RONGVIET SECURITIES

Looking for low-valuation stocks at the new price level

Brexit finally came in June; but despite fears that the event would send stocks to a new low, there was no "big retreat" in Vietnam stock market. There was panic at first but the market was soon flooded with enthusiasm as bottom fishers sprang into action. What was good news to those able to hold on to their stocks through the first day of Brexit brought disappointment to those expecting to see another sell-off. In spite of a hike in liquidity, trading was mostly between local investors. Last month, the combined trading volume in the two stock exchanges jumped 17.2% but net foreigner's purchases dropped by two thirds from May. We estimate that foreign investors accounted for only 7% of the daily trading value in June. This points to a sentimental divergence between the local and foreign investors. While equity market across the global fell into turmoil, VNIndex gained 2.2% and HNIndex 3.4% last month.

After the first six months of 2016, the economy Vietnam is still large stable with three out four key variables, i.e. manufacturing, consumption, investment and trade showing improvements. However, there are risks from the outside now threatening that very stability. Brexit may not bring a direct, sudden shock to Vietnam, is effect is anything but negligible. First, weakened global demand can soon have an impact on exports, which would then spread to the manufacturing sector in the second half of the year. Second and more importantly, the UK-EU divorce can initiate a new round of global monetary easing that would challenge the SBV's capacity to maintain the stability of the local currency. We maintain our forecast of a 3-percent depreciation of the VND in 2016 but note that there can be an increase in volatility in the currency market as importers demand for the greenback grew strong and fears for the FED rate hike are renewed. As a side effect of Brexit, the Japanese yen is strengthening quickly, implying significant foreign exchange losses for many power companies who borrow in the JPY.

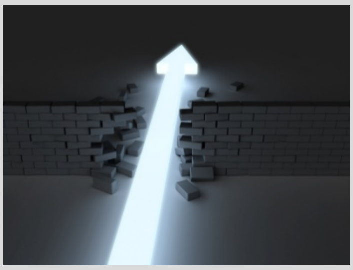
In the stock market, the abundance of liquidity has lifted VNIndex above 640 for the first time in the more than 2 years. We believe the slowdown in new mortgages and manufacturing lending has turn money flows to the stock market. As compared to the same period last year, current cash flows are much less distracted by other investment opportunities, for example, IPOs, real estate and state holding sales, etc.

We believe the market can remain enthusiastic throughout July. However, when liquidity deplete, the market will find it more difficult to move on higher in August. In the first half of 2015, credit growth was reported only 1/3 the SBV's full-year target (18-20%) and lending tends to be much more robust in the later months of the year. As banks withdraw cash for corporate lending there would less for stock investors. Secondly, the risk of rising inflation will call for more caution from the central bank in managing money supply. Lastly, the need to stabilize the USDVND exchange rates in Q4 would make it hard for SBV to keep pumping money into the system. The P/E ratio of VNIndex is already at a two-year high. On top of the diminishing taste for risky assets following the UK's latest referendum, this can make Vietnamese stock less attractive to foreign investors.

After the last rally, it is hard to foresee where the stock market will go in July. It may be too soon now to predict a correction since VNIndex used to reach a much higher P/E ratio in the past. Right now, we see no sign that stocks are cooling as Q2 earnings are being revealed. With most of the stocks and sectors under our monitor having strong earnings forecasts in Q2, the market is set to reach higher in July.

VNIndex is expected to move between 633 and 679 and HNIndex 83 and 89 this month.

Since leading stocks are rotating, it is not easy to pick stocks for a trend-following strategy. Smart money will go for stocks that have not gained substantially and those with attractive valuations, as long as there is nothing wrong about their fundamentals. We believe investors can focus in July on stocks of companies with (1) steady revenue and earnings growth, (2) low P/E and P/B and (3) strong earnings forecasts for Q2 and FY2016. Regarding sectors, we are positive about Building materials (steel, plastic, cement, etc.), Construction, Retailing, Automobile & parts, Industrial real estate and Travel & tourism.



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Right after the breakout of VNIndex above the historical high of 640, the market seems to have fallen into a state of overexcitement. Thus, we find it hard for short-term selling pressure to put a dent in the market's growing trend. However, as there is an increasing number of investors looking to take profits, we see unlikely that VNIndex will go straight to 700 without slowing down to find some balance the new price level. Ample liquidity on top of a now higher P/E level, lead us to believe that cash will flow into stocks that has not rallied. Investors may consider tilting their portfolios to stocks with sound fundamentals, stable or growing revenue and earnings which may still trading at a low P/E or P/B ratio.

For Q2 outlook, we are quite optimistic about companies in Financial services (securities brokerage), Building materials, Construction, Travel & recreation, Automobile parts, Specialty retailing (auto dealership and electronics), Real estate and Consumer goods.

The peak season of civil construction and tourism starts started in Q2. As a result, we expect to see strong top-line and bottom-line growth from passenger transporters such as SKG and materials manufacturers like HSG, HPG and BMP.

For real estate, we like TDH, LHG, KDH and BCI for their land bank advantages and the long-term potential. Strong 2016 earnings are projected for TDH and BCI as the firms liquidate assets and restructure their project portfolio. Meanwhile, robust demand for landed properties and industrial land will be the main growth driver for KDH and LHG.

Though the adaptation of intraday trading has been delayed until 2017, top stock brokers such as HCM and SSI, who are generally more aggressive on margin lending, should still benefit from strong improvements in market liquidity. Being the second largest brokerage house, HCM is also supported by rumors that the firm will lift remove FOL.

- Transportation: PVT, VTO, TCL
- Seaports: HAH, VSC
- Construction: CTD
- Technology: FPT
- Electricity: NT2, PPC, REE
- Real estate: BCI, KDH, LHG
- Retailers: SVC, PTB, MWG, PNJ
- Building materials: NNC, DHA, BMP, KSB, HPG, HSG
- O&G: PGS, PVS, PLC
- Food & Beverages: VNM
- Banks: VCB
- Other: SKG, DHC, DRC, PTI, DPM, IMP

34 stocks of RongViet Research (analyzing, discussing with companies) and have analysis and specific evaluation in "Company report" or "Analyst pin board" till now

Industries movement in June 2016 and P/E, P/B of industries at the end of the month

WORLD ECONOMY

- Global economic growth was lower than expectation
- More stimulus programs in coming months

As mentioned in Strategy Report – June 2016, Brexit is assessed as an important event, receiving the attention from many economists. Since, forecasts about global economic growth has been much more conservative. In addition, monetary policies from central banks of major economies continue to tilt toward easing aspect in the future.

Global economic forecast will be lower than expectation

In the Global Economic Prospects – June, World Bank forecasted that global economic growth for 2016 will achieve 2.4%, decreased by 0.5% compared to previous estimate. In which, developing and developed countries' prospects were lowered by 0.5 – 0.6%. After Brexit, forecasts about economic growth has been more conservative when majority believes that direct and indirect impacts on commercial flow and market risk could not be quantified easily.

According to Goldman Sachs's forecast, under the impacts of Brexit, British economy could fall into recession in mid-2017. Meanwhile, it also drops the forecast for US economic growth during 2H2016 from 2.25% to 2%. Brexit's negative effects could also spread to EU zone, with the growth forecast of 1.25% for the next two years compared to 1.5% without Brexit.

More stimulus programs in coming months

After Brexit, monetary policies from major central banks may have new developments, mostly leaning toward the conservative aspects. The summary for the upcoming policies from several major central banks will be provided below:

• FED will be more conservative in term of interest rate policy. Latest forecasts pointed out that FED could delay to hike rates in 2016. The next rate hike could take place in mid-2017.

• Bank of England considers to cut rate. In 30/06/2016 meeting, BOE mentioned the possibility to cut operating rates to stabilize the current situation and stimulate economic growth for Q32016.

• Bank of Japan expects to continue easing monetary policy. Official decision will be announced in the upcoming meetings on 28-29/07.

• People's Bank of China forecasts to cut the reserve requirement ratio.

• European Central Bank forecasts to continue easing monetary policy. After Brexit, economists believe that ECB will expand QE program in 09/2016 meeting.

• Other State Banks from Asia such as Korea, Taiwan, Singapore, Thailand… expect to participate in the wave of easing monetary policies in the future.

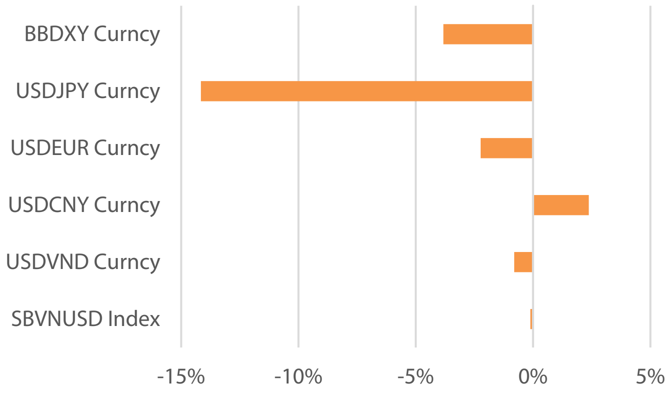
Overall, easing monetary policy to stimulate growth is the main orientation to stabilize internal factors and hedge further external shocks. With Brexit, we concern that the race to devaluate domestic currencies could expand without the true end. With less "noise" than the Pound, Yuan has "quietly" depreciated recently. Compared to earlier this year, the Yuan depreciated by 2.7%. The deterioration of China economic growth also received less attention than early-2016. However, the downtrend of the Yuan still exists and it could directly affect the exchange rate policy in Vietnam.

Table 1: Forecasted currency exchange rates

	2014	2015	2016F	2017F
EUR/USD	1.21	1.09	1.03	1.04
USD/JPY	119.80	120.20	97.00	97.00
NZD/USD	0.78	0.68	0.65	0.60
USD/CHF	0.99	1.00	1.09	1.12
GBP/USD	1.56	1.47	1.21	1.21

Source: Royal Bank of Canada

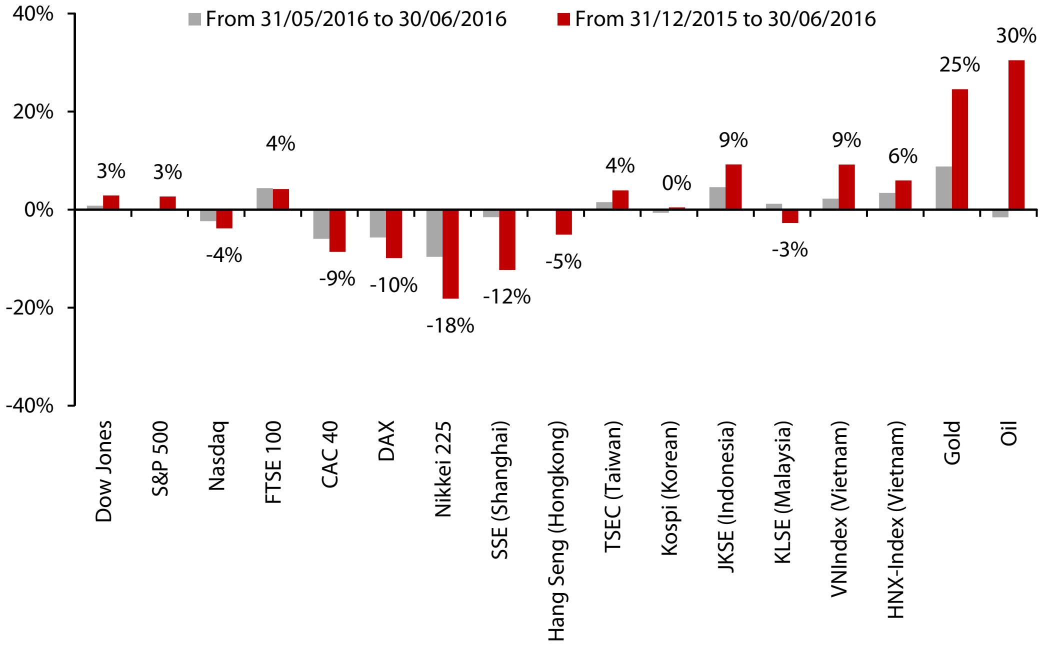
Figure 1: Currency exchange rate's movements



Source: Bloomberg

WORLD STOCK MARKET

Figure 2: Performance of major world stock market indices



Sources: Bloomberg, RongViet Research

Highlight event in June was the referendum of England or also known as Brexit. Most shared regained after significantly dropped due to market sale-off on 24/06. In US, the rally in the final week of June erased all Brexit loss. DJI earned monthly gain of 0.95% and had a YTD return of 3%. S&P 500 Index slightly moved up 0.26% to add 0.95% gain for the 1H2016. Nasdaq saw a monthly dropped of 2.13% and ended a disappointing year-half with a loss of 3.84%. Europe markets continued to suffer another negative month. CAC 40 (-5.95%), DAX (-5.68%) etc. were among the strong decliners. Short-term impact of Brexit did not seem to affect Asia markets. Except for Nikkei 225 (-9.63%) and SSE (-1.53%), other markets saw beautiful gain in June.

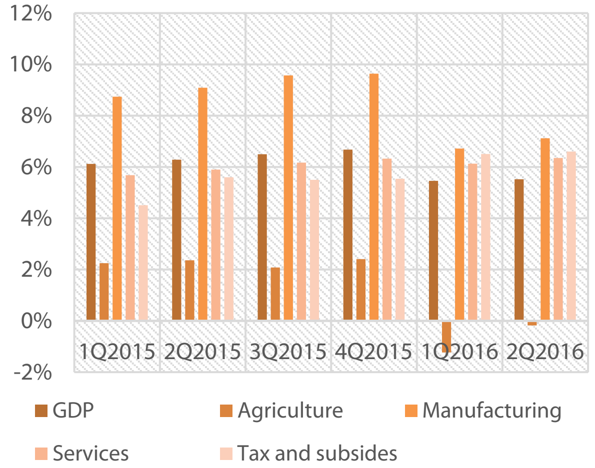
Uncertainty is stronger on the financial market. It is not surprised when investors chose to invest in gold. SPDR Gold Trust is reported to increase 308 tons of gold for the first half of 2016, which is the largest amount in 7 years. By the of June, gold price has grown 8.7%, marked another quarter of constant growth, and 24.4% since the beginning of this year.

In term of oil price, future contract for WTI improved by 9.9 USD/barrel in Q22016, equivalent to 26% increase to USD 48.33 /barrel. Brent oil price in Q2 also surged by 25% to USD 49.68 /barrel. The decline in supply mainly came from the forest fire in Canada or labor strike in Norway that leading to the strong recover of crude prices. In addition, oil price has been supported by the increase in demand for driving in summer (driving season).

Macroeconomic 1H2016: Growth continued to slowdown

Economy in 1H2016 improved with lower pace

Figure 3: Quarterly GDP growth rates



Source: GSO, RongViet Research

-In 1H2016, Vietnam economy growth rate slowed down, achieved 5.52% yoy. Agriculture and mining remained the only sectors recorded negative growth.

-Negative impacts from weather condition lead to the deterioration of growth for agriculture, dropped by 0.78% yoy.

Industrial and construction sectors achieved 6.8% growth rate, lower than 9.66% from last year. Processing and manufacturing industries maintained high growth rates (~10.1%) meanwhile, mining sector declined by 2.2% due to the deterioration in crude exploitation.

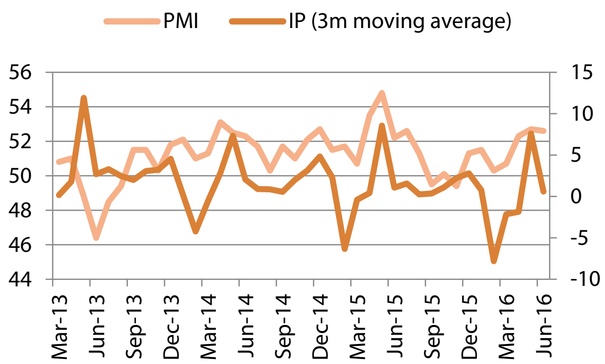
Comment:

If excluding two negative factors in GDP (agriculture and mining), economic growth in 1H2016 achieved 7.4%.

Overall, agriculture sector recovered at lower pace than our expectation. In 2H2016, negative impacts from El-nino on agriculture will be reduced.

Production and consumption are the firm bases for growth

Figure 4: PMI and industrial production growth



Source: Markit, GSO, RongViet Research

Vietnam consumption continues the uptrend when consumer confidence index has been optimistic along with the improvement in income and expansion in middle class. According to GSO, the growth rate in retail activities in 1H2016 surpassed 9%.

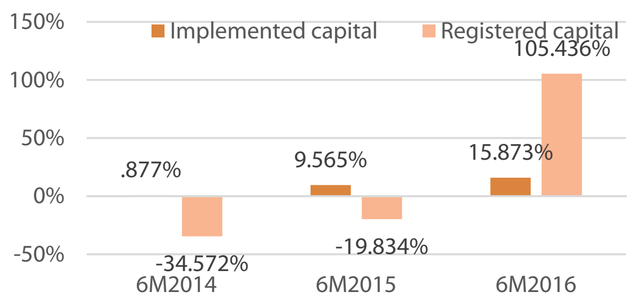
Meanwhile, domestic production continues the expansion. 6-month average PMI achieved 51.68 points, slightly declined compared to 52.4 point from the previous period. Industrial production index for 1H2016 slowed down compared to the same period, reached 7.5% (was up 9.7% in 2015)

Comment:

Retail activities are expected to be optimistic in 2H2016. Expansion trend in production could be maintained under the scenario of positive disbursement activities from FDI.

Surge in FDI disbursement supported production and exports

Figure 5: FDI implemented and registered capital



Source: GSO

-FDI disbursement in 1H2016 was positive, improved by 16% yoy, achieved USD 7.3 bn, equivalent to 50% of total disbursement capital in 2015.

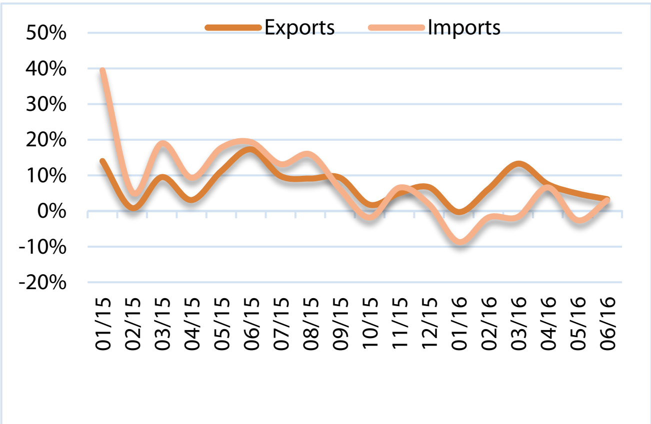
-Processing and production sectors continue to be the destiny for FDI capital flow with 70% of total invested FDI, followed by real estate (5%) and Science & technology (5%).

Comment:

Disbursement rate and new invested FDI capital have been relatively positive. In 2H2016, we expect this trend will continue. It will support production and exports in the next 6 – 12 months.

Commercial activities continue to slowdown

Figure 6: Monthly ex-import growth



Source: Customs, GSO, RongViet Research

Domestic sector: balance of trade showed no sign of improvement. In 1H2016 accumulation, exports dropped by 1.7% with slightly increase of 1.7% in imports. Accumulated trade deficit of state sector in 1H2016 was USD 9 bn, decreased by 6% yoy.

FDI sector: accounts for 70% in total trade turnover of Vietnam. Ex-imports from this sector is likely to level off, equivalent to 9.3% increase and 2.4% decline in exports and imports respectively.

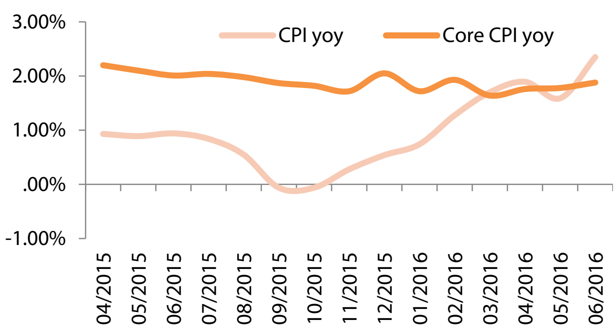
Comment:

Deterioration in imports support trade surplus in 1H2016. Specifically, FDI sector doubled the surplus figure compared to the same period.

Global economy slowed down, leading to the deterioration in demand for essential products. As a result, it indirectly affected Vietnam trading activities. Even though current disbursement rate of FDI is still positive, external impacts are the major risks for growth in ex-import trade balance in upcoming months.

Inflation maintains the uptrend

Figure 7: Monthly inflation rates



Source: RongViet Research

Consumer price index rose by 1.72% in 1H2016 compared with the end of 2015. Drought continues to impact the price levels of agricultural products. Uptrend in prices are mainly depended on food prices, transportation and medical services.

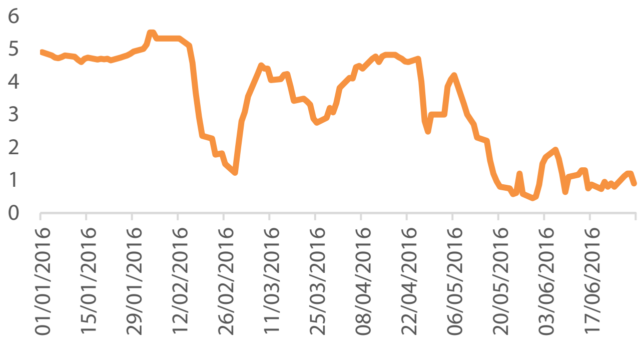
Comment:

National inflation level basically remained stable.

In 2H2016, inflation will continue the uptrend when fees of public services and global commodity prices recover. However, we expect core inflation of 2016 will hover around 2%.

Ample liquidity, interbank interest rates fell sharply

Figure 8: Interbank interest rates (over-night)



Source: SBV, RongViet Research

Interbank rate plunged to the lowest level in 3 years during mid-May.

Despite growth achieved 8.23%, higher than 6.85 of credit segment.

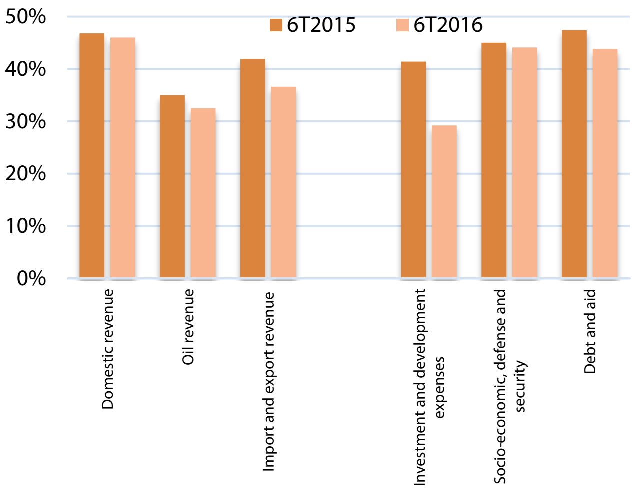
Comment:

System liquidity is abundant, facilitating the decrease in interbank interest rate. Furthermore, the State Bank purchased USD 8 bn in 1H2016, created more supply of VND.

After Brexit, the chance of FED's rate hike at the end of 2016 gradually decreased. Therefore, we expect interest rates will remain stable in order to stimulate economic growth in 2H2016.

Revenue-expenditure of budget is not optimistic

Figure 9: Rates of budget revenue-expenditure of budget (% estimates)



Source: RongViet Research

In 1H2016, State budget income and expenditure was not optimistic. Specifically, income from crude oil and ex-imports have been continuously impacted by low global oil prices and deterioration in commercial activities.

Domestic income maintained positive growth rate, however, revenue from foreign enterprises are still in downtrend. As a consequence, capital expenditure for development was lower than estimates (~30%) and decreased by 8% yoy.

However, the issuance of government bonds was quite favorable with over 80% of success. In term of 1H2016 accumulation, the State Treasury issued VND 187,700 bn worth of bonds, equivalent to 75% of the whole year plan (VND 250,000 bn).

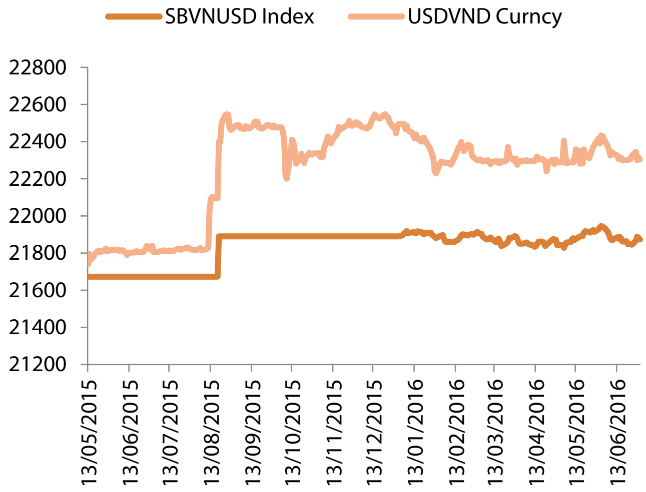
Comment:

State budget is facing difficulties when main income sources from foreign enterprise, crude oil and ex-imports deteriorated compared to the same period.

The favorable issuance of government bonds in 1H2016 provided the additional income to compensate for the budget deficit in short-term. In long-run, the imbalance in income-expenditure could make fiscal policy to be more restrictive, especially for development projects.

Stable exchange rate policy

Figure 10: Exchange rate movements in 1H2016



Source: RongViet Research

In 1H2016, average USDVND exchange rate reached 21,881, equivalent to late 2015. Trade surplus and FDI disbursement rate are at high level, helped policy makers to maintain a stable exchange rate. As a result, foreign exchange reserve could improve. SBV is projected to buy the addition of USD 8 bn in 1H2016.

However, according to our observation, the recent depreciation of CNY could put more external pressure on policies.

Comment:

Favorable external and internal factors support exchange rate policy in 1H2016. In 2H2016, the possibility of devaluation will be higher due to (1) Increase in import demand; (2) External uncertainty when there is a wave of domestic currency devaluation to stimulate economic growth around the world.

VIETNAM ECONOMY

- Domestic demand is supporting private sector
- Businesses is conservative in investment – capital shift to government bonds
- Increasing money supply impacts on interest rate, inflation and exchange rate

In the first half of the year, the economy recorded GDP growth of 5.52% which is lower than expected. The economy is negatively affected by the agriculture and mining industries; meanwhile, the contribution from production and services is stable.

In the last half of 2016, we believe that the economy is still depending on the private businesses' contribution. In fact, manufacturing activities of private businesses are receiving positive support from the domestic demand but it is not enough for those businesses to undergo expansion. Therefore, we believe that economic growth will not be as good due to global economy threat and pressure from government's debt even though the business environment showed enhancement. The reasonable growth rate for 2016 is estimated at around 6% which is quite high compare to other countries in the region; therefore, Vietnam continues to be the spotlight for consuming and investment.

Domestic demand is supporting private sector

In the weakening trend of the global trade, export of domestic enterprises was fairly tough. According to Customs, in 1H2016, domestic exports decreased by 1.7% while imports increased only 1.4% compared to the same period last year. However, based on trade activities' data, we recognized a fact that domestic enterprises are actively operating due to domestic demand.

Based on importing trend, it can be seen that even the export is in trouble but demand for input materials for manufacturing is still positive. Among the top of all importing goods, the value of importing goods has fairly increased at segment of producing machinery, equipment, and raw material (plastic, cotton, chemical, metal, steel…). For petroleum products, even the value dropped almost 20% but the volume increased by 28% in the first 5 months of 2016. Those movements along with PMI and consumption in industrial manufacturing, we can conclude that the drive for domestic enterprises comes from internal demand.

Table 2: Main imports of domestic businesses (5M2016)

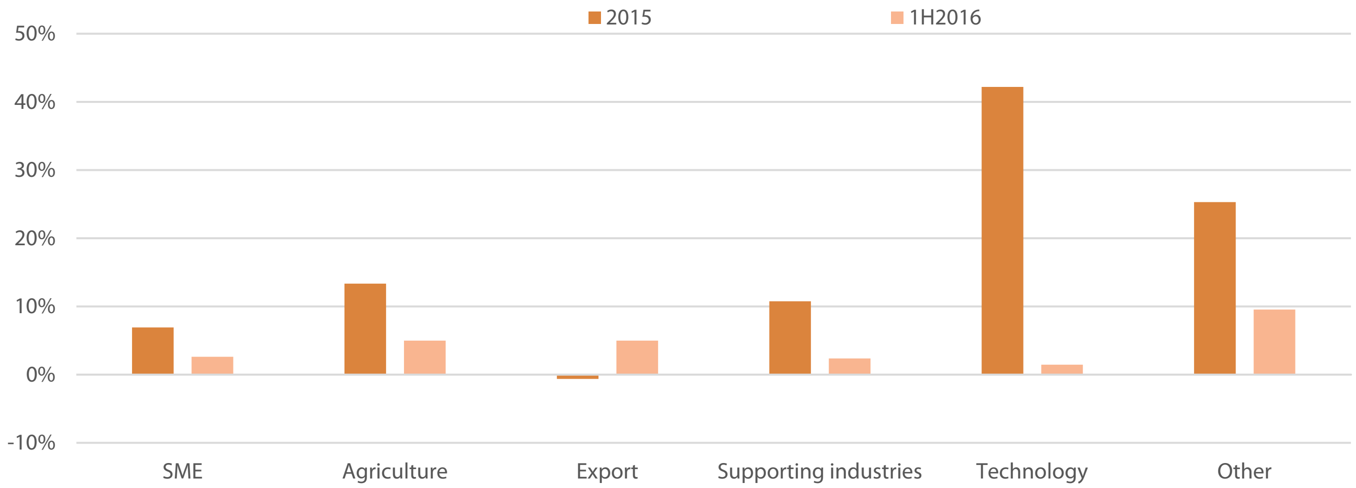
	Value (million USD)	Growth (yoy)
Mechanics	5,286	33%
Steel	2,051	11%
Petroleum	2,000	-19%
Fabric	1,882	21%
Plastic materials	1,220	8%
Pharmaceutical	1,021	25%
Cars	987	-18%
Computers, electronic products	889	25%
Textile materials	745	13%
Car parts	687	30%
Chemical products	675	24%
Animal feeds	621	-30%
Basic metals	613	23%

Sources: Customs, RongViet Research

Businesses is conservative in investment – capital shift to government bonds

In order to push the economic growth in the last half of this year, credit growth is one of the targets that policy makers aim for. As of 24/06/2016, credit of the economy rose 6,82% compared to end-2015 and was higher than the same period last year. However, capital flow for prioritized industries has not been as good as expected. Data about credit growth at prioritized industries shows that low interest rate does not necessarily trigger the need for credit loan. Meanwhile, credit increased in other segments but it is slowing down due to high growth in the past year.

Figure 11: Credit growth for prioritized industries



Sources: SBV, RongViet Research

Capital investment is fairly good but banks continue to buy bonds due to the caution in investing of businesses. In the first half of this year, State Treasury mobilized more than 187,700 billion VND of government bonds, around 2.5 times higher than 2015 with an 80.05% of winning/offering ratio. Due to high demand for government bonds, market has gradually accepted bonds with a longer term. According to MoF, average G-bonds term in the first half 2016 is 6.79 years, in which, demand for 5 years and 15 years G-bonds is extremely popular. Therefore, average G-bonds term is extended to 5 years from 4.44 years at end-2015. With a longer borrowing period, we expect that the pressure on paying government debts will be decreased in the next 2-3 years.

Increasing money supply impacts on interest rate, inflation and exchange rate

The movements of money supply and credit in the first half of 2016 reminds us about the monetary system in 2012-2014 period when M2 growth outperformed credit growth. Two key risks in case of money supply grows faster than credit are banks might provide "easy capital" to non-production sectors (real estates, securities or consumer lending…) and higher inflation risk.

Table 3: M2 and some macro indicators in 2011-2016

	Target					Performance				
	GDP	Inflation	M2	Credit	ER	GDP	Inflation	M2	Credit	ER
2011	7-7.5	<7	15-16	20	NA	6.24	18.13	12.1	14.4	7.9
2012	6-6.5	<10	14-16	15-17	2-3	5.25	6.81	18.5	8.9	-0.9
2013	5.5	8	14-16	12	2-3	5.42	6.04	18.8	12.5	1.2
2014	5.8	7	16-18	12-14	2	5.98	1.85	17.7	14.2	1.4
2015	6.2	5	16-18	13-15	2	6.68	0.54	14.0	18.0	5.1
2016*	6.7	5	16-18	18-20	NA	6.00	3.50	18.0	16.0	3.0

*Sources: GSO, SBV, RongViet Research, * RongViet projection*

In the previous period, the SBV successfully cut interest rates to boost credit growth. However, at the moment, we believe that it is difficult for policy makers to make further rate cuts. Therefore, with unchanged money supply growth while the orientation to boost credit growth in prioritized sectors have not succeeded as expected plus low demand for government bonds in the second half of 2016 (~VND62,300 billion), capital could move to consumption or real estate, securities. In the latest announcement, the SBV's governor warn potential risks in credit growth in real estate, securities and consumer lending in HCMC. Credit institutions in HCMC accounted for 40% of total assets, 30% of total deposit and 27% of total loans in banking system. Detailed data is not available for the whole system, but we believe trends in HCMC could represent for whole system. Warnings from the SBV can be seen as a way to orient capital flow, in addition, the monetary market management requires strict control to ensure economic growth and macroeconomic stability.

Regarding inflation risks, we believe there is a strong relationship between inflation and commodity price's recovery. As global economy is still bleak, commodity price would likely remain at low level, supporting domestic manufacturing and consumption in the near future. Besides, in current situation, oversupply money could lead to higher inflation. However, the caution of domestic manufacturers could delay the effect of oversupply money to inflation.

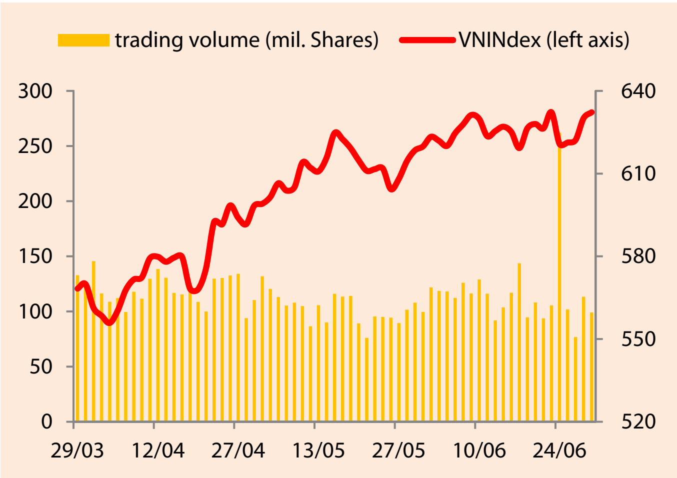
We believe there are several reasons for the dong exchange rate stability after Brexit. First, foreign capital is relatively interested in Vietnam with more than 7.3 bn USD of FDI while Vietnam recorded a trade surplus of 1 bn USD in the first half of this year. While, new exchange regime showed the efficiency in controlling speculation. Finally, demand for USD-denominated loans has increased since June after SBV lifted ban on foreign currency loans, however, foreign currency loans still decreased 4.6% in the first half of this year. In addition, demand for USD-denominated loans is also limited due to encouraging trade activates. In the second half of this year, we suppose that the pressure on the VND depreciation could be stronger (due to the CNY depreciation), but the SBV, to certain degrees, will have power to reduce the market anxiety.

JUNE STOCK MARKET: Positive market sentiment supported by strong cash flow

In first half of 2016, Vietnam stock market moves in the same direction with oil prices. However, this does not necessarily mean Oil & gas stocks are the only market leaders as the market capitalization of these stocks are no longer as high as in previous years. Banking stocks (such as VCB, BID, CTG) also joined the club at some point, especially in April and May this year. During this period, the market also experienced several emotional sessions, noticeably 24/6, when the results of the referendum of England about whether to stay or leave the EU (Brexit) was out. The session was a proof that the market is still very optimistic at the moment.

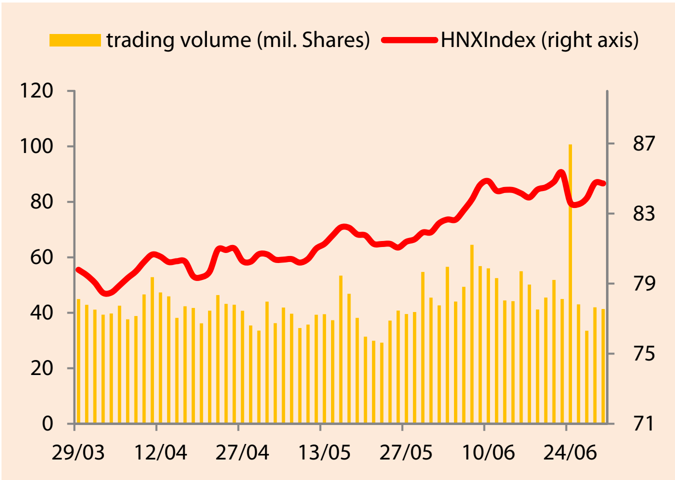
Positive market sentiment. The optimism expressed in the strong resistance of the market when facing negative information. For example, June 17^{th}, under the sell pressure of ETFs and the disappointment about the delay of circular 203, the market lost 0.99%. But in next session, the market rebounded strongly (1.16%). June 24^{th}, also known as "Brexit session", VN-Index had been below 600 points at some point, but bottom-fishing helped the market recover strongly over 20 points during the trading session. And the market needed only 3 more days to get back what was lost that day. The rapid recovery, in our opinion, came from the excitement of investors, which was likely backed by abundant cash flow, particularly margin loans. Data from the macro analysis division of RongViet Research shows that the difference between M2 and credit are fairly large, around 1.8% (the figure for the same period was -0.2%). In addition, when tested on the HSX cash flow, we realized turnover was up 1.2%, corresponding to an increase in volume of 13.5% over the same period.

Figure 12: VNIndex movements in June



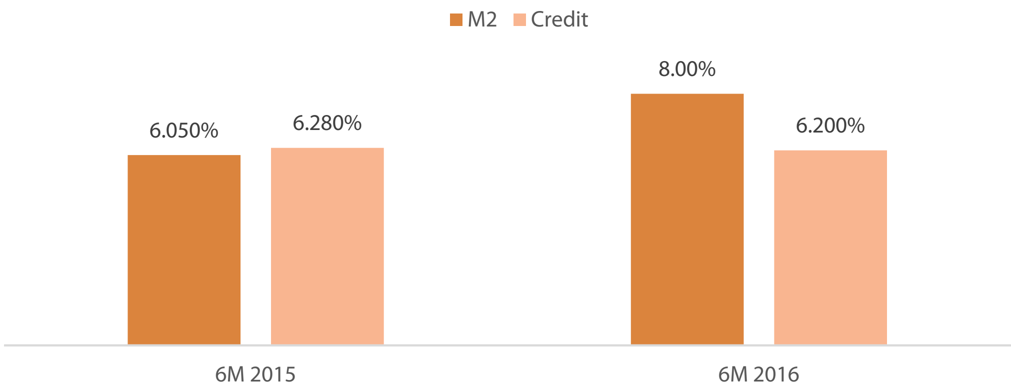
Source: Rongviet Research

Figure 13: HNIndex movements in June



Source: Rongviet Research

Figure 14: M2 and credit growth 6M 2016 compared with 6M 2015



Source: RongViet Research

The market shown appreciation for stocks with good business prospects, especially mid-cap and small-cap stocks. In June, VN-Index fluctuated around the 620-640 threshold and rose only 2%, but investors would still be able to make good return if they chose to buy small-cap and mid-cap stocks such as KSB, NNC, PAC, DNP or STG, etc. These stocks have good core business and are expected to grow significantly in revenue and profits this year. Investors, accordingly, quickly bought into these stocks, expecting the price would soon reflect quarter 2's business result. As a consequence, the VN-MID and VN-SML Index surged by 9.3% and 9.5% respectively, compared with a modestly increase 0.7% of the VN-30. According to our industry experts, many enterprises had good business results in the first quarter will likely continue the form in quarter 2.

Table 4: Small and mid-cap stocks with good performance YTD

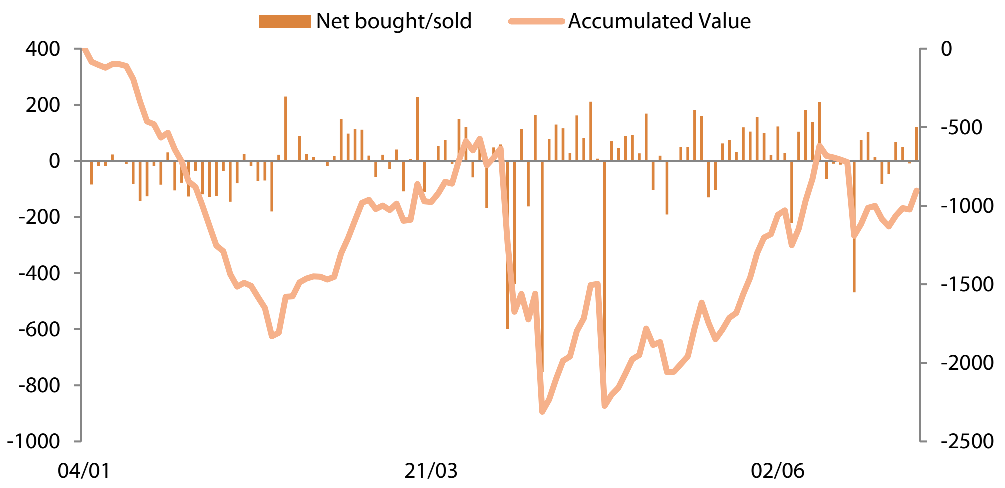
Ticker	Sector	Market cap (billion VND)	Price change in June	Price change YTD	Q1 NPAT growth
MDG	Industrials	158	70%	127%	459%
KSB	Resources	1,872	46%	100%	21%
NKG	Industrials	1,311	43%	126%	222%
CAV	Industrials	2,880	42%	95%	53%
ITD	Technology	539	37%	98%	561%
PAC	Consumer goods	1,998	31%	73%	12%
NNC	Resources	1,208	29%	51%	57%

Source: RongViet Research

Many trendy stocks surged due to not only great earnings results but also some specific catalysts, typically pharmaceutical stocks. This sector saw an increase of over 27% this month, focusing on some stocks such as DMC and DHG. Many investors decided to buy DMC because they bet on a catalyst that Abbott would lift their ownership rate at this company. Besides, they also bought DHG since they expected to see a foreign pharmaceutical holding buy into DHG to get access to the distribution network of the company. (In early of July, DHG officially announced that 24.5% of its shares be transferred to Taisho Pharmaceutical (a Japan company) from 34 foreign financial investors). After two upward phases this year, this sector had trailing PE increase to over 15x. Therefore, investors should take more cautious approach to value as well as open new positions at these companies.

Foreign capital: stable

Figure 15: Net buy/sell values of foreign investors



Source: RongViet Research

Foreign investors' net buying value was more than VND 298 billion in Vietnam stock market in the past six months, in which the figures on the HSX and HNX were respectively VND123 billion and VND175 billion. Banking is the most strongly bought sector with a total net buying value of nearly VND428 billion on both 2 exchanges and the two most-being-bought stocks were VCB (+ VND151 billion) and MBB (+ VND235 billion). On the other hand, basic resource group leaded in net sales value for over 500 billion. This value came from the divestment of the Private Equity New Markets II K.S at HPG which was sold by VND 353 billion in June. In another event, the real estate sector continued to have the 6th consecutive month this year were sold. In comparison with the previous month, this value declined significantly. The net sale in this month had come from the effect of VIC as it was sold by more than 3 million shares (equivalent to VND154 billion) due to the restructuring of two ETFs on 17th June. Also related to the 2 ETFs, the recent-out-of-ETFs stock HHS was sold for more than VND90 billion, while GTN with the 100% room relaxation information on the near closing date was added to nearly 6 million shares equivalent to a net purchase value of approximate VND136 billion.

Table 5: Net buy/sell values of foreign investors in June

Sector (ICB lev.2)	Net buy/sell values in HSX	Net buy/sell values in HNX
Oil & Gas	8.68	51.86
Chemicals	28.26	21.67
Basic Resources	(501.58)	1.18
Construction & Materials	197.63	19.53
Industrial Goods & Services	116.31	(3.81)
Automobiles & Parts	(96.41)	(0.36)
Food & Beverage	(45.87)	5.88
Personal & House hold Goods	23.80	9.93
Health Caure	34.94	(6.51)
Retail	8.79	0.03
Media	-	0.68
Travel & Leisure í	(34.87)	27.35
Utilities	130.32	5.30

Banks	457.34	(29.58)
Insurance	46.28	(31.31)
Real Estate	(301.06)	93.12
Financial Services	27.48	10.07
Technology	23.02	-
Total	**123.07**	**175.04**

Source: RongViet Research

Total invested capital of foreign players was equal to ¼ of that in May due to ETFs' reconstitution activities. Excluding VND400 billion of net sell from ETFs, total values only dropped 19.5% m-o-m. The participation rate was around 7.5%. We come to the conclusion that foreign capital was very stable in June.

Players are looking forward to 2Q/2016 earnings reports. Besides, there is a high probability that FED won't lift up the rates in July and FOL stories will be restated. Therefore, we expect offshore capital to continue to flow to Vietnam stock market.

Brexit finally came in June; but despite fears that the event would send stocks to a new low, there was no "big retreat" in Vietnam stock market. There was panic at first but the market was soon flooded with enthusiasm as bottom fishers sprang into action. What was good news to those able to hold on to their stocks through the first day of Brexit brought disappointment to those expecting to see another sell-off. In spite of a hike in liquidity, trading was mostly between local investors. Last month, the combined trading volume in the two stock exchanges jumped 17.2% but net foreigner's purchases dropped by two thirds from May. We estimate that foreign investors accounted for only 7% of the daily trading value in June. This points to a sentimental divergence between the local and foreign investors. While equity market across the global fell into turmoil, VNIndex gained 2.2% and HNIndex 3.4% last month.

After the first six months of 2016, the economy Vietnam is still large stable with three out four key variables, i.e. manufacturing, consumption, investment and trade showing improvements. However, there are risks from the outside now threatening that very stability. Brexit may not bring a direct, sudden shock to Vietnam, is effect is anything but negligible. First, weakened global demand can soon have an impact on exports, which would then spread to the manufacturing sector in the second half of the year. Second and more importantly, the UK-EU divorce can initiate a new round of global monetary easing that would challenge the SBV's capacity to maintain the stability of the local currency. We maintain our forecast of a 3-percent depreciation of the VND in 2016 but note that there can be an increase in volatility in the currency market as importers demand for the greenback grew strong and fears for the FED rate hike are renewed. As a side effect of Brexit, the Japanese yen is strengthening quickly, implying significant foreign exchange losses for many power companies who borrow in the JPY.

In the stock market, the abundance of liquidity has lifted VNIndex above 640 for the first time in the more than 2 years. We believe the slowdown in new mortgages and manufacturing lending has turn money flows to the stock market. As compared to the same period last year, current cash flows are much less distracted by other investment opportunities, for example, IPOs, real estate and state holding sales, etc.

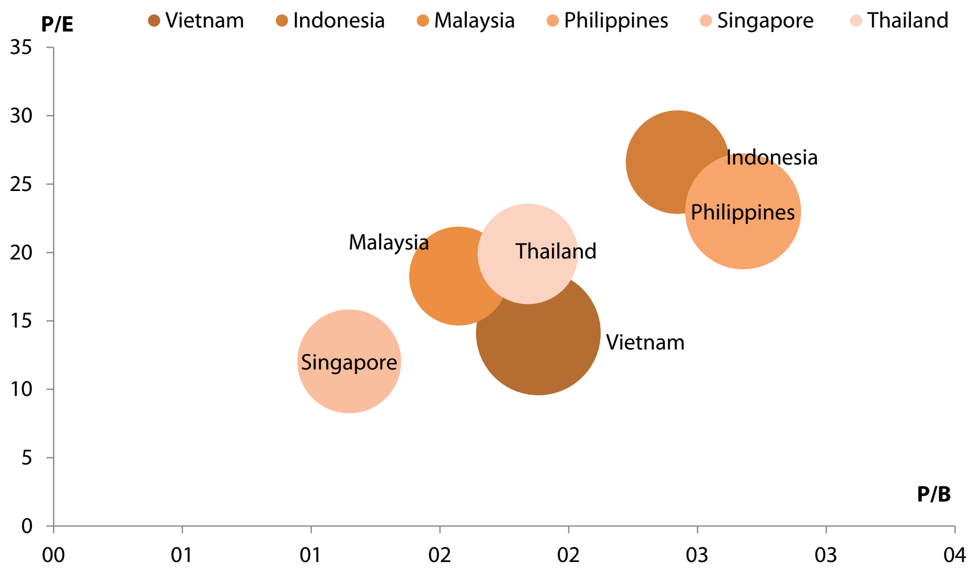
We believe the market can remain enthusiastic throughout July. However, when liquidity deplete, the market will find it more difficult to move on higher in August. In the first half of 2015, credit growth was reported only 1/3 the SBV's full-year target (18-20%) and lending tends to be much more robust in the later months of the year. As banks withdraw cash for corporate lending there would less for stock investors. Secondly, the risk of rising inflation will call for more caution from the central bank in managing money supply. Lastly, the need to stabilize the USDVND exchange rates in Q4 would make it hard for SBV to keep pumping money into the system. The P/E ratio of VNIndex is already at a two-year high. On top of the diminishing taste for risky assets following the UK's latest referendum, this can make Vietnamese stock less attractive to foreign investors.

After the last rally, it is hard to foresee where the stock market will go in July. It may be too soon now to predict a correction since VNIndex used to reach a much higher P/E ratio in the past. Right now, we see no sign that stocks are cooling as Q2 earnings are being revealed. With most of the stocks and sectors under our monitor having strong earnings forecasts in Q2, the market is set to reach higher in July.

VNIndex is expected to move between 633 and 679 and HNIndex 83 and 89 this month.

Since leading stocks are rotating, it is not easy to pick stocks for a trend-following strategy. Smart money will go for stocks that have not gained substantially and those with attractive valuations, as long as there is nothing wrong about their fundamentals. We believe investors can focus in July on stocks of companies with (1) steady revenue and earnings growth, (2) low P/E and P/B and (3) strong earnings forecasts for Q2 and FY2016. Regarding sectors, we are positive about Building materials (steel, plastic, cement, etc.), Construction, Retailing, Automobile & parts, Industrial real estate and Travel & tourism.

Figure 16: P/E and P/B of ASEAN markets



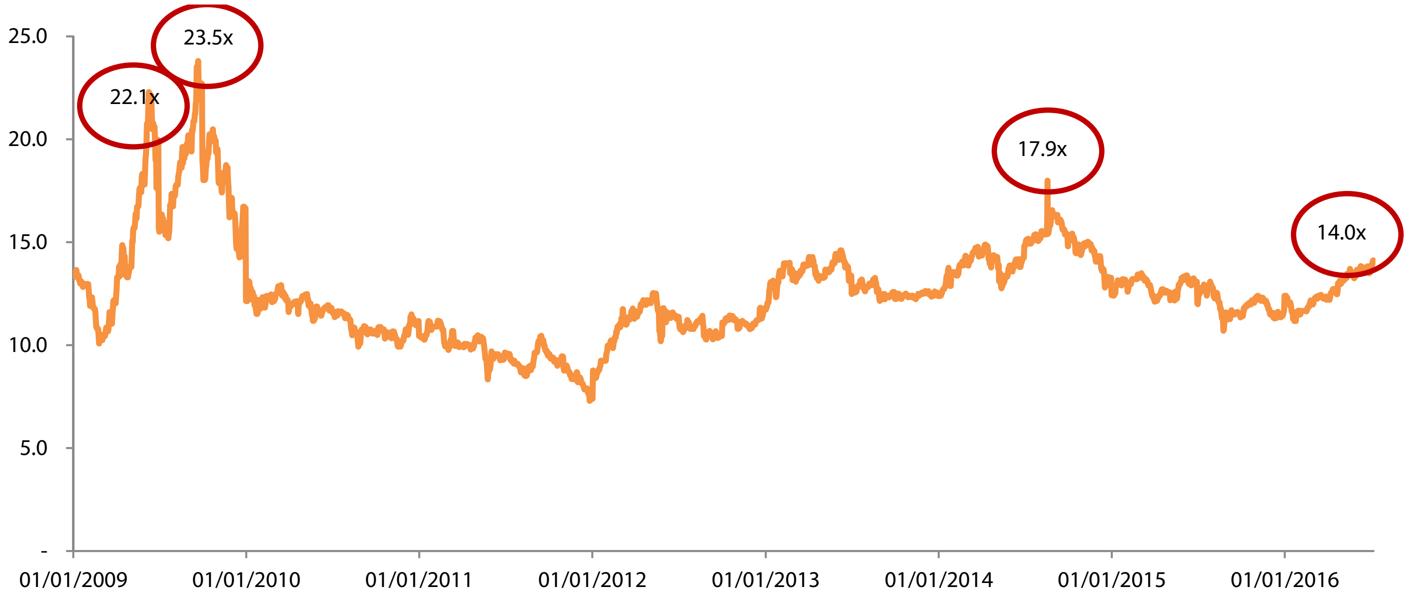
Sources: Bloomberg, RongViet Research

Table 6: Key information of ICB subsectors

No.	Subsector	% +/- Index 1 month	% +/- Index 3 month	% +/- Index YTD	% +/- Index 1 year	P/E Trailing (x)	P/B (x)	EV/EBITDA (x)	Mar. Cap. (VND bn)
1	Automobile & parts	11.01	25.98	12.07	10.76	9.21	2.02	6.43	15,160.01
2	Banks	-0.64	10.7	-0.02	-13.67	14.45	1.79	0	337,512.70
3	Basic resources	6.85	19.26	26.81	26.43	14.93	2.3	-4.76	94,416.68
4	Building materials	9.22	19.12	26.73	42.45	12.71	2.03	16.09	104,620.64
5	Chemicals	3.78	5.93	4.83	11.61	8.97	1.37	6.68	45,957.35
6	Financial services	1.85	4.77	-1.39	-13.53	8.69	1.18	13.93	29,729.91
7	Food & beverages	2.94	7.08	4.07	21.05	14.77	5.61	14.21	285,600.12
8	Healthcare	25.19	28.01	58.74	46.18	26.61	2.71	10.09	23,170.84
9	Industrial goods & services	5.47	7.68	7.7	21.37	13.78	1.95	7.72	85,202.55
10	Information technology	3.74	6.19	5.8	10.87	10.92	1.92	7.18	25,638.64
11	Media	-3.11	18.89	210.36	273.85	11.52	4.66	403.24	15,131.71
12	Non-life insurance	5.38	21.6	14.05	40.46	22.4	2.55	18.58	59,189.86
13	Oil & Gas	-1.96	28.77	13.35	-30.09	7.27	0.82	3.21	20,647.97
14	Personal & household goods	12.21	33.03	48.12	70.38	13.92	3.28	15.05	33,165.57
15	Real estate	2.37	13.65	11.46	5.93	24.81	2.7	17.2	192,559.95
16	Retailing	29.76	47.57	38.59	39.72	13.76	5.28	9.99	22,508.86
17	Travel & tourism	5.13	5.07	0.2	11.42	33.71	2.98	17.19	13,531.29
18	Utilities	8.12	43.95	62.42	11	15.08	2.69	8.79	172,373.14

Source: FiinPro, RongViet Research

Figure 17: Historical P/E of VNIndex



Sources: Bloomberg, RongViet Research

JULY INVESTMENT STRATEGY: LOOK FOR LOW-VALUATION ISSUES

Right after the breakout of VNIndex above the historical high of 640, the market seems to have fallen into a state of overexcitement. Thus, we find it hard for short-term selling pressure to put a dent in the market's growing trend. However, as there is an increasing number of investors looking to take profits, we see unlikely that VNIndex will go straight to 700 without slowing down to find some balance the new price level. Ample liquidity on top of a now higher P/E level, lead us to believe that cash will flow into stocks that has not rallied. Investors may consider tilting their portfolios to stocks with sound fundamentals, stable or growing revenue and earnings which may still trading at a low P/E or P/B ratio.

For Q2 outlook, we are quite optimistic about companies in Financial services (securities brokerage), Building materials, Construction, Travel & recreation, Automobile parts, Specialty retailing (auto dealership and electronics), Real estate and Consumer goods.

The peak season of civil construction and tourism starts started in Q2. As a result, we expect to see strong top-line and bottom-line growth from passenger transporters such as SKG and materials manufacturers like HSG, HPG and BMP.

For real estate, we like TDH, LHG, KDH and BCI for their land bank advantages and the long-term potential. Strong 2016 earnings are projected for TDH and BCI as the firms liquidate assets and restructure their project portfolio. Meanwhile, robust demand for landed properties and industrial land will be the main growth driver for KDH and LHG.

Though the adaptation of intraday trading has been delayed until 2017, top stock brokers such as HCM and SSI, who are generally more aggressive on margin lending, should still benefit from strong improvements in market liquidity. Being the second largest brokerage house, HCM is also supported by rumors that the firm will lift remove FOL.

- Transportation: PVT, VTO, TCL
- Seaports: HAH, VSC
- Construction: CTD
- Technology: FPT
- Electricity: NT2, PPC, REE
- Real estate: BCI, KDH, LHG
- Retailers: SVC, PTB, MWG, PNJ
- Building materials: NNC, DHA, BMP, KSB, HPG, HSG
- O&G: PGS, PVS, PLC
- Food & Beverages: VNM
- Banks: VCB
- Other: SKG, DHC, DRC, PTI, DPM, IMP

Q2 BUSINESS OUTLOOK SURVEY

Sector	Business outlook 2016 vs 2015	Business outlook 2Q2016 vs 2Q2015	Comments
Construction	++	++	- That Q2 is in the dry season acts in favor of construction activities. - Large-scaled high-end housing projects in Hanoi and HCMC along with prominent resort projects have brought more jobs to civil contractors. - FDI disbursement in the first 6 months grew considerably yoy.
Logistics & Seaport	+	-/?	- Cargo activities in Hai Phong during Q2 are expected a growth compared to both Q1 and yoy. However, Hai Phong seaports' Q2/2016 performances might be lower than those of last year, as 2015 reefer storage's profits were mainly realised in Q2 and Q3. - Oil & gas transportation segment (VTO & VIP) expects to achieve positive Q2 business results compared to the same period due to higher transportation demand, capacity (VIP started to operate new vessel in 6/2016) and upward day rate adjustment. In term of PV Trans (PVT), Q2 business result was forecasted to be optimistic thanks to additional revenue from FSO and active liquid transportation activities that significantly support other marine services.
Building materials (exc. Steel)	++	+	- Construction material companies are expected to grow yoy owing to construction activities and the real estate market. Construction stone companies are considerable as stone's ASP has gone up 20% yoy. - Input prices are in an upward trend compared to the last quarter, yet lower than those of last year. Looking at the increase in sales volumes, it is forecasted that plastic companies' performances can be promising.
Information Technology	++	++	- IT companies' revenue and NPAT are expecting a strong growth in 2016 thanks to last year's remaining work value and this year's feasible contracts. - Various important traffic project approvals are likely to increase contracts of supplying equipment and integrated solutions. - Mobiphone's investment in infrastructure helps create new jobs for IT companies. -ITD is predicted to maintain growth in Q2 and ELC Q2's revenue growth is likely to exceed that of Q1. FPT's Q2 performance expects little improvement due to its retail business and telecommunication's depreciation.
Real estate	+	+	- Q1's Apartment market absorption in HCMC declined slightly compared to Q4/2015, while April and May sales were lower than the previous months due to a surge in high-end segment's supply. - 2014-sold apartments, mainly average and lower-end started the handover in late-Q1 and early Q2. - SBV's Circular 06 amending Circular 39/2014/TT-NHNN increases the real estate's credit risk rate to 200% instead of 250% and keeps the medium and long-term lending to short-term capital ratio at 60% until the end of 2016.
Non-life insurance	+	+	- Q2 is the off-season for insurance sales activities. -Some companies that experienced strong growth in 2015 such as PTI and BIC might bear higher loss ratio (2%- 4% y-o-y). The reason might strong growth mainly came from motor vehicle insurance segment and there have been lots of accidents relating transportation and catastrophes. -Interest rate has yet increased; therefore, income from fixed-income assets might not improve
Automobile parts	+	+	- Tire and battery consumptions maintain the growth in Q2 thanks to replacement demand from new vehicles in 2014-2015. - Natural rubber price decrease helps improve tire companies' gross margin.
Retailers (Auto and Positive Electronics)	+	+	- VAMA statistics show that all vehicle types increased their 4-month sales volumes yoy. Particularly, passenger car sales went up by 14%, while truck sales inclined 5%. - Excess tax increase from July 1st 2016 is expected to boost Q2 passenger car sales, especially high engine capacity vehicles.

Electricity	-/?	+	- As a result of El Nino, thermal power plants have been running at large capacity in Q1 and Q2. Besides, the rain season starting in May is expect to raise utility rates for hydro power plants in Central Highlands and in the South. - VND depreciated strongly against most foreign currencies including EUR and JPY in the first 6 months of the year. Thus, FX-debt incurring thermal power plants may book a great amount of unrealized FX loss.
Travel & Recreation	-/?	+	-Q2 is within the peak season for tourism -Cheap transportation cost will support national tourism. Industry business activities are expected to improve positively in Q2.
Food & Beverage	+	+	- Consumption activities have maintained high growth momentum for the first 5 months this year. - Gross profit margin improves due to low input prices, Q2 business results continue to be optimistic.
Banking	++	++	- Banking revenue still largely depends on loan; acceleration in credit growth compared to the same period in 2015 is the positive signal for banking results. - Approximately 50% of bad debts sold to VAMC during 2013 – 2015 has been made in 2015, provision costs for special bonds are expected to achieve the highest figure during 2016 – 2018.
Personal & Household goods (textilegarment, furniture)	-/?	-/?	- Q2 is the peak season for garment industry. However, with fierce competition from FDI enterprises, we believe that growth rates for business results could slow down compared to last year.
Fertilizers	-/?	-/?	- Sale activities of fertilizer companies prospered in Q2 when negative impacts from El-nino has been weakened. - Even though oil price has recovered recently, overall price level is still at low level and companies will continue to benefit from low input prices. - Selling prices are expected to recover in Q2 and improve gross profit margins for fertilizer companies compared to Q1.
Pharmaceuticals	+	+	- New Pharmacy Law No. 105/2016/QH13 (effective on 06/04/2016) with new Circular No. 11/2016/TT-BYT on the procurement of drugs in public health facilities (effective on 01/07/2016) focus more on drug quality. ETC procurement will bring more benefits. - High dividends have been maintained, providing the signal that core business activities still create healthy cash flow. - Q1 business result demonstrated that alteration in sale policy was effective. Therefore, Q2 revenue is expected to improve compared to last year.
Industrial metal (steel)	+	++	- Global steel selling price started to decline due to the end of peak construction season in China. China continues dropping selling prices to put pressure on domestic products. - Q2 is peak season for construction and companies could improve production and capacity. - Low input prices in Q1 could maintain high gross profit margin. - Q2 business results are equivalent to Q1 and grew compared to the same period. However, it has been reflected into stock prices through the recent surge.
Natural rubber	-	-	- Rubber supply is estimated to decline by 6% in 6 months from 3/2016 due to the consensus supply cut from largest rubber producers. In addition, El-nino and shrinking supply-demand gap are the positive factors to boost rubber prices. Average selling price for 2016 will be equivalent to 2015. - Rubber price in early Q2 slightly declined after the recovery in Q1. - Garden liquidation cost also decreased by 20% yoy.
Oil & Gas	-	-	- Oil price surged in the first half of 2016, as a result, lessening the negative impacts in industry activities. - Gas companies could improve business results thanks to the recovery of selling prices. - Construction companies will maintain stable core business activities with remaining projects and workload. - Oil & gas service companies continue to face low demand (marine, drilling, coating…)

Source: Rongviet Research

HIGHLIGHT STOCKS

No.	Ticker	Subsector	Target price (VND)	Current price (VND)	Rating	Time horizon	Financial 2017F +/- Rev. (%)	Financial 2017F +/- NPAT (%)	Financial 2016F +/- Rev. (%)	Financial 2016F +/- NPAT (%)	Valuation PER Trailing (x)	Valuation PBR Cur. (x)	Valuation +/- Price 1y (%)	Trading 3-month avg. daily vol. (shares)	Trading Market cap (USD Mn)	Trading Foreign room (%)
1	ACB	Banks	22,500	19,000	Accumulate	Long-term	21.8	48.1	8.2	29.4	16.1	1.3	(8.2)	454,412	17,029.2	19.0
2	BCI	Real Estate Investment & Services	28,400	23,800	Accumulate	Long-term	72.3	60.3	51.7	(20.6)	6.8	1.0	49.5	46,451	2,063.9	39.9
3	BMP	Construction & Materials	164,000	149,000	Neutral	Long-term	16.2	13.7	28.1	34.9	11.5	3.0	89.7	93,233	6,776.3	-
4	CTD	Construction	n/a	196,000	n/a	n/a	14,7	22,4	19,8	17,8	10,4	2,7	161,1	110.894	9.171,0	7.6
5	DHC	Forestry & Paper	38,200	39,800	Neutral	Long-term	11.5	-	10.5	15.3	8.4	2.0	88.1	144,915	925.7	16.6
6	DPM	Chemicals	31,500	27,800	Accumulate	Intermediate-term	1.0	(10.0)	(8.9)	11.8	7.5	1.2	7.7	422,911	10,879.1	24.8
7	DRC	Automobiles & Parts	52,000	40,000	Buy	Long-term	7.0	5.8	17.7	19.5	11.4	2.1	5.1	303,711	4,751.7	18.7
8	ELC	Software & Computer Services	32,000	25,200	Accumulate	Long-term	20.0	15.0	35.0	89.3	14.3	1.6	65.7	167,394	1,064.8	28.4
9	FPT	Software & Computer Services	43,000	41,900	Neutral	Long-term	18.0	12.0	7.5	10.1	10.3	2.1	7.5	754,119	19,246.5	-
10	HAH	Industrial Transportation	48,000	40,000	Buy	Intermediate-term	11.4	8.1	4.2	(10.6)	6.7	1.7	(8.7)	146,334	917.6	32.1
11	HPG	Industrial Metals	39,700	39,800	Neutral	Long-term	10.2	21.0	27.1	24.3	7.6	1.9	41.1	3,721,314	29,167.6	12.7
12	HSG	Industrial Metals	40,700	42,000	Neutral	Intermediate-term	27.5	37.1	4.1***	30.6***	8.0	1.5	100.0	1,730,513	8,254.7	19.4
13	KSB	Mining	61,500	77,500	n/a	n/a	8.0	8.5	11.9	23.9	13.8	2.6	224.7	601,565	1,813.5	39.8
14	LHG	Real Estate Investment & Services	22,000	24,000	Neutral	Long-term	4.5	4.3	7.8	0.4	7.1	1.0	101.6	359,773	625.6	43.7
15	MWG	Electronic & Electrical Equipment	93,000	123,000	n/a	n/a	29.2	15.4	50.8	31.6	13.8	5.8	70.6	235,085	18,034.3	-
16	NT2	Electricity	37,600	35,400	Neutral	Intermediate-term	(6.7)	(3.0)	(8.0)	(12.9)	10.5	1.9	72.7	676,458	10,084.6	28.9
17	PAC	Automobiles & Parts	36,800	41,000	Reduce	Long-term	14.7	33.8	14.7	33.8	20.4	2.3	147.6	187,166	1,905.3	28.0

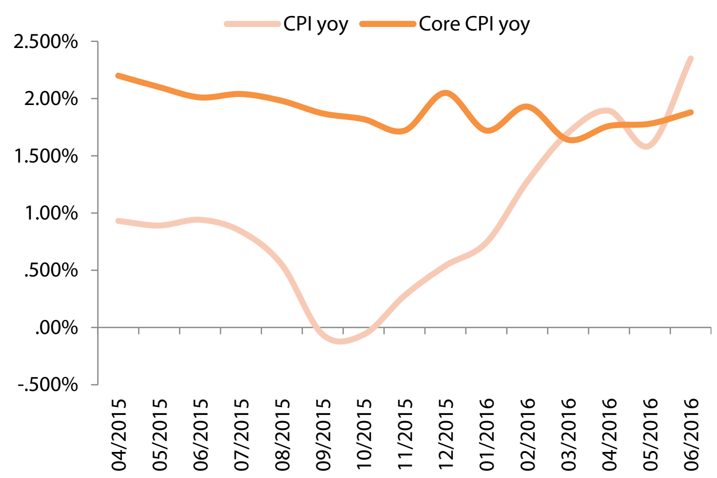
18	PGS	Gas, Water & utilities	20,600	17,100	Accumulate	Intermediate-term	10.6	(66.3)	16.0	204.0	3.2	0.8	(6.4)	519,881	855.0	29.1
19	PLC	O&G	32,300	30,500	Neutral	Intermediate-term	9.4	14.1	(10.6)	(17.7)	8.0	2.0	17.1	70,426	2,464.3	42.1
20	PPC	Electricity	18,500	14,400	Accumulate	Long-term	0.2	104.1	(2.4)	(3.5)	17.6	0.9	(22.9)	562,786	4,581.4	35.5
21	PTB	Household Goods & Home Construction	130,000	132,000	Neutral	Long-term	6.5	14.4	20.1	34.9	9.9	3.7	216.4	49,953	2,376.1	39.7
22	PTI	Nonlife Insurance	28,500	28,000	Neutral	Long-term	14.6	13.3	21.6	25.9	11.6	1.2	90.6	193,519	2,251.1	10.9
23	PVS	Oil Equipment, Services & Distribution	18,000	18,500	Neutral	Intermediate-term	9.6	16.4	(15.7)	(25.6)	5.7	0.8	(30.0)	1,911,837	8,264.0	21.7
24	PVT	Industrial Transportation	17,000	14,200	Accumulate	Long-term	2.9	(2.2)	5.7	21.1	9.7	1.0	19.3	1,316,970	3,633.2	28.5
25	REE	General Industrials	26,800	20,400	Buy	Long-term	(5.6)	8.7	2.8	12.8	7.8	0.9	(9.3)	325,450	6,325.0	-
26	SKG	Travel & Tourism	103,000	98,000	Neutral	Long-term	9.4	(8.0)	30.5	34.9	17.2	4.1	189.3	62,470	3,358.6	2.0
27	SVC	Retailing	n/a	50,500	n/a	n/a	2.5	3.7	5.1	16.0	11.9	1.4	192.6	118.946	1,261.3	13.1
28	TCL	General Retailers	34,000	29,000	Accumulate	Long-term	6.0	5.0	8.0	3.0	6.7	1.1	8.0	28,664	607.4	35.9
29	TCM	Personal Goods	30,500	25,300	Accumulate	Long-term	6.3	10.0	24.7	20.0	8.8	1.5	(23.9)	503,691	1,242.2	-
30	VCB	Banks	52,000	47,500	Neutral	Long-term	8.4	19.6	10.3**	24.5	21.0	2.7	(2.1)	786,937	126,588.5	27.9
31	VNM	Food Producers	145,000	143,000	Neutral	Long-term	16.0	1.0	13.0	11.0	20.5	7.4	58.1	1,117,638	171,619.9	0.1
32	VSC	Industrial Transportation	75,000	65,500	Neutral	Long-term	15.2	15.0	19.1	(13.5)	11.2	2.1	55.5	98,405	2,984.0	-
33	PNJ	Personal & household goods	101,000	75,000	Buy	Long-term	16.5	44.0	9.3	239.0	45.4	5.0	95.1	108,854	7,370.5	-
34	IMP	Healthcare	49,800	44,800	Neutral	Long-term	14.5	43.2	3.7	(0.5)	14.8	1.4	3.2	53,912	1,296.6	-

Source: RongViet Research

*** Total operating income growth*

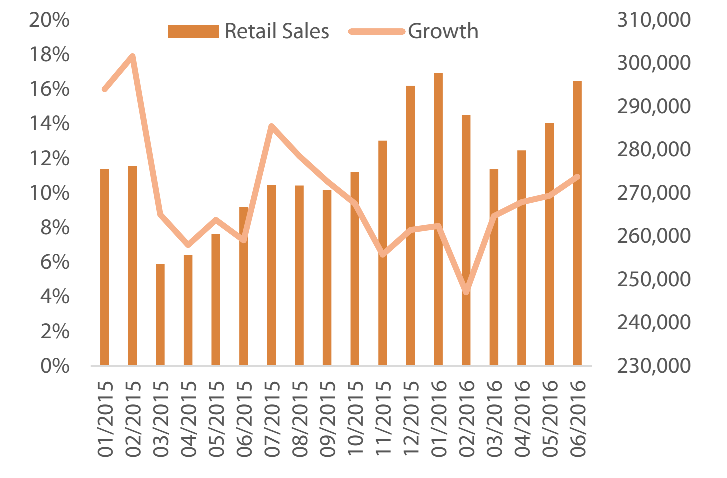
****Fiscal year ending in September*

Inflation surged in June



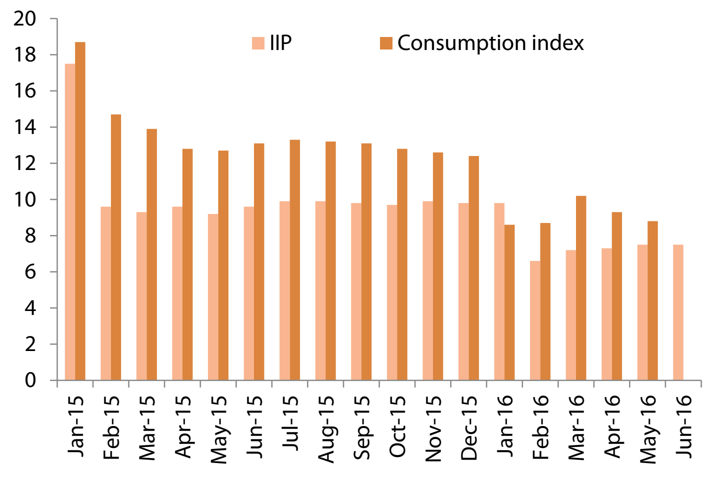
Source: GSO, RongViet Research

Retail sales improved rapidly



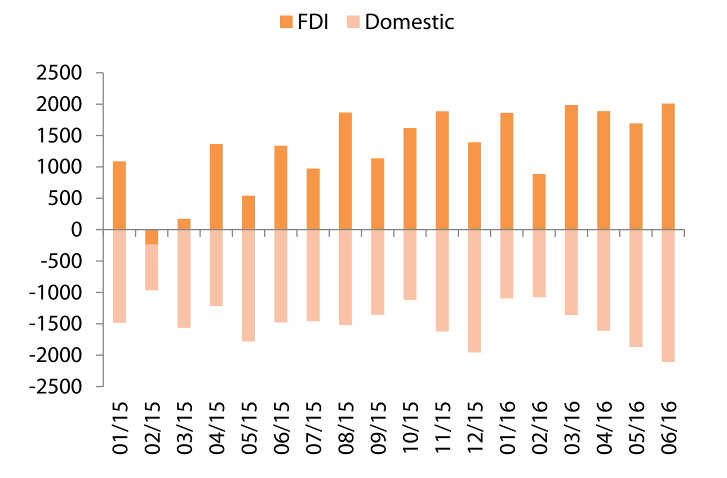
Source: GSO, RongViet Research

Industrial production remained stable



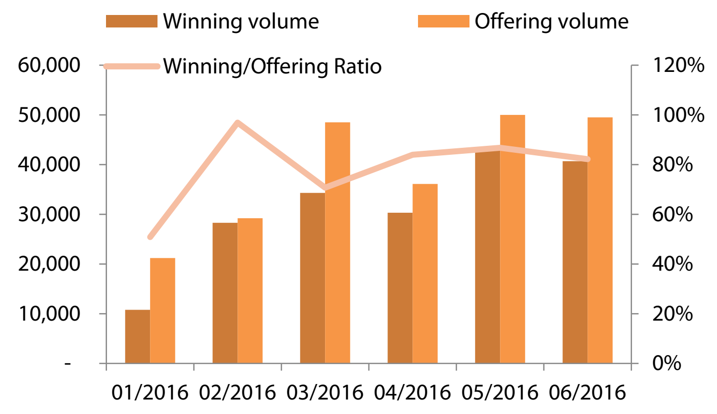
Source: GSO, RongViet Research

Domestic firm's trade deficit increased significantly



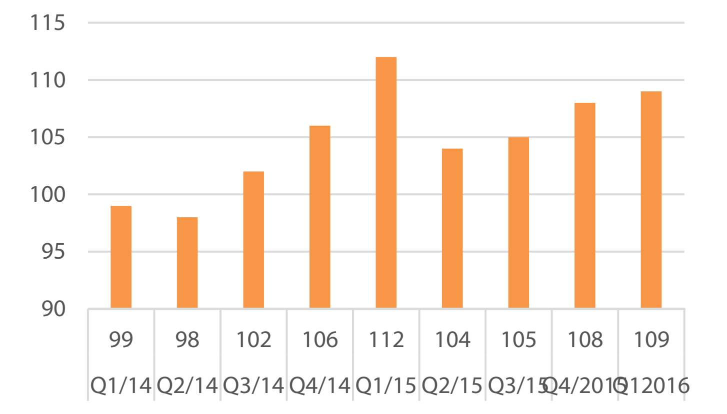
Source: GSO, RongViet Research

High winning /offering ratio



Source : VBMA, RongViet Research

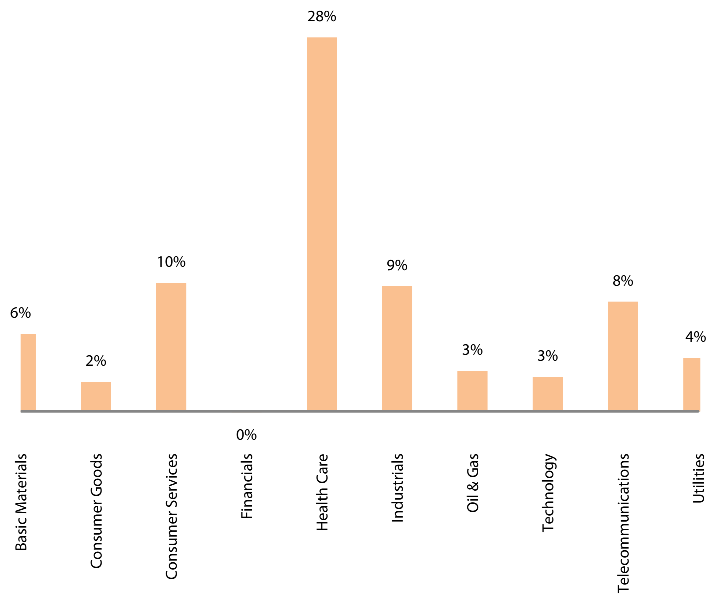
Vietnamese consumer confidence is the top among Asian's



Source: Nielsen, RongViet Research

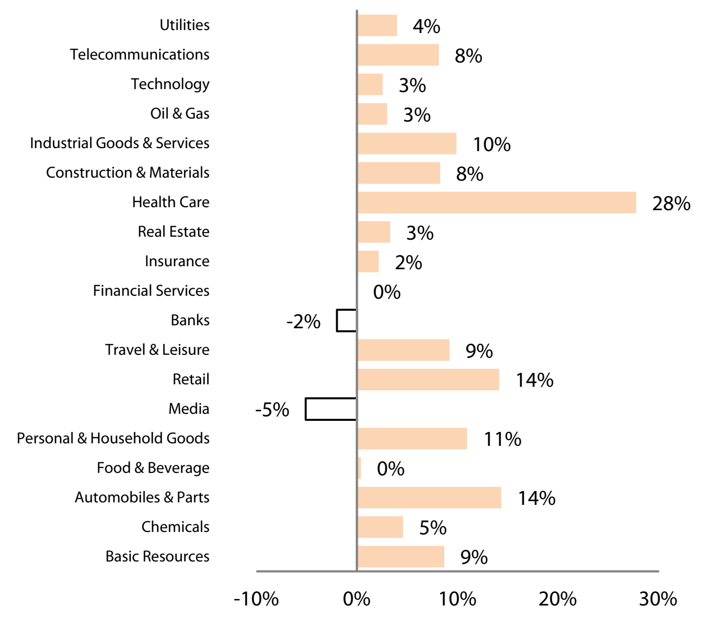
INDUSTRY INDEX

Level 1 industry movement



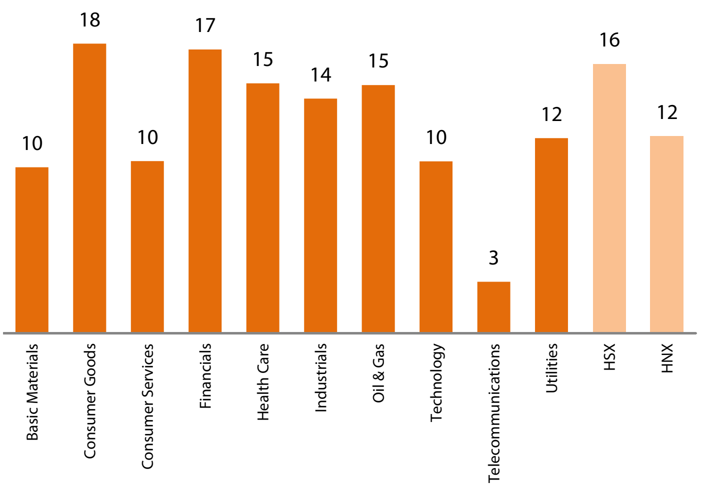
Source: RongViet Research

Level 2 industry movement



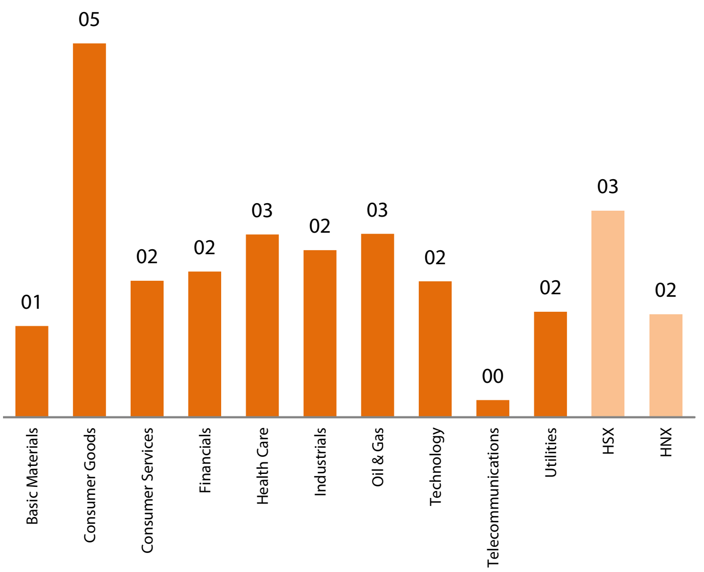
Source: RongViet Research

Industry PE comparison



Source: RongViet Research

Industry PB comparison



Source: RongViet Research

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