JULY

09

THURSDAY

ADVISORY DIARY

- **DNP: Cash flowing in pipes**
- **Markets slowed as investors bargained**

DNP: Cash flowing in pipes

Dong Nai Plastic JSC is a small-scale firm which has two main products: (1) construction pipes for water supply, drainage and treatment projects; (2) plastic bags outsourced for European markets. In the last 4 years, DNP's had compound annual revenue and NPAT growth rates (CAGR) of 18.7% and 18.8% respectively.

In early 2015, DNP increased the ownership in Binh Hiep Corporation to 51.63% and would consolidate Binh Hiep's financial statements from 2Q2015. Although Binh Hiep is just a small water company, its business has good profitability and growth earnings prospects in the coming years. DNP also plans to make further investment in the water sector to increase profit from operations and penetrate deeper into the plastic pipe project market.

After paying stock dividends of 16% of share capital, DNP will issue 5,635,000 shares to its strategic partners this year. The proceeds will allow the Company to continue investing in the water sector as well as to expand its production capacity and reduce the debt balance in.

We believe that the reasonable price for the shares of DNP is VND21,900/share, 34.4% higher than the closing price on July 09, 2015. At the current price, we recommend to BUY this stock for the LONG TERM. However, the condensed shareholder structure might make liquidity to be a potential issue of DNP's shares.

"Markets slowed as investors bargained"

Markets slowed as investors bargained

The markets saw strong volatility which was 2% of VNIndex and 1.15% of HNIndex. Both indices tried to rally; however, lacking of support from large cap groups, gains were not sustainable. Bargaining sentiment, proven by reluctant long-short by buyers and sellers, shed its shadow on markets. However, markets were still supported by counterpart demand. VNIndex closed at 622.10 (-0.17%) and HNIndex closed at 87.92 (-0.24%). Foreigners were net sellers today to the tune of VND26 billion today in Ho Chi Minh. In contrast, they net bought total value of VND11 billion in Hanoi.

In spite of indices pulling back, total trading value, estimated at VND3,400 billion showed a positive signal as it remained at 20-day averaged value. Moreover, market breadth moderately balanced with 8 8 advancers/ 119 decliners in Ho Chi Minh and 73 gains/ 110 lost in Ha Noi. After the markets lost significant ground yesterday, capital flow became more cautious as investors only participated at low price ranges. Also, money did not flow aggressively into stocks of banking sector (only VCB went higher, others stood still or fell back). Instead, securities and real estate sector were an attractive "landing" for cash flow as many gains in these sectors.

We also observed that insurance stocks price movements were quite remarkable. In the last session, we noticed these stocks rose quite positively, mainly due to the expected extension of foreign ownership limit. According to RongViet Research, this regulation will only affect in short-term on the insurance share price.

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Table: Foreign ownership at listed insurance companies stocks (updated to 09/07/2015)

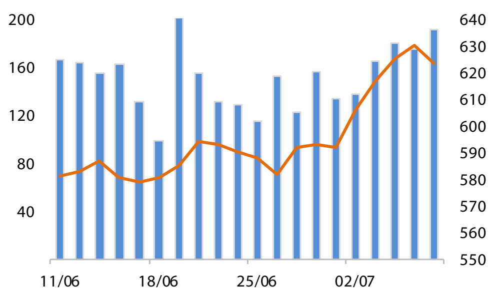
Tickers	Foreign ownership (%)
PVI	48.7
BVH	25.0
BMI	42.1
PGI	0.6
PTI	38.0
BIC	12.6
ABI	24.6
VNR	0.0

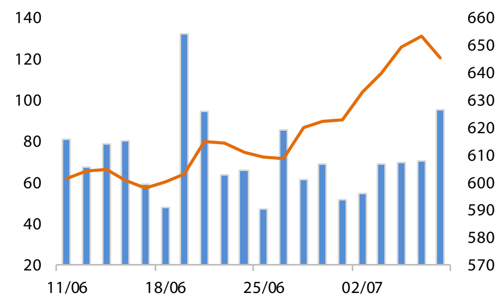
Source: Stoxpro, RongViet Research

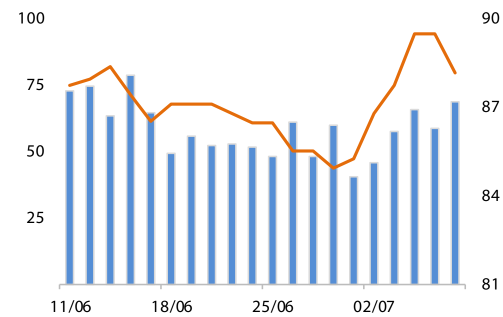
What we see is Foreign ownership limit (FOL) at most of the insurance stocks is still available. Thus, insurance stocks would expectedly schedule for big rallies if FOL is lifted. The particular example is BMI stocks. From June 01 to June 30, Firstland Company Ltd registered to buy 230,000 shares. However, that didn't materialize as share price has not been appropriate on July 07. During that time, BMI price developments ranged from VND15,600 to VND17,400 - a relatively attractive. This showed that Firstland are not too eager in buying in BMI even news revealed on FOL lifting. So, foreign investors only want to buy at the undervalued price for long-term investment.

Story of insurance sector illustrates strength of expectation. As long as investors realize positiveness, they will create pressure on demand to push prices to new heights notwithstanding clear and concrete effects from information and vice versa. Indices reaching new heights will naturally put smaller-cap issues in a more advantageous position in the valuation aspect. Smart money will then flow to stocks that have yet to gain substantially.

VNINDEX -0.17% **622.10** | **VN30** 0.14% **646.58** | **HNXINDEX** -0.24% **87.92**

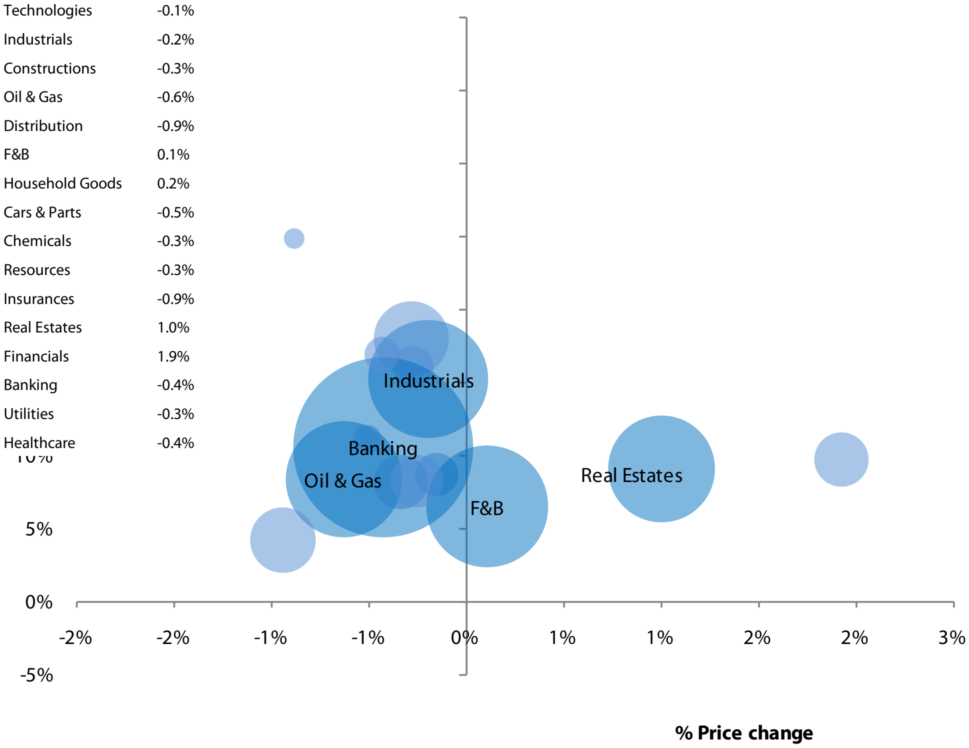




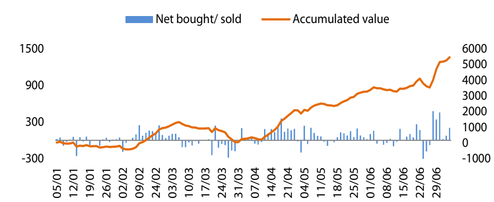


Industry Movement

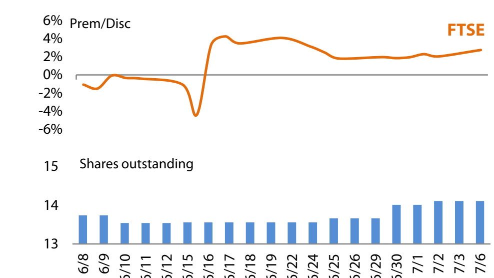
Industry	% change
Technologies	-0.1%
Industrials	-0.2%
Constructions	-0.3%
Oil & Gas	-0.6%
Distribution	-0.9%
F&B	0.1%
Household Goods	0.2%
Cars & Parts	-0.5%
Chemicals	-0.3%
Resources	-0.3%
Insurances	-0.9%
Real Estates	1.0%
Financials	1.9%
Banking	-0.4%
Utilities	-0.3%
Healthcare	-0.4%

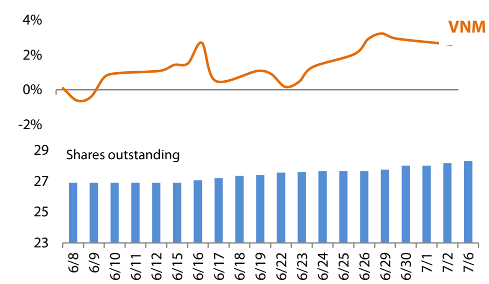


Foreign Investors Trading



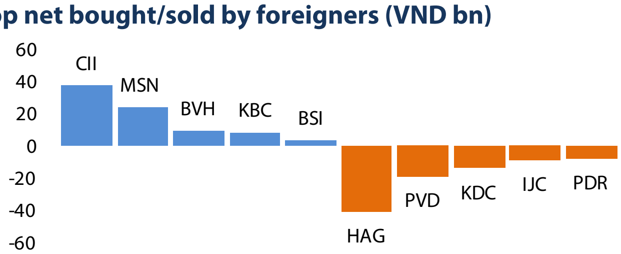
ETF



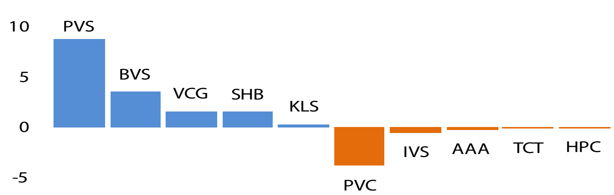


Top net bought/sold by foreigners (VND bn)

HSX



HNX



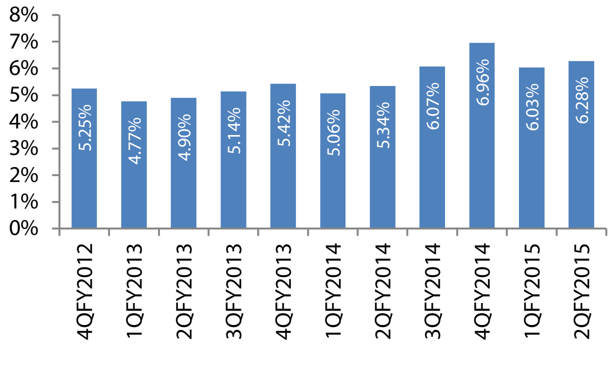
Top Active

Ticker	Price	Volume	% price change
HAI	10.8	9.26	-5.3%
FLC	8.5	8.50	-1.2%
SSI	26.2	6.09	1.9%
CII	27.6	5.58	0.0%
MBB	15.8	5.57	0.0%

Ticker	Price	Volume	% price change
KLF	6.8	4.54	-1.4%
SCR	8.6	2.90	-1.1%
SHB	8.8	2.64	-1.1%
CEO	13.4	2.33	5.5%
FIT	12.7	2.24	-0.8%

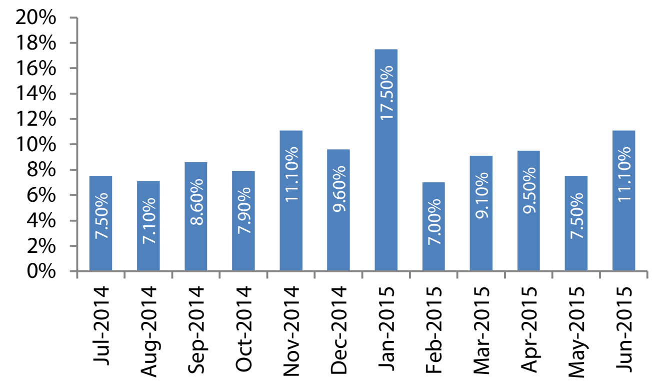
MACRO WATCH

Graph 1: GDP Growth



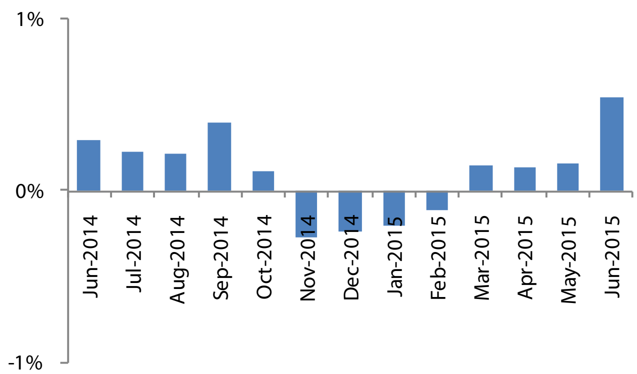
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



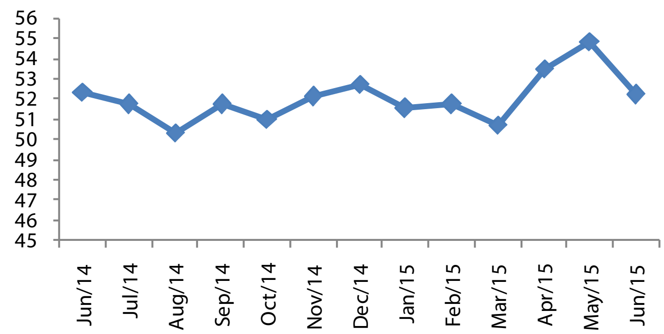
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



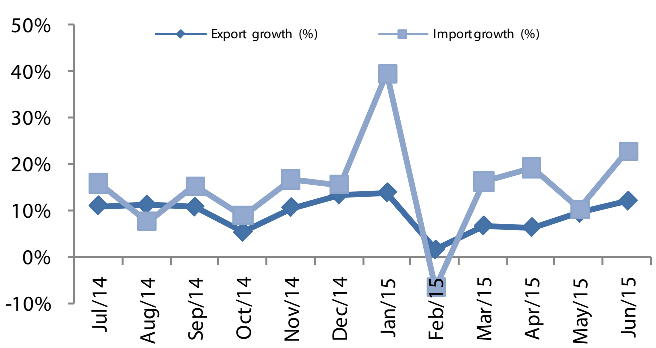
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



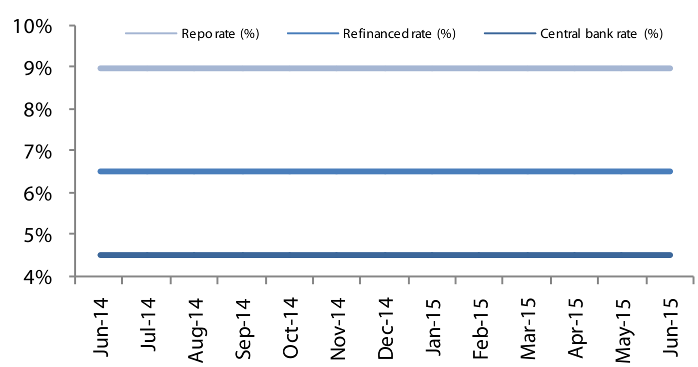
Sources: GSO. Rongviet Securities database

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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