AUGUST

11

TUESDAY

"Cash flow has transferred between blue-chips"

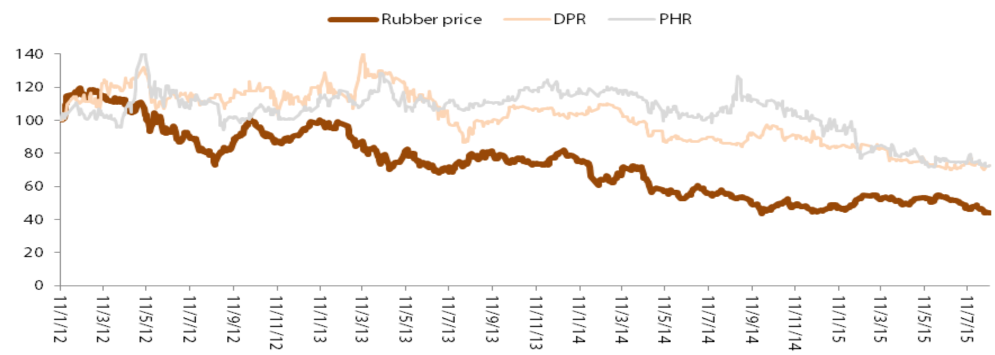
ADVISORY DIARY

- **Rubber stocks: cautiously observe**
- **Cash flow has transferred between blue-chips**

Rubber stocks: cautiously observe

In the context of a slight rubber price recovery in July (~USD 1,800/ton) and optimistic business results of the leading companies when DPR and PHR completed respectively 82.3% and 52.6% PBT plan; many investors have raised opinion relating to "bottom fish" rubber stocks. In Advisory Diary, we provide our opinion based on supply-demand relationship.

According to data, there is a relationship between rubber price and stocks' price with a certain lag.



Source: Bloomberg, base year 2012

Thus, the rubber price recovery in recent months has not impacted greatly on movement of rubber stocks' price. However, it is hard to make a breakthrough, because:

(1) They are defensive stocks, so investors mainly expect dividend payment, especially on ex-dividend dates. In this period, market price will have a significant increase. Thus, "rubber wave" usually prolongs shortly and difficultly remains uptrend. Due to cautious plan, rubber companies' completing over 50% of plan cannot draw investors' attention, excluding DPR enormous figure. However, the figure came from yard liquidation activity (200 ha) with profit of ~ VND 49 billion; while, output and price increased respectively 16% and 22.7% y-o-y.

(2) World rubber price movement is supposed to be a major factor affecting investors' decision to reinvest in this sector. World supply tends to slow down as many countries issue policies to limit new rubber plantation or to promote rubber usage for domestic needs. Typically, Malaysia will be spending 10% of natural rubber supply for transportation infrastructure development since 2016. On the other hand, IRSG forecasts that natural rubber demand will increase by 1.8% then 4.8% in 2015 and 2016. Thus, gap between demand and supply is narrowing. However, rubber price recovery may occur slowly due to the fact that 2014 rubber inventory is remained at high level (estimated at 370,000 tons).

In reference to above assessment, recent recovery of rubber price does not reflect either a clear signal of a confirmed uptrend bouncing up from bottom or just a technical reverse. Therefore, a careful observation on rubber sector for further actions should be a wise choice currently.

Cash flow has transferred between blue-chips

If VNM was a main driver of VNIndex increase of 10 points yesterday, banking and insurance sector played a key role with green spread today. Especially, leading stocks gained well as BVH (4%), BMI

(6.8%), VCB (1.5%), BID (2.5%). Main index supporters have not recently maintained particular sectors, but have transferred every day. As our opinion, cash flow into some blue-chips has been used to "test" market sentiment instead of leading the market.

Liquidity showed improvement in today's session as trading value reached VND2,500 billion on both bourses. Put-through transaction was also remarkable thanks to 11.1 million shares of KDC and over 400 thousand shares of VNM. Foreigners net bought over VND200 billion on the both bourses, concentrating on SSI, BID, DPM. As observation, in 2014, the cumulative foreign value in July declined after reaching the peak of VND7,800 billion; up to now, that figure was VND6,300 billion. Given a measure for the ability of absorbing foreign capital into Vietnam stock market, the current number demonstrates saturated status if not loosening the limitation of foreign ownership. Therefore, we expect that the seminar held on upcoming 13th August would provide more interesting information.

Today, investors raised a concern of VNIndex and VN30 slump based on KDC ex-dividend date of 200% in cash. According to HOSE method, the calculation did not exclude dividend impact on basic divisor. Our analyst re-calculated and recognized a slight increase of 0.22% in both 2 indexes if excluding dividend factor. Actually, market also rose slightly although yellow and red tickers (518/674 tickers) dominated. As our opinion, investors should observe continuously liquidity (excluding unexpected transaction) to understand deeply market psychology

One of our favorite stocks, named DHC, witnessed an impressive increase for a second straight day after ex-dividend date related to a 10% stock dividend. As observation, the price has shown strong volatility in sessions which mainly bought by foreigners. A rise of VND700 per share in today's session is not an exception. In brief discussion with the representative, positive outlook has still dominated in 1H2015. NAT in July is estimated approximately VND5.5 billion, equivalent to the average figure in the first-half year. We believe that in the second-half year, the picture should be brighter as of peak season in preparation for Lunar New Year and the establishment of the new printer. Despite the price exceeded our target of VND 26,200 (equivalent to VND 23,800 after dividend payment) mentioned in the brief note report on 24th April 2015 (VND 26,200), the investors should HOLD based on optimistic prospects in core business.

Today, The People's Bank of China allowed the Yuan to depreciate by 1.9% against the USD, which is consider as a most shocking move since January 1994.The announcement declared after the General Department of Customs published an undesirable statistics of 8% decreasing in total export-import turnover y-o-y. The accumulated surplus in July reached USD43 billion, USD3.5 billion lower in comparison to June 2015. In response to China's move, South Korea Won, Thai Baht and Malaysia Ringgit edged 0.8%, 0.4% and 0.3% respectively. As we have mentioned in "Investment Strategy August", in the context of devaluation exchange rates wave surfing across countries, "2% target" of SBV will be challenged, not to mention the possibility of FED raising interest rates in 09/2015 (although FED will face dilemma as China is even faster in devaluating its Yuan).

We can barely see that China devaluation definitely affects competitiveness of Vietnam exports and on the other side, enhances strength of imported goods from China into domestic as well as other markets. However, according to a statistic in Saigon Times, Vietnam is currently importing 60% raw materials for manufacturing, more than 30% for plants and equipment and about 10% for final consumption; hence, these importers are quite benefit from weakening Yuan. In conclusion, more thorough analysis needed to clarify pros and cons of this new exchange rates policy but one thing we cannot deny that advantages of Vietnam importers (from Yuan devaluation) and relative dependence on China's raw materials are like yin and yang.

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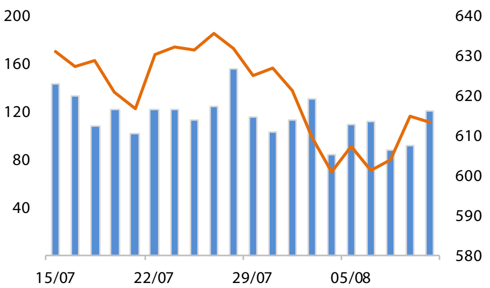
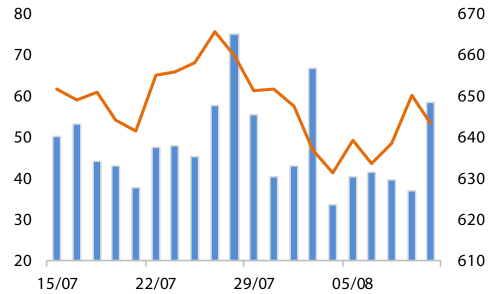
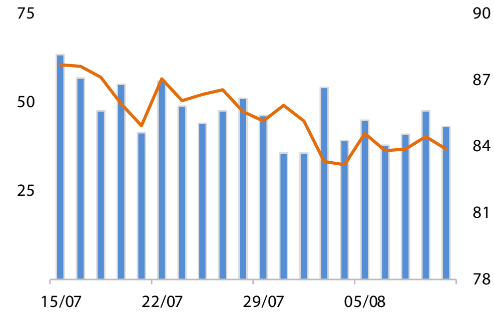
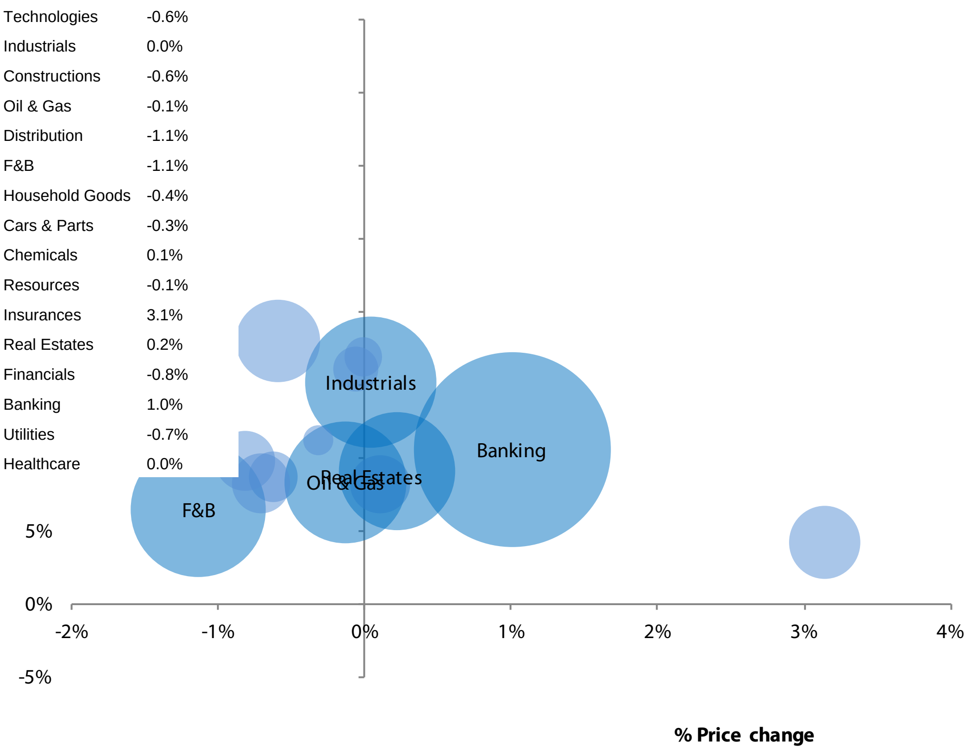
VNINDEX	-0.24%	613.05	VN30	-1.01%	643.42	HNXINDEX	-0.68%	83.84

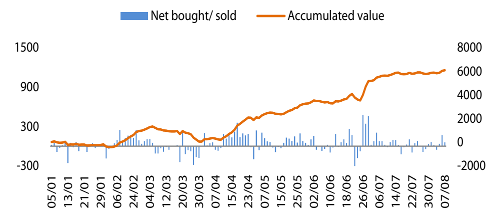




Industry Movement

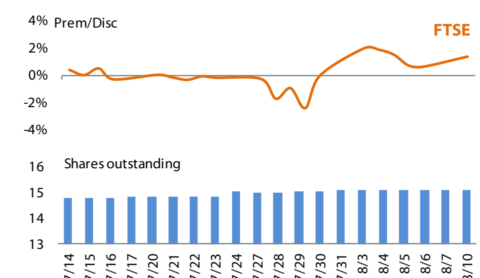
Industry	% change
Technologies	-0.6%
Industrials	0.0%
Constructions	-0.6%
Oil & Gas	-0.1%
Distribution	-1.1%
F&B	-1.1%
Household Goods	-0.4%
Cars & Parts	-0.3%
Chemicals	0.1%
Resources	-0.1%
Insurances	3.1%
Real Estates	0.2%
Financials	-0.8%
Banking	1.0%
Utilities	-0.7%
Healthcare	0.0%

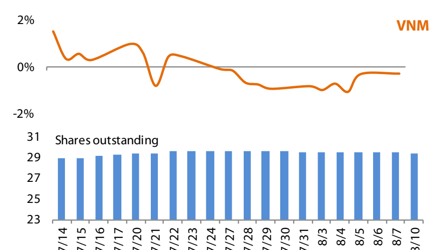


Foreign Investors Trading



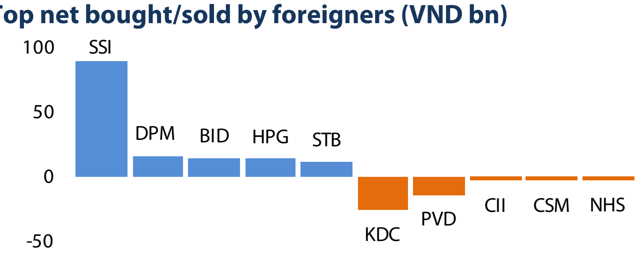
ETF



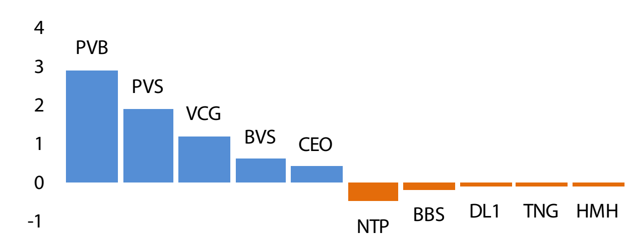


Top net bought/sold by foreigners (VND bn)

HSX



HNX



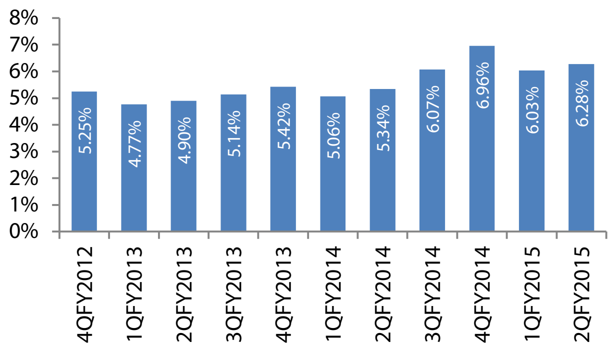
Top Active

Ticker	Price	Volume	% price change
SSI	27.4	7.63	-0.7%
MBB	16.1	4.90	0.0%
CII	27.3	3.27	0.4%
BID	24.5	2.91	2.5%
GTN	11.5	2.64	-1.7%

Ticker	Price	Volume	% price change
FIT	12.6	7.01	2.4%
KVC	14.9	2.95	-9.7%
SCR	8.5	2.70	0.0%
KLF	5.9	2.49	-1.7%
SHB	7.7	2.03	-2.5%

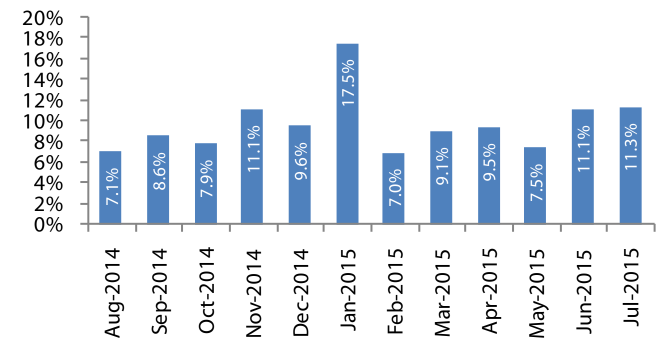
MACRO WATCH

Graph 1: GDP Growth



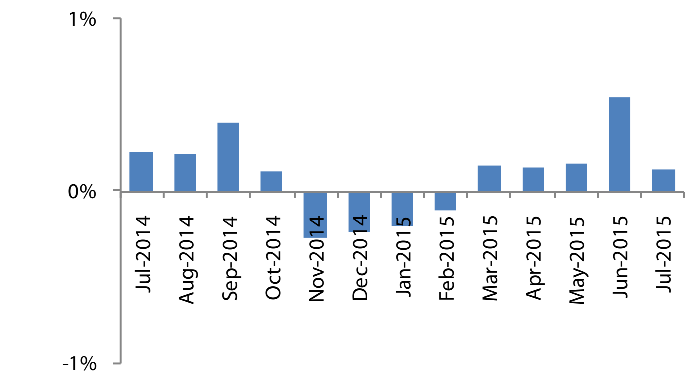
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



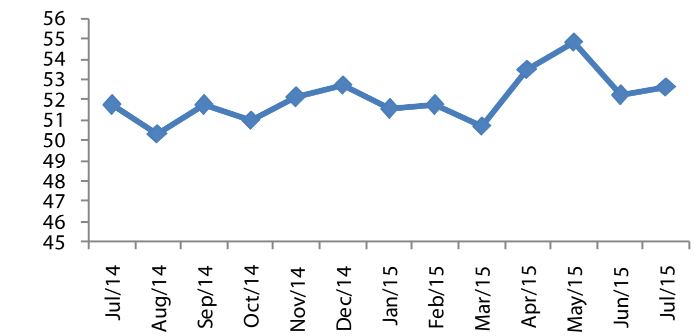
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



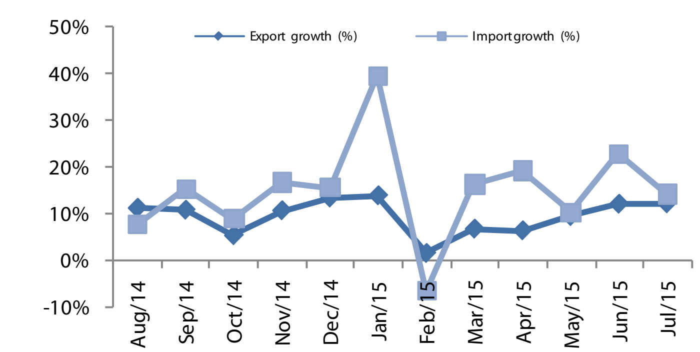
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



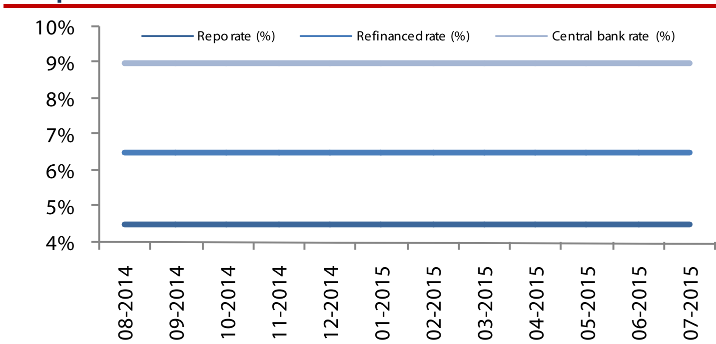
Sources: GSO. Rongviet Securities database

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
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600
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

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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