JUNE

29

MONDAY

ADVISORY DIARY

- **TTC – Investing for long-term growth**
- **Passing through narrow doors**
- **Greece: until when the "tug of war" ends**

TTC – Investing for long-term growth

Building materials and fixtures recently are paid attention from the public while having potential growth in stock market. Moreover, real estate - construction market in 2015 continuously have many positive signals including the credit package of VND20,000 billion to support the commercial houses of under VND 2 billion/unit as well as old and new projects will put into operation. Therefore, RongViet Research supposed that building materials and fixtures is likely to have positive outlook this year. After having a discussion with Thanh Thanh Jsc (TTC – HNX), it seems that the company has changed following this above positive movement.

Being the leading company in ceramic tile segment, TTC also exports with 5 – 10% of revenue come from Thailand, Cambodia or Srilanka… According to the provided information, diversification in the products and improved production chain are the key factors to have the advantages of products' quality. Therefore, TTC's business result brought 130% growth in revenue during 2011-2014. According to provided information, with the optimistic from the construction segment in 2015, higher demand in ceramic tiles, especially large size ceramic tiles could have positive growth in future. With the advantages in large paving stone segment, along with the barrier to entry in this sector due to high investment costs, 2015 business result is expected to be positive. Regarding TTC's result in Q1/2015, even though revenue could only reached 83.81 billion dong, slightly increased by+3.72% y.o.y, profit before tax increased by +45.88% y.o.y to VND4.38 billion completed 43.8% of 2015 plan. Furthermore, with the low price for CNG – resources for TTC' production is also a supportive factor in term of reducing production cost.

At this moment, 5 production chains from TTC reached 96% in capacity with approximately 5.5 million m2/year. As a result, long-term growth is expected with construction plan of granite factory in Nhon Trach 2 industrial zone in order to meet the demand from customers when they shifted to granite from ceramic production. In addition, this also helped TTC to increase production capacity. Expected capacity could reach 3 million m2/year in granite 60x60, 100x100 and was divided into 2 phases. In 1st phase, capacity could be 1.5 million m2/year with VND341 billion investment cost. According to the plan, first phase could be operated in 2017, contribute 27% increase in capacity. In order to raising fund for the project, TTC could (1) issue shares to existing shareholders or strategic shareholders at the ratio of 1:1 (6 million shares); (2) borrow from banks (expect to be BIDV).

Our analyst believed the success of the upcoming additional share issues would rely on (1) the relatively attractive P/E ratio at the price of VND10.800 a share; (2) positive 2015 earnings outlook and (3) ready buyer from AFC VF Ltd. Since early 2015, AFC VF Ltd has bought totally 65,500 shares of TTC raising the stake from 6.03 % to 7.13 %

With trading P / E nearly 4.5x and dividend yield of ~ 6.5% plus not using long-term debt during 2011-2014 period, investors seem quite confident in accumulating the shares despite its limited liquidity.

"Passing through narrow doors"

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Passing through narrow doors

Today, we saw a strong breakthrough of VNIndex with a gain of 10 points (+1.72%) to 591.75 in Vietnam stock market. On the other hand, HNIndex decreased slightly about 0.03 points (-0.03%) to 85.49. Liquidity maintained high with total trading value about VND2,747.57 bn with 165.5 million shares exchanged hands. In addition, market continued to be differentiated, especially, there was strong gains at some "hot" shares at the moment like banking (VCB +5.1%, BID +3.3%), oil and gas (GAS +1.6%, PVD +2.9%) and securities (HCM +3.3%, SSI +1.6%).

Despite of strong 10 points increase, there were only 107 stocks increased in points but 116 decline stocks. Such position did not demonstrate the positivity as well as the width of HSX. HNX declined in points with only 81 increase stocks but 116 decline stocks. It is likely that the strong increase in today trading session with negative width of the market, VNIndex is trying to passing through the narrow doors to reach 590 points again. However, markets need more optimistic and clearer signals to have a stable increase.

At the end of today trading session, 26/6/2015, foreign investors continue net-buy position from tomorrow with 313.86 billion dong in HOSE and 29.27 billion dong in HNX. Expanding room information pushed the momentum further and supported the stocks with over 45% holding when investors maintained positive sentiment after 4 consecutively fluctuated and declined segment.

Company with high foreign ownership and valid valuation from Rongviet Research

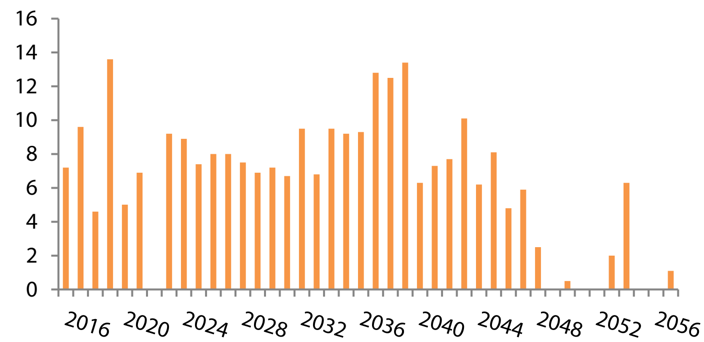
Ticker	Foreign ownership (%)	Market	Current price	Valuated price
CTD	49.00	HOSE	76,000	
DHG	49.00	HOSE	75,000	
DMC	49.00	HOSE	41,900	
FPT	49.00	HOSE	46,800	60,900
JVC	49.00	HOSE	8,700	
KDH	49.00	HOSE	21,500	
MWG	49.00	HOSE	73,500	101,000
PCG	49.00	HNX	5,800	
PVI	49.00	HNX	16,800	
SAV	49.00	HOSE	10,000	
ST8	49.00	HOSE	22,200	
VNM	49.00	HOSE	114,000	110,000
VNS	49.00	HOSE	32,700	
VSC	49.00	HOSE	48,100	
TCM	48.99	HOSE	34,200	42,500
BMP	48.98	HOSE	79,500	87,700
IMP	48.97	HOSE	45,500	
BBC	48.96	HOSE	62,500	
PNJ	48.96	HOSE	39,500	
HCM	48.93	HOSE	37,800	
REE	48.93	HOSE	27,100	29,700
ASP	48.88	HOSE	5,900	

Source: Rongviet Research

Greece: until when the "tug of war" ends

Recently, stories about Greece has remained as a hot topic as the fate of a country will have the significant impact on Euro zone and global economic. Ultimately, enough Greeks will get fed up and demand a new election and a government that can get something done – not the continued brinksmanship. Both sides are getting to the "shoot the dog and sell the farm" point when both EU and IMF have the "soft touch" and try to prolong the "lose of patience" over years ago. Therefore, instead of dealing with the root of problems, IMF and EU continues to operate the loan and support wheels even though they could have known that it will be useless in long-run.

Exhibit: Greece in debt for the next 40 years – billion USD

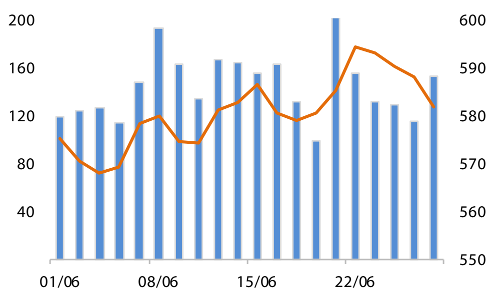


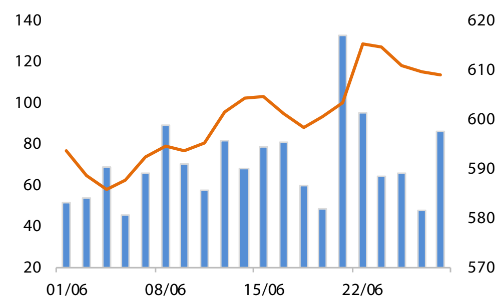
Source: New York Times

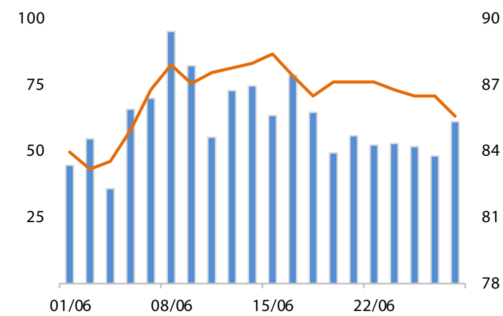
The Greeks want to stay in the euro (memories of the drachma induce nightmares), but their entire system is uncompetitive and will trap them in a slow-growth world. They simply cannot maintain their current benefit and bureaucratic structure without assistance, and Europe is saying we are tired of giving assistance for you to maintain your unrealistic structures. Currently a majority of Greeks don't want to change (significantly). They want the rest of Europe to continue to lend them money, but the rest of Europe is fed up. We could see that, despite of the results, Greece would be likely to face the default in national scale. The Greeks are going to have to change before something positive can happen to Greece. It will be a wrenching change.

*Content in **Greece: until when the "tug of war" ends** based on John Mauldin's perspective, one of the most recognizable names in financial segment. He is known as a speaker, analyst and often lectures at the seminar, major investment conferences globally as MoneyShow, Agora Financial Investment, Symposium, and CFA Institute Annual Conference. Mauldin also hosts the annual Strategic Investment Conference in partnership with Altegris Investments.*

VNINDEX	1.72%	591.75	VN30	1.86%	620.22	HNXINDEX	-0.04%	85.49

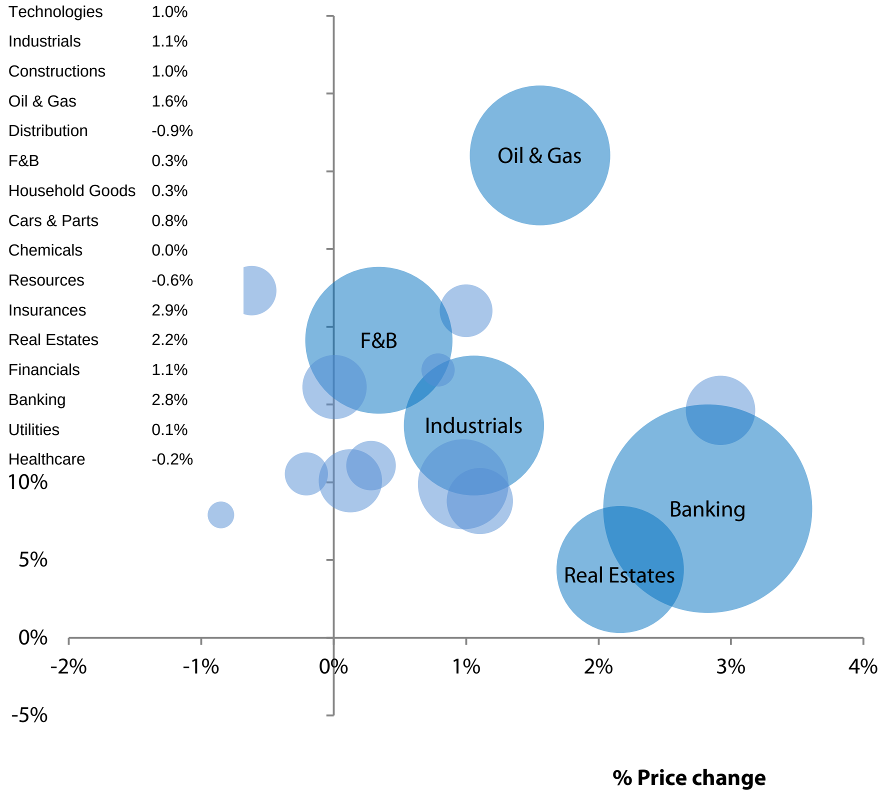




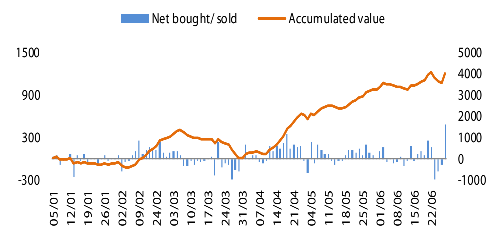


Industry Movement

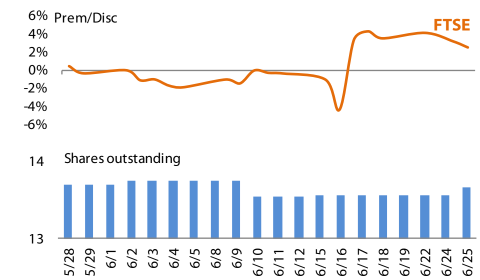
Industry	% change
Technologies	1.0%
Industrials	1.1%
Constructions	1.0%
Oil & Gas	1.6%
Distribution	-0.9%
F&B	0.3%
Household Goods	0.3%
Cars & Parts	0.8%
Chemicals	0.0%
Resources	-0.6%
Insurances	2.9%
Real Estates	2.2%
Financials	1.1%
Banking	2.8%
Utilities	0.1%
Healthcare	-0.2%

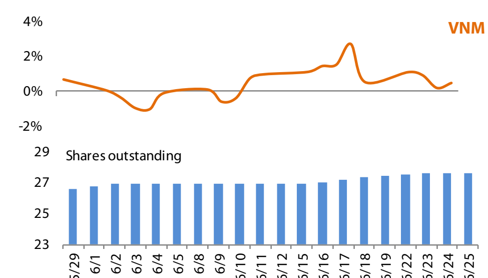


Foreign Investors Trading



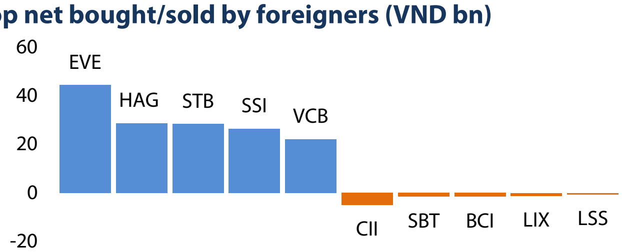
ETF



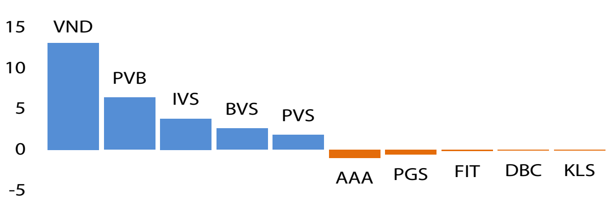


Top net bought/sold by foreigners (VND bn)

HSX



HNX



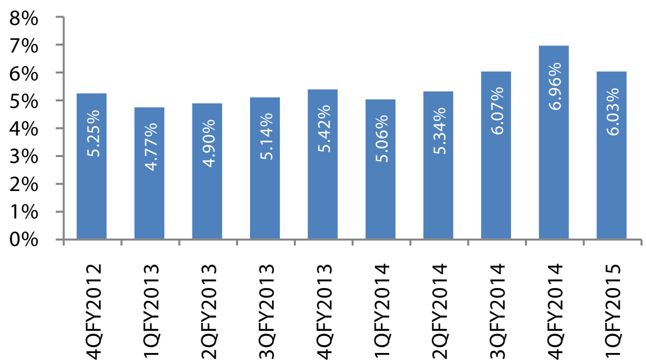
Top Active

Ticker	Price	Volume	% price change
FLC	8.8	17.00	-1.1%
SSI	24.8	5.03	1.6%
HAG	18.7	4.83	1.6%
VHG	10.7	4.29	0.9%
MBB	15.5	3.91	2.0%

Ticker	Price	Volume	% price change
FIT	13.0	6.39	1.6%
VND	14.8	3.49	2.1%
VIX	12.0	3.00	4.3%
KLF	6.9	2.82	-1.4%
SCR	8.4	2.73	0.0%

MACRO WATCH

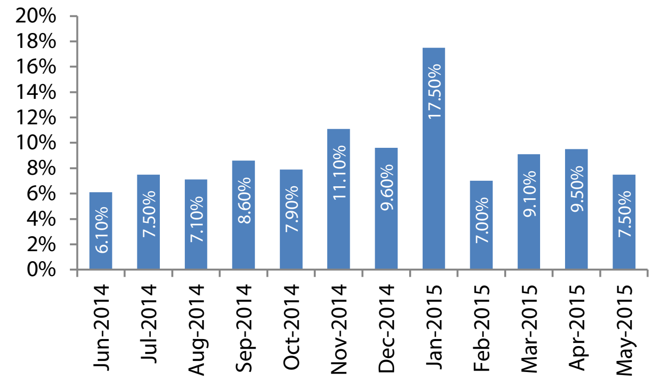
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

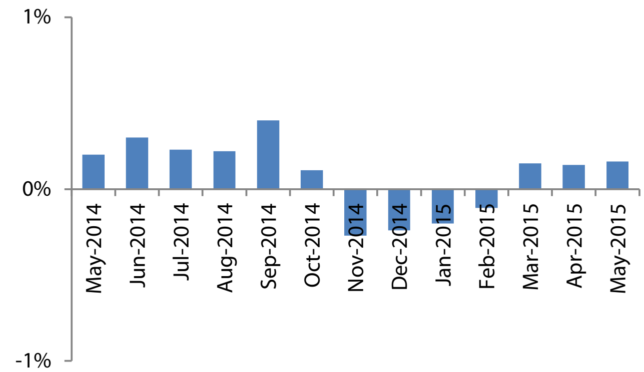
(*) Comparision price in 1994

Graph 2: IIP



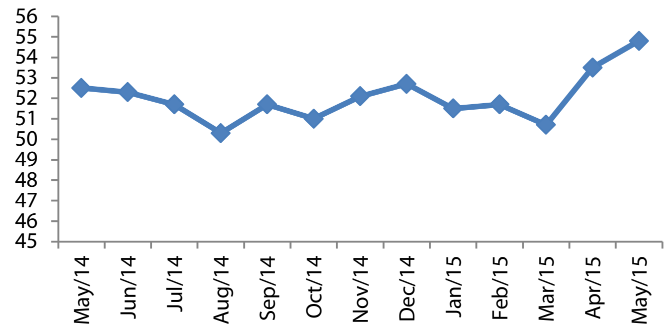
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



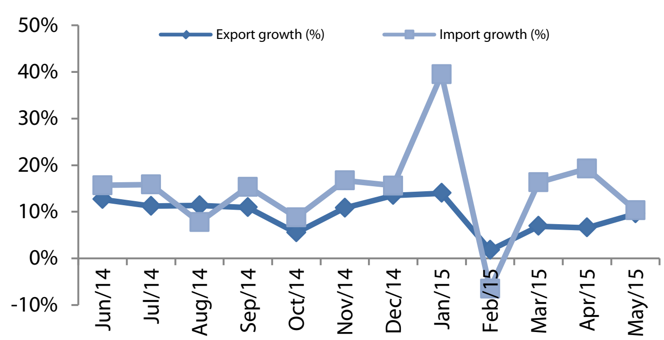
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



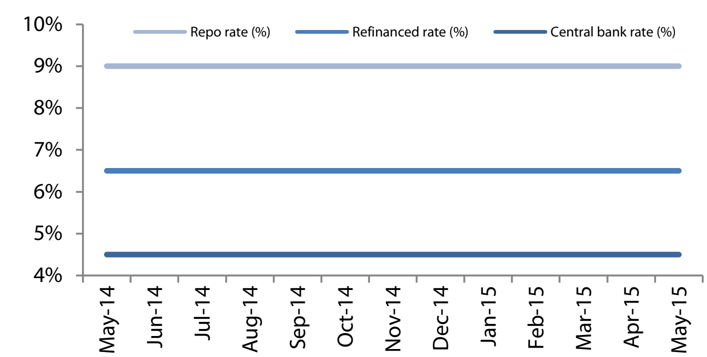
Sources: GSO. Rongviet Securities database

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
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	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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