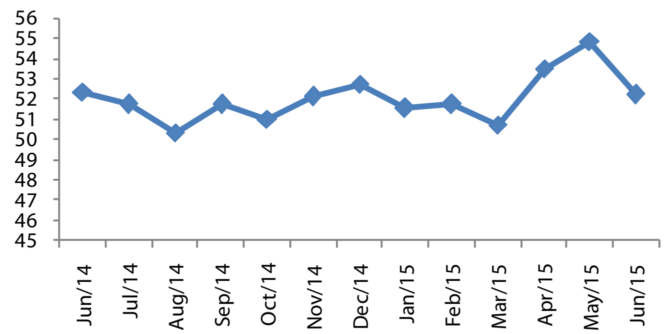
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



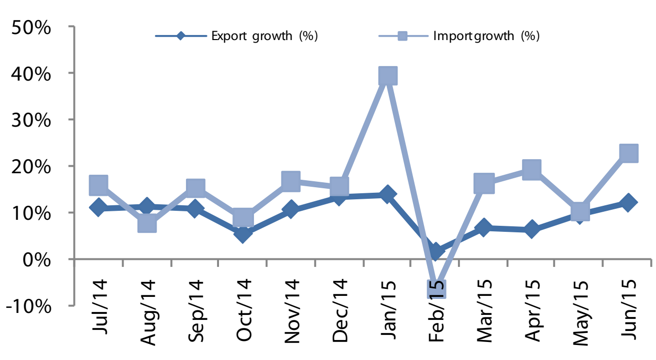
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



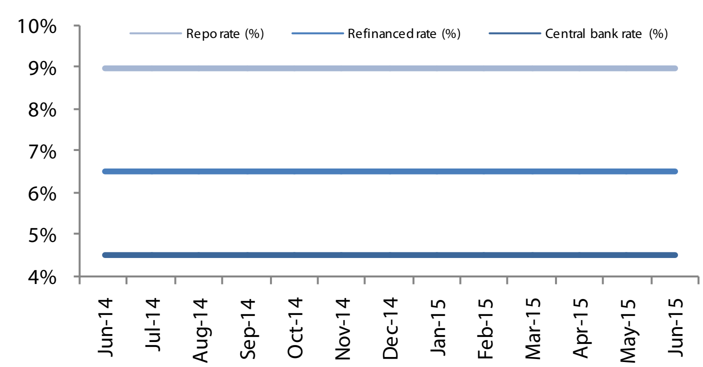
Sources: GSO. Rongviet Securities database

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
NT2 - Growth in stability	July, 30th 2015	Buy – Intermediate term	30,200
FMC - Leaping in overseas waters	July 23rd, 2015	Accumulate – Intermediate term	27,000
SVC - Firing up the engine	July 20th, 2015	Accumulate – Intermediate term	24,100
LCG - A new cycle begins	July 16th, 2015	Accumulate – Intermediate term	9,500
PVD - Well-positioned in the industry but still early to expect upturn	July 14th, 2015	Accumulate – Intermediate term	61,700

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	21/07/2015	0% - 0.75%	0% - 2.5%	11,817	11,748	0.59%
VEOF	21/07/2015	0% - 0.75%	0% - 2.5%	9,945	10,100	-1.53%
VF1	31/07/2015	0.2% - 1%	0.5%-1.5%	23,561	23,582	-0.09%
VF4	29/07/2015	0.2% - 1%	0%-1.5%	10,715	10,752	-0.34%
VFA	31/07/2015	0.2% - 1%	0%-1.5%	7,606	7,606	0%
VFB	31/07/2015	0.3% - 0.6%	0%-1%	12,282	12,260	0.18%
ENF	24/07/2015	0% - 3%	0%	11,626	11,557	0.60%
MBVF	30/07/2015	1%	0%-1%	10,578	10,626	-0.45%
MBBF	29/07/2015	0%-0.5%	0%-1%	12,300	12,295	0.04%

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