07/04/2017

Investment Strategy April 2017

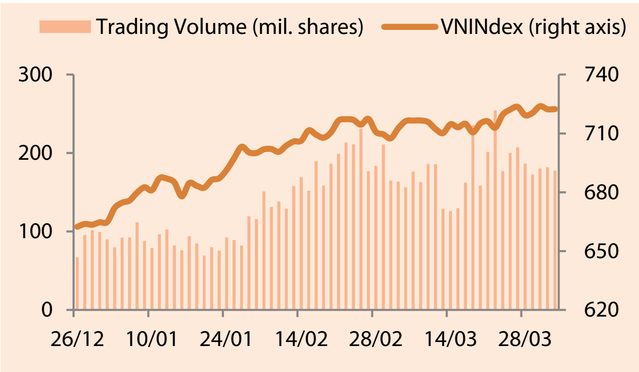
Selectively Accumulate Stocks on the Dip

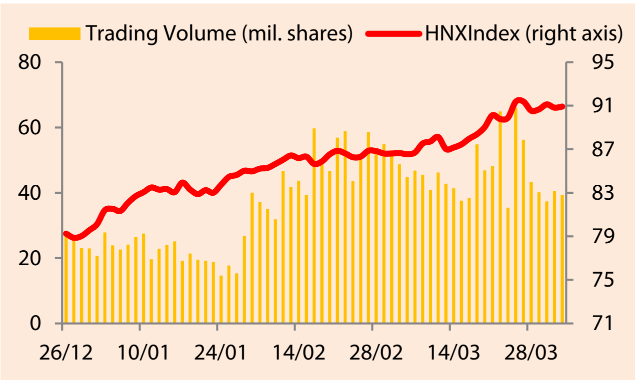
Vietnam's stock market experienced favorable performance during Q1 2017, with the majority of sectors delivering growth (except public utility and media). The excitement started with financial stocks, namely banks, followed by real estate and securities companies. In other sectors, agricultural and textile stocks, such as HNG, HAG, and TCM, also grew strongly due to commodity prices recovering from the bottom and export activity being positive for the most part.

In April, we forecast that the market will have highs due to the interruption of the announcement of 2017 business plans and Q1 2017 business results. However, the profit taking pressure may become strong at the end of the month, when more official disclosure of information takes place. In fact, this trend has gradually been reflected in the beginning of this month. After the VN Index was able to successfully break 720, the consensus of large cap stocks was almost gone, as these stocks have been displaying mixed performance.

The recent correction in oil prices will have a mixed impact on the macro picture of Vietnam. In particular, the mining sector may not be negative and affect GDP growth. In contrast, the fall in oil prices will partly curb inflation, easing the pressure on the monetary policy of the SBV. As noted in the investment strategy report in 2017, Rong Viet Research noted that exchange rate fluctuations and inflation may be the two most important risks for the overall picture of the stock market this year. Thus, once these two factors remain under control, we believe that monetary policy, a factor that has been shown to have an indirect impact on the performance of the stock market, will not be tightened in the present period.

The information about 2016 audited financial statements, seasonal effects of the 2017 AGM and Q1 2017 business results of listed companies will continue to dominate the stock market in April. Given that the market may form a short-term peak after the rally experienced from the beginning of this month, we think that this will be a good time for investors to review and restructure their portfolio: profit-taking stocks that sharply grew and selectively accumulate stocks having bright prospect in the remaining time of 2017.





Analysis and Investment Advisory

Truc Doan – Head of Research

truc.dtt@vdsc.com.vn

Ha My Tran

my.tth@vdsc.com.vn

Viet Dung Nguyen

dung.nv@vdsc.com.vn

Lam Nguyen

lam.ntp@vdsc.com.vn

Thien Bui

thien.bv@vdsc.com.vn

Hieu Nguyen

hieu.nd@vdsc.com.vn

Quang Vo

quang.vv@vdsc.com.vn

Huong Pham

huong.pt@vdsc.com.vn

Nhi Do

nhi.dty@vdsc.com.vn

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The country's macroeconomic fundamentals remain stable, and production activity in the economy has maintained its upward momentum. One of the only main areas of concern includes the poor performance of the oil and gas sector. Therefore, we believe that the opportunity for investors to screen and accumulate stocks for the remainder of 2017 is still ahead.

Specifically, the Q1 2017 GDP growth rate was lower than the same period last year, mainly due to the negative impacts from mining (mainly oil and gas exploitation). Meanwhile, the industrial production sector continued its growing momentum and the processing industry also did well, according to data from PMI Index and the assessment of the performance of various sectors. In which, we expect that the business performances of the steel sector will be brighter and outperform the other sectors. Specifically, in 2016, leading companies such as HPG, HSG and NKG have increased designed capacity by more than 30% to serve consumption demand (capacity of NKG increased by 60%). At the same time, the support of anti-dumping duties has somewhat reduced the pressure on output price for businesses. These factors have laid the foundation for positive earnings growth in the first quarter of 2017 of steel firms.

After delivering strong growth in 2016, the production value of the construction sector has slowed down in Q1 2017, reaching 6.1% YoY (Q1 2016: 8.6% YoY, source: GSO). However, there will be a differentiation of business prospects among construction companies. Industry leaders such as CTD and PC1 can benefit from high backlogs value by the end of 2016, which will ensure a growth this year.

Following the recovery of real estate and construction sectors, we expect that demand on construction materials will witness a strong growth in the second half of the year when construction activities are accelerated. For mining companies, the prospects of extending the mine's working life or acquiring new mine will be the information that should be closely followed before making investment decision. For medium-term investment purposes, these are shares that RongViet Research thinks investors can screen.

Regarding to retail sector, PNJ can be seen as the strong growth story in Vietnam. For 2017, RongViet Research estimates that PNJ's NPAT will grow by 39% YoY, and correspondent EPS is VND 6,375 (higher than our previously estimation due to a change in bonus and welfare expenses). Moreover, PNJ is planning to have a private issuance of 9.8 million shares, equivalent to 10% of its current share outstanings. As a result, foreign ownership in PNJ should increase by 4.8 million shares, which could be a supporting factor for PNJ's bid volume under foreign demand.

In addition, the correction of the market this month will also be an opportunity to accumulate stocks for long-term investment objectives. RongViet Research's favorite stocks are leaders in their industries with ability to pay cash dividends for many consecutive years or stocks in sectors which are likely to see positive changes following the recovery of manufacturing operation of the adjustment of policies. They are stocks in utilities, port, technology, or banking sectors, such as FPT, ACV, REE, VSC, PPC, VCB.

52 stocks of RongViet Research (analyzing, discussing with companies) and have analysis and specific evaluation in "Company report" or "Analyst pinboard".

Industries movement in April 2017 and P/E, P/B of industries at the end of the month.

WORLD ECONOMY: UNCERTAINTY IS THE MAIN THEME

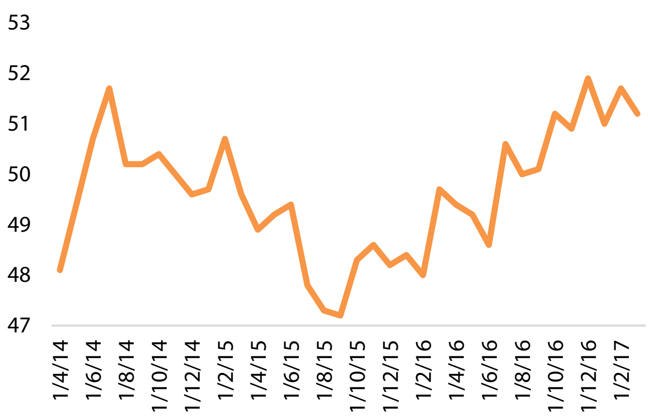
- China: Potential Bust Amid Strong Economic Data
- USA: Risk of Asset Revaluation
- Japan: First Signs of Recovery

China: Potential Bust Amid Strong Economic Data

China, the world's second largest economy, will likely expand by 6.8% during the first quarter of 2017, which is on par with the 6.8% growth experienced during the 4th quarter of last year. This number was better than market expectations due to higher government spending and record bank lending. The reason for such an expansion is due to the rebound of corporate profits, increasing imports, increasing production activities and improved investments. According to the National Bureau of Statistics of China, PMI continued to beat expectations, reaching 51.8 which is a 0.2 percentage point increase from February. This is a good indicator that the manufacturing industry is stabilizing.

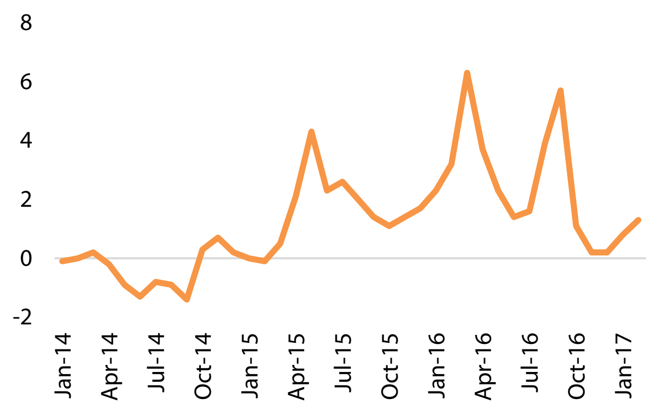
According to the 2017 economic outlook of the Organization for Economic Co-operation and Development (OECD), China is facing increasingly larger financial risks, while its policies to stabilize the economy have not brought results as expected. Imminent risks include heavy industrial output oversupply, and potential real estate and other asset bubbles, which could increase the risk of default for this country. In the first two months of 2017, housing prices increased by 22.7% YoY, while it was 16.8% during December 2016. Unfortunately, these events are still present despite Beijing's efforts to eliminate speculation in the real estate industry. Additionally, China is currently going through a sensitive time, as this country must both stimulate growth and avoid a financial crisis due to the increase in public debt. Overall, the OECD forecasts that GDP growth will be 6.5% in 2017 and 6.3% in 2018.

Figure 1: China Caixin Manufacturing PMI



Source: Bloomberg

Figure 2: China Housing Price index



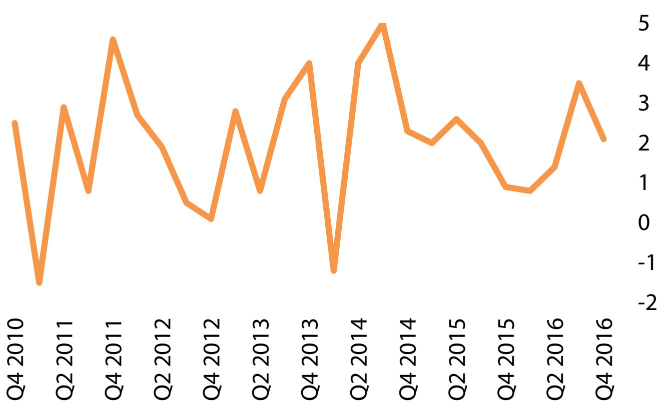
Source: Bloomberg

USA: Risk of Asset Revaluation

US GDP growth in the fourth quarter of 2016 was 2.2%, resulting in 1.6% GDP growth in 2016, as compared to 2.6% in 2015. The main factors that contributed to the overall growth of GDP include the spending on transportation, recreation, and insurance, which grew at 3.5% during the 4th quarter of 2016. However, the increase in consumption was met by a rise in the monthly trade deficit. These numbers seem rather pessimistic for the US economy, especially considering that Trump vowed to boost annual economic growth to 4% by slashing taxes, increasing infrastructure spending and cutting regulations. Another significant question is whether the FED raising interest rates occurred at the right time and if the president' new policies will be passed. Currently, the FED has hiked rates two times since last year, which is considered rather healthy for the US economy and the world economy as a whole. Our argument is that although the fourth quarter GDP growth of the US was not as expected, there are still capital inflows into the developed markets as well as increased capital following into emerging markets. This shows that investors are still confident in the global economy overall.

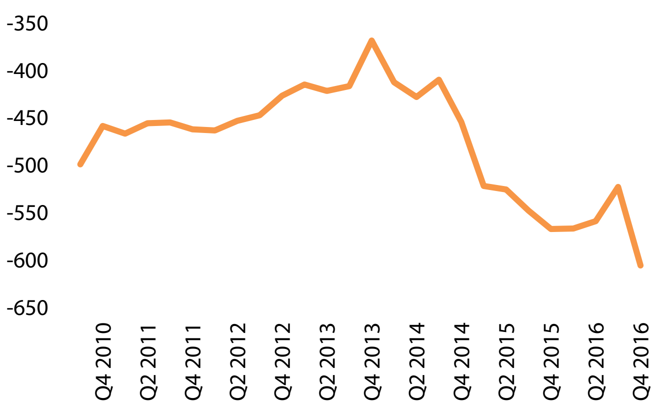
One of the current risks is the plausibility of Trump's policies being passed. Although there was no apparent sign of a psychological shift from the overall market when his new healthcare policy was rejected, there are still concerns as to whether some of his other new policies may fail. Another risk is also present in the current monetary policy. The US has experienced a decade of excessively low interest rates, which have caused investors and lenders to seek higher yields by bidding up the prices of all types of assets and making risky loans. The danger is that the FED is planning to raise interest rates many times this year, which could drive the market to reevaluate asset prices. Overpriced assets and high-risk loans could lose value and cause an economic downturn. This situation will happen especially when the FED raises more interest in regulating the rising prices in the commodity market.

Figure 3: USA GDP growth



Source: Bloomberg

Figure 4: USA Trade Balance

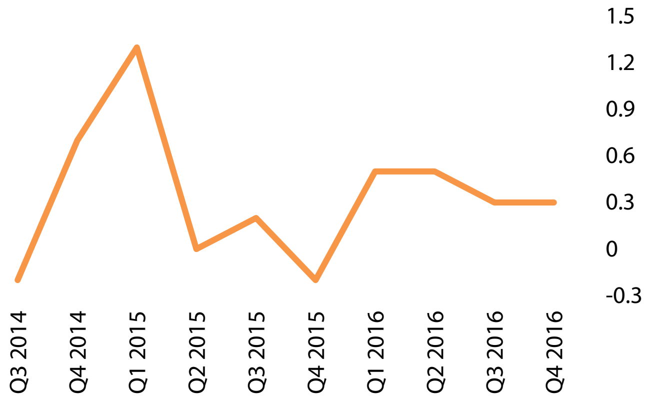


Source: Bloomberg

Japan: First Sign of Recovery

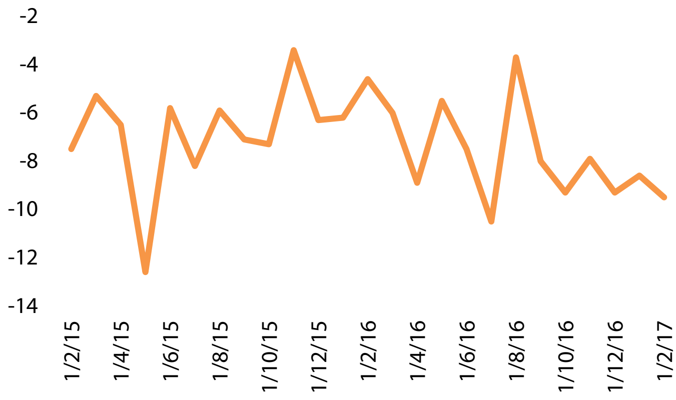
Japan recorded a core CPI growth of 0.2% in February. This is the first time in 2 years that Japan's inflation has increased for two consecutive months, although it is still far lower than the target rate of 2% of the BOJ. The unemployment rate in February declined to 2.8%, which is the lowest in 23 years. Additionally, in February, industrial production growth increased to 4.8%. This economic data is positive for Japan's struggling economy. In February, exports expanded at a double-digit rate for the first time in over two years, pushing the trade surplus to levels last seen in 2010. Higher demand for Japanese goods is also boosting activity in the manufacturing sector. Apparently, the manufacturing PMI in March of 2017 reached 54.2, above the 50 level for the 7th consecutive time. Given these gradual and steady results, we hold the view that Japan's economic growth during Q1 2017 will be positive. RongViet Research forecasts 0.5% GDP growth in the first quarter of 2017. This is because the search for yield mechanisms that investors are currently anticipating from the likelihood of the FED raising interest rates. This will stimulate investors to sell Yen and buy USD to benefit from the yield difference between these two countries. Overall, RongViet Research sees a positive picture for Japan's economy this year.

Figure 5: Japan GDP growth



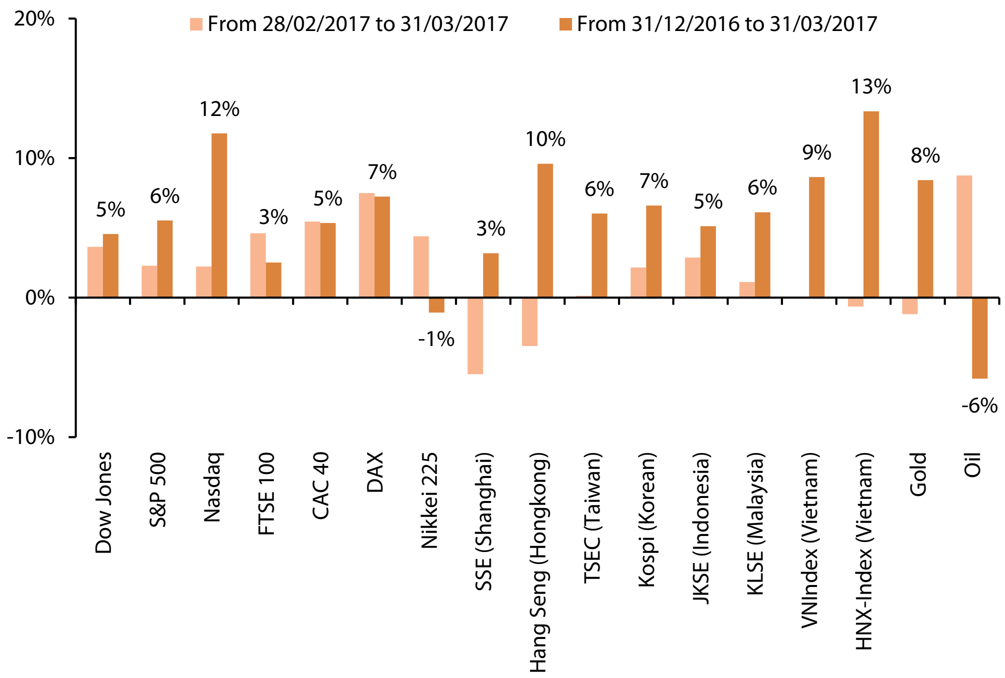
Source: Bloomberg

Figure 6: Japan Unemployment Rate



Source: Bloomberg

Figure 7: Some Major Global Stock Market Indices in Q1/2017



Source: Bloomberg, RongViet Research

The US stock indices constantly increased in the first quarter of 2017. The Nasdaq was the leader recording a gain of 12%, followed by the S&P 500 (6%) and the Dow Jones (5%). The Fed rate hike in March did not significantly impact the market because the Fed's actions were projected by investors. The benefits expected from President Donald Trump's tax plan stimulated investors' sentiment. However, there were still concerns about the feasibility of Trump's tax plan as the Obamacare replacement draft was not approved. As a result, the Dow Jones and the S&P 500 entered into an adjustment phase in March, but the loss was not significant.

In Europe, there were few changes in fiscal policies so markets were not significantly affected. The main areas of concern for investors will include the health of the UK and EU economies on the progress of "Brexit", political changes in Holland, Italy and France, as well as the banking system of these geographical areas.

The price of oil resumed its downtrend in Q1 2017 due to negative information on the increase in supply. This was because of some non-OPEC countries grasping the chance to raise their volumes instead of simultaneously cutting supply to support the price.

The Hong Kong Hang Seng index, the VNIndex and the HNXIndex were the best performers in the Asia region. Japan's economy has also shown early signals for a recovery and BoJ raised its growth forecasts. On the contrary, the second largest economy has been facing many risks including the abundance in heavy industry's production, the bubble in the real estate market, and the risk of bankruptcy. As a result, the SSE Index fell by more than 5% in March, which made the gain in the first quarter reduce to only 3%.

Oil prices saw a negative trend in Q1/2017 on the verge of disagreement in production cut-off. Non-OPEC members even increased the production with the expectation to take market share from OPEC.

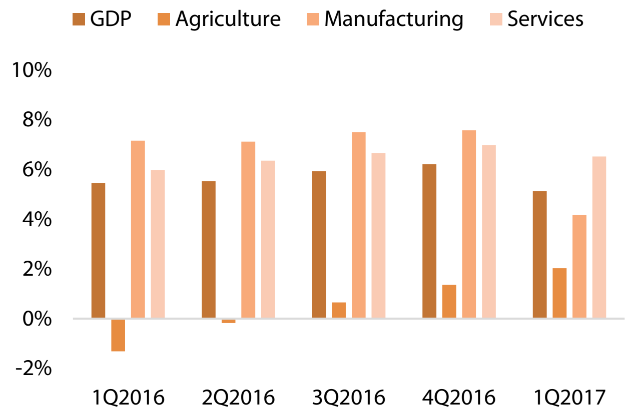
VIETNAM'S ECONOMY IN Q1 2017: TAKING A DEEPER LOOK AT GROWTH DRIVERS

Economic Growth in Q1 2017 was Less Optimistic

In the first quarter of 2017, economic growth slowed down considerably, falling from 5.46% in Q1 2016 to 5.1%. The main reason for the decline in growth was the severe decline of the mining sector, which declined by around 10% over the same period last year.

Assessments: Although oil prices have rebounded to USD50/barrel, the recovery of oil and gas exploitation activities did not meet our expectations. This led to a sharp decline in the manufacturing industry's growth, from 6.93% in Q1 2016 to 3.85% in Q1 2017. Meanwhile, the agricultural sector had a mild recovery, up 2.03% over the same period last year. Excluding the negative growth factor in GDP (mining), economic growth in the first quarter was around 6.37%.

Figure 8: Quarterly GDP Growth



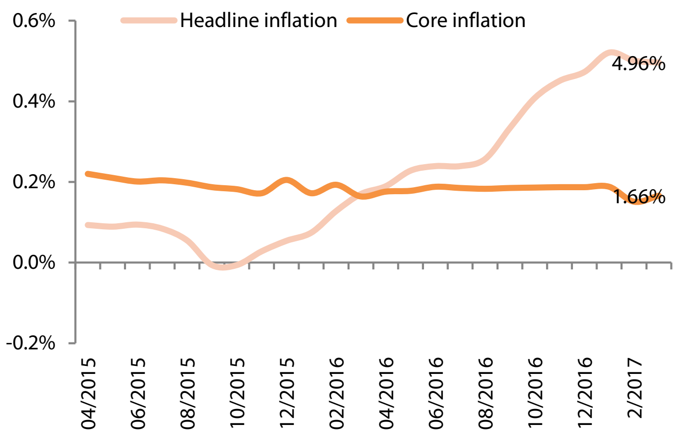
Source: GSO

Inflation rate increased significantly, however core inflation remained stable

Average CPI for Q1 2017 increased by 4.96% YoY. Sectors that had the highest contribution to general inflation during Q1 were public goods and transportation. Specifically, the highest increases came from medicine and healthcare because there were 13 cities and provinces under the Central Government that made upward adjustments for service costs during March 2017. Moreover, transportation improved thanks to the 35% YoY increase in average gasoline prices in Q1.

Assessments: Even though the transportation sector strongly improved, we believe that oil prices were on a declining trend during the 2nd half of March. Therefore, the impacts from the increase in the price of gasoline products on CPI in the future will not experience a significant surge. In addition to this, the average basic inflation during the first 3 months of 2017 inclined by 1.66% YoY. As a result, the rebound of inflation is not a major concern.

Figure 9: Inflation rate and core inflation rate movements



Source: GSO

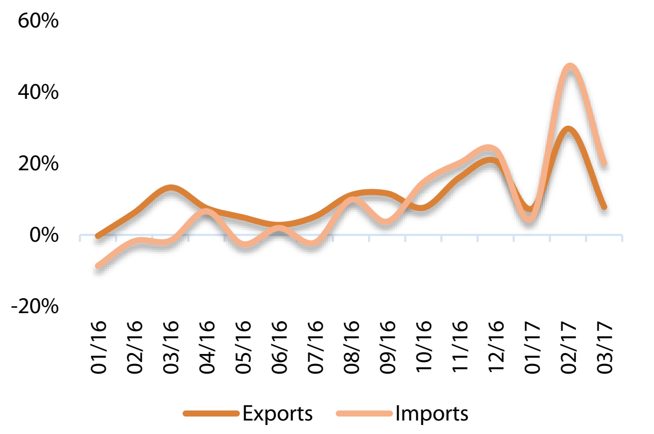
Trade deficit came back, mainly for production

- Domestic sector: Two-way trade experienced a recovery, even though the growth rate of imports was much higher than exports. In Q1 2017, exports and imports grew by 11.2% and 22.8% respectively. The accumulated trade deficit was USD5.7 billion, 1.6 times more than the same period last year.

- FDI Sector: Accounts for 70% of the total trade turnover of Vietnam, and import-export activities of the FDI sector continued to recover. During Q1 2017, exports and imports grew at 14.4% and 22.0%, respectively.

Assessments: Imports increased sharply again, causing the trade balance to reverse from February 2017. Meanwhile, imports are mainly for materials and equipment, leading to the expectation for the restoration of exports during the next quarters of this year.

Figure 10: Monthly Export – Import growth



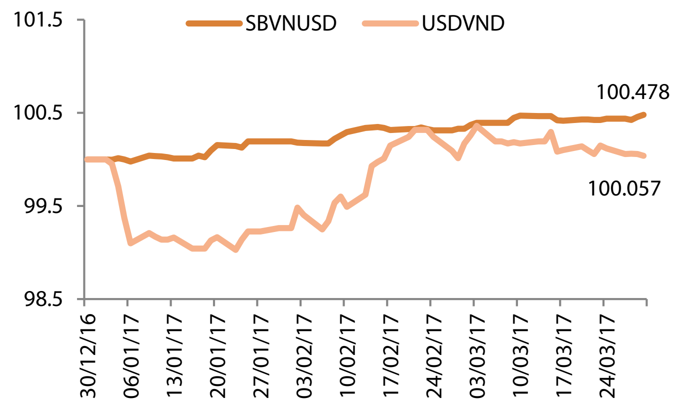
Source: GSO

SBV actively devaluates the dong

In Q1 2017, the average VND/USD exchange rate reached VND22,703, a 0.04% slight increase as compared with late-2016. Meanwhile, the SBV actively devalued the dong by adjusting the central exchange rate. As compared to early-2017, the central exchange rate increased by 0.48%, equivalent to a 0.5% devaluation rate. At the same time, the SBV also shows its willingness to intervene in the market with the exchange's price being VND50 lower than the ceiling exchange rate.

Assessments: We appreciate SBV's willingness in adjusting the exchange rate. In Q1, the market saw many waves in the exchange rate market, however, it was under control of SBV. Specially, Vietnam's foreign exchange rate reserves have remained high and the USD movement after Trump and FED's policy has supported SBV's exchange rate operation in recent times.

Figure 11: Exchange rate movement



Source: GSO

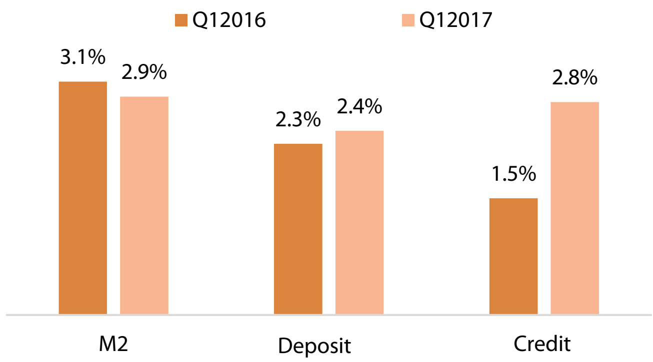
Credit accelerated in the first quarter of 2017

According to GSO, credit growth was 2.81% as of March 20, 2017, increasing by 1.54% compared to the same period last year, recording the highest growth in 6 years. The growth of total M2 – money supply and mobilization was 2.88% and 2.43% respectively, which is near the same growth as the same period last year.

Deposit interest rates increased slightly in Q1 2017, especially for certificates of deposit with terms longer than 12 months. According to the SBV, this phenomenon is influenced by circulars 06 and 36.

Assessments: We realize that the deposit interest rates in Q1 2017 with a term of 6-12 months fluctuated slightly while increasing sharply in terms over 12 months. The liquidity was not as strong as the same period. The orientation of the State Bank on monetary policy still remains. As mentioned in our Strategy Report for 2017, we expect that the SBV will run monetary policy based on signals from core inflation. The movement of deposit interest rates in the beginning of this year is not a reasonable factor for the SBV to tighten monetary policy.

Figure 12: Credit and Deposit Growth



Source: GSO

MACRO OUTLOOK: DEPENDENCY ON PROCESSING, MANUFACTURING, AND FDI

- Growth Momentum Comes from industrial Production
- Q1 2017 Business Outlook Considering Macroeconomic Factors
- The Failure of TPP – Samsung Scandal and Prospects for FDI inflows
- Policy Objectives are Well Balanced

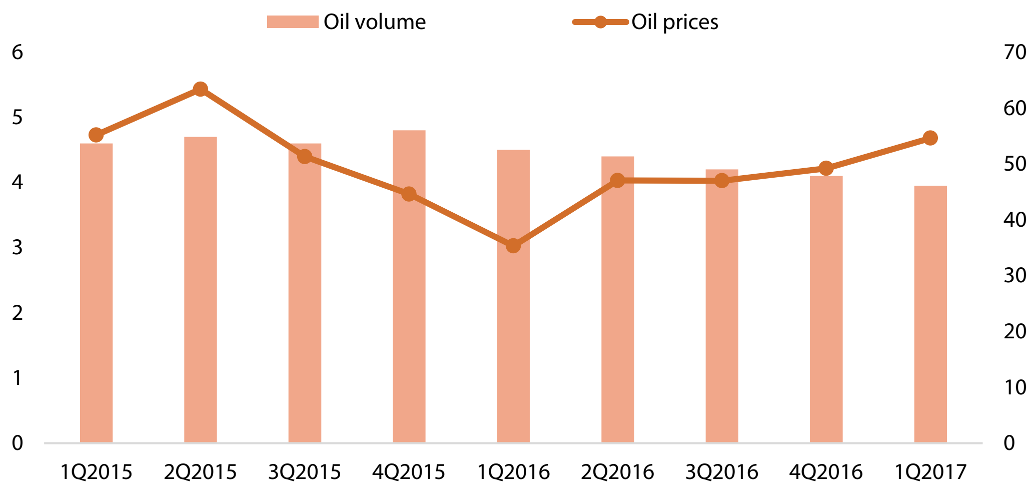
Growth Momentum Comes from industrial Production

Mining Industry: Long-term difficulties negatively impact economic growth

The average crude oil price reached USD54.6/barrel (Brent), increasing by ~55% YoY compared to Q1 2016. This price level is higher than the average during 4Q 2016 by 6.8%, although production in the mining sector has been relatively gloomy. In Q1 this year, total crude oil output in Vietnam was 3.95 million tons, declining by 12.2% YoY. This resulted in the slowdown of the mining industry, which led to a 0.76 percentage point decline in total GDP growth. Therefore, the prolonged price level of oil prices below USD60/barrel has increased the difficulties for oil contractors.

According to EIA, there will be excess demand of 900,000 barrels/day during the first 6 months of 2017 under the assumption that OPEC will completely follow the production agreement. For the case of 75% commitment, which occurred during 2008, the level of excess demand will only be around 630,000 barrels/day. Total crude output in Vietnam has been declining quarterly. The potential for oil prices to recover, to offset the negative impacts of the mining sector on GDP, could only be fulfilled during the last quarter of this year.

Figure 13: Quarterly Oil Volume and Oil Prices Movement



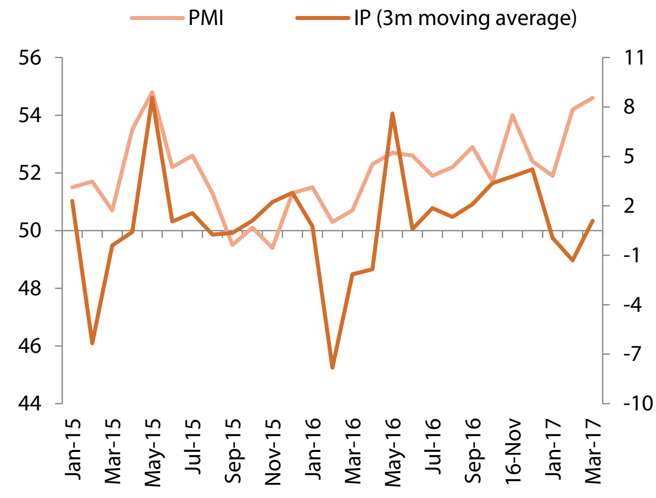
Source: MOIT, Bloomberg, RongViet Research

Processing and manufacturing industry: the main driving force for growth

In Q1 2017, the industrial production index improved by 4.1% YoY, significantly lower than the growth rates from the last few years. The main reason came from the decline in the mining sector (-11.4% YoY), while the processing and manufacturing industry improved by 8.3% YoY, contributing 5.9 percentage points to the overall growth.

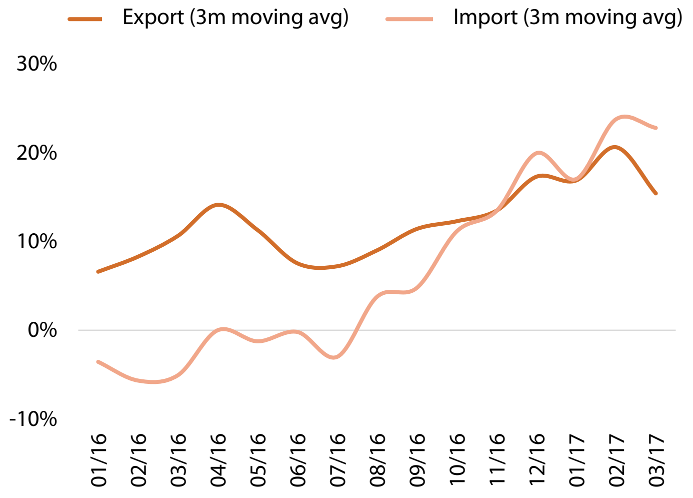
PMI, which reflects the heath of production activities of an economy, recorded the highest average in history, reaching 53.4 points during Q1 2017. In addition to the positive data about output and orders, we recognize that the growth of production activity also occurred because of the recovery of exports. The growth of exports during the first three months of this year has improved significantly, achieving 13.4% YoY growth. RongViet Research believes that FDI activities will be a crucial factor in supporting the growth of industrial production, processing and manufacturing in Vietnam.

Figure 14: PMI and IIP Movements



Source: GSO, Nikkei, RongViet Research

Figure 15: FDI Sector's Export-Import Growth



Source: Customs, RongViet Research

Q1 2017 Business Outlook Considering Macroeconomic Factors

In Q1 2017, the metallurgical industry (iron and steel) improved significantly. Total production and demand increased by 43.4% YoY and 17.3% YoY, respectively. The Industrial production index increased by 10.9% and 5.08% compared to the same period last year and the previous quarter, respectively. The metallurgical industry was the strongest growing area of this price index, and this change created an increase in selling prices. We believe that business results for steel and galvanized steel producers will continue to be positive during the first quarters of this year, which will be further supported by the anti-dumping measures for steel construction.

In addition to this, the textile industry also experienced decent growth in terms of production and demand. Specifically, apparels recorded growth of 11.6% and 7.6% in production and demand; textiles recorded growth of 11.4% and 13.7%, respectively, in these same areas. The production index increased for the apparel sector and declined for the textile sector. As a result, we are positive about the business results of textile companies during Q1 2017. Moreover, industries that could experience an improvement in earnings include the chemical (fertilizer) and natural rubber industries. We expect that the food and beverage industry will have stable growth. In contrast, there will be a slight decline in the business results of furniture producers over the first quarters of this year.

Table 1: Production Situation of Some Products in Q1 2017

		Production growth	Price Index (vs Q12016)	Price Index (vs Q42016)	Consumption growth
1	Metal	43.4	10.91	5.08	17.3
2	Costumes	11.6	-6.03	-0.62	7.6
3	Paper	11.6	-3.62	-1.4	11.4
4	Textile	11.4	0.14	-0.4	13.9
5	Motor vehicles	9.6	na	na	14.6
6	Chemicals	8.7	0.05	0.57	15.7
7	Drinks	8.4	-1.32	-0.92	5.1
8	Rubber	7.9	1.26	1.28	5.3
9	Other means of transport	6.1	na	na	14.2
10	Electrical equipment	5.6	na	na	12.2
11	Food	4.4	1.74	0.84	2.8
12	Pharmaceutical	2.3	na	na	-0.1
13	Electronic products	-1	-10.63	-8.85	8.9
14	Wooden	-3.6	1.27	1.49	-7.5

Source: GSO, RongViet Research

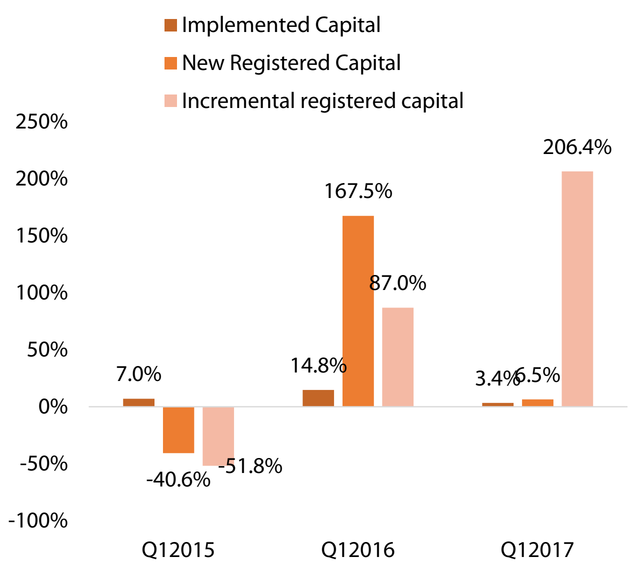
The Failure of TPP – Samsung Scandal and Prospects for FDI inflows

The FDI disbursement rate declined during Q1 2017. According to Foreign Investment Agency, the total disbursed capital only reached USD3.62 billion, increasing by 3.4% YoY. However, registered investment capital demonstrated positive signals, with the biggest contribution coming from increased registered capital. Specifically, the total registered capital in Q1 was USD6.86 billion (excluding capital contribution and share purchase), +70% YoY. Accordingly, the increase in registered capital was USD3.94 billion, three times higher than the same period last year. The surge came from the Samsung Display projected license (USD 2.5 bil) and Plytex Far Eastern (USD489 mil). Several longtime investors are continuing to pour capital into Vietnam, including Coca-Cola and Vietnam – Singapore Industrial park.

The movement of newly registered capital proved that the failure of TPP and Samsung's scandal have not made major impacts on FDI companies continuing to enter Vietnam. Sectors that have been attracting the most FDI include processing and manufacturing (account for 85% of total registered capital). Vietnam's top 2 investors include Korea and Singapore, while China reached the 3rd position with total registered capital of USD823 million in Q1 2017.

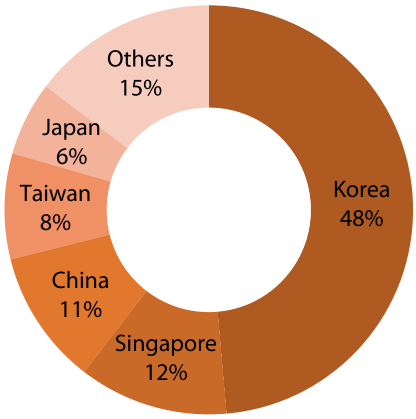
In the short-term, we believe that the textile industry will experience a recovery in its exports thanks to the investment from 2014 – 2015, when the TPP strongly influenced industry sentiment. Meanwhile, the electronic component manufacturing industry experienced a slight decline in production as Samsung Bac Ninh plant reduced output to prepare for new products. We expect that the attraction of foreign capital will remain stable, which is a crucial factor for the growth of industrial production in Vietnam.

Figure 16: Registered and Disbursed FDI Growth rate



Source: GSO, RongViet Research

Figure 17: Registered FDI by Country (Q12017)



Source: FII, RongViet Research

Policy Objectives Are Well Balanced

Since earlier this year, we believe that policy makers have been careful in orienting monetary policy for 2017 due to concerns and the limited room for growth. Until now, we believe that the initial steps from regulatory authorities have been successful. Macroeconomic conditions have been under control and are relatively stable despite the national and global pressure.

As mentioned in our macroeconomic Q1 2017 part, the overall inflation increase is not seen as a signal for the State Bank to tighten the monetary policy in the future. The reasons are (1) the price of consumer goods remains relatively stable, especially for the food & beverages sector; (2) the decline in crude oil during the second half of March has a high possibility of moving sideways if OPEC does not keep its commitment to cut output; (3) general inflation increased due to the upward adjustment of public good prices, which is within the control of regulators.

One area of concern includes the risk of an upward adjustment of electricity prices on *inflation*. Recently, the Prime Minister has rejected the proposal to change the regular upward adjustment of electricity prices to once per 3 months. The Ministry of Industry and Trade and EVN will continue to monitor this and propose to increase electricity prices in the next quarter. Given the current sensitive circumstances, we project that the price of electricity will increase by less than 7%. Currently, we maintain our inflation projection of 6% and for core inflation to be 2-3%. The State Bank will observe the signals from core inflation to manage the monetary policy.

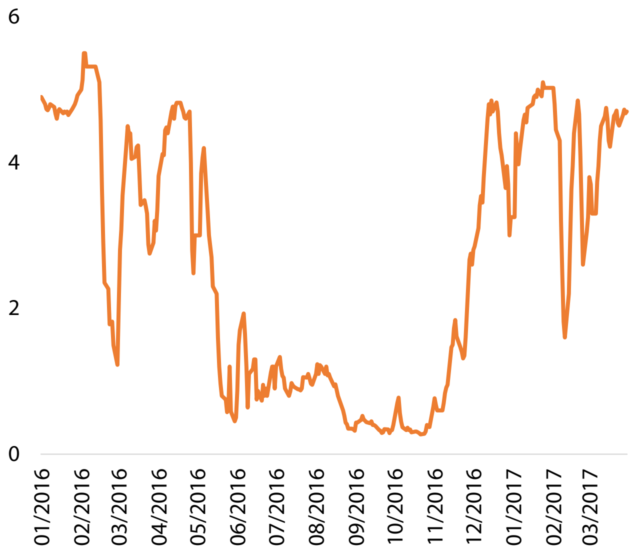
Regarding the exchange rate, we believe that the slow devaluation of the VND will be a predatory step for the State Bank for stronger fluctuation (if any) from major currencies during the remainder of this year. In Q1 2017, USD strength indicators dropped by 3.4% compared to the end of 2016. Among major currencies, the JPY and CNY appreciated slightly, while the EUR depreciated. The reversal trend of trade balance and foreign currency demand for imports have not made negative impacts on the exchange rate stability. Meanwhile, recorded high foreign reserves and foreign capital flows are the fulcrum for operators to control exchange rate movements.

Interest rates in the inter-bank market over the last quarter have been less than 5%/year (overnight). Given the fast credit growth during Q1, we believe that the liquidation of the banking system will not be as abundant as before. Moreover, the limitation on the short-term capital ratio for medium- and long-term loans makes banks more active in restructuring capital and improving the issuance of long-term deposit certificates with high interest rates (8-

9%/year). However, policy makers have continuously been delivering messages about stabilizing the lending rates and directing capital into high priority sectors. Bond interest rates on the primary market are relatively stable without significant changes, as compared to earlier this year. This is a sign for the stability of the cost of capital in the economy.

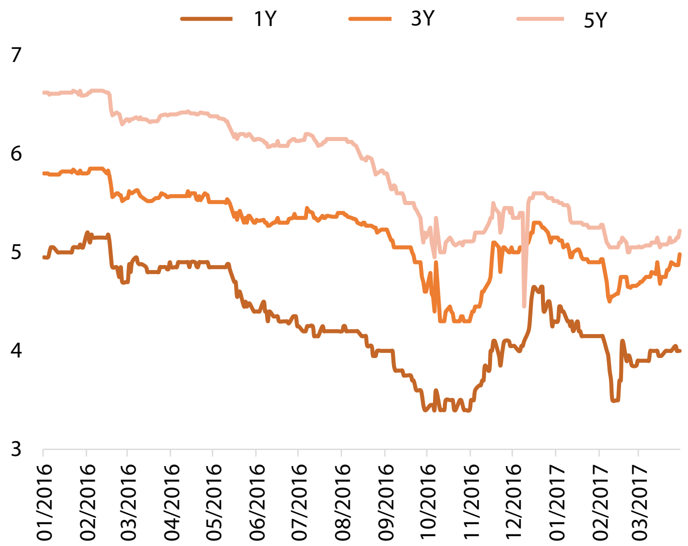
We believe that the process of stabilizing macroeconomic factors will be bumpier than expected, but not too strenuous. Therefore, it will be under the control of regulators. Statistics about credit growth in Q1 need to be analyzed to have a clear understanding about the trend of investment channels and industries which are the main drivers of growth.

Figure 18: Interbank Interest Rate Movement (%)



Source: Bloomberg, RongViet Research

Figure 19: Government Bond Yield Movement (%)



Source: Bloomberg, RongViet Research

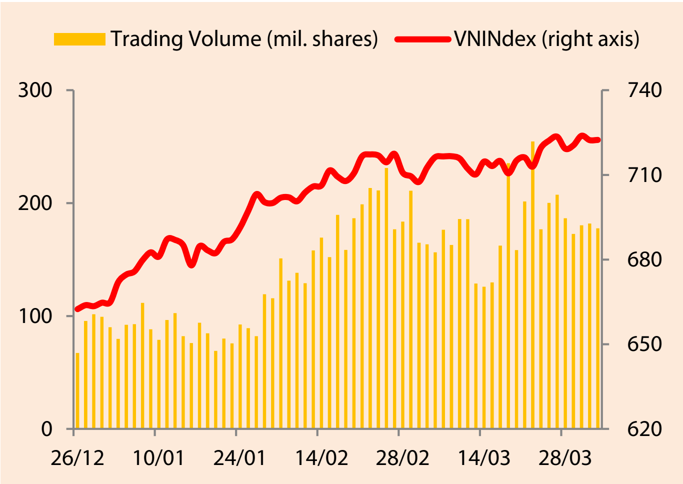
VIETNAM STOCK MARKET Q1: SURPRISELY ACTIVE

Fluctuating in a narrow range in the last months of 2016, the VN-Index surprised investors by rising considerably in Q1/2017, from 664.87 to 722.31 (+8.6%). Specifically, the gains were **4.9% in January, 1.9% in February and 1.6% in March.** Although the index has had trouble breaking 720 points, the index was eventually able to surpass the milestone in the 2nd half of March.

Extraordinary Liquidity

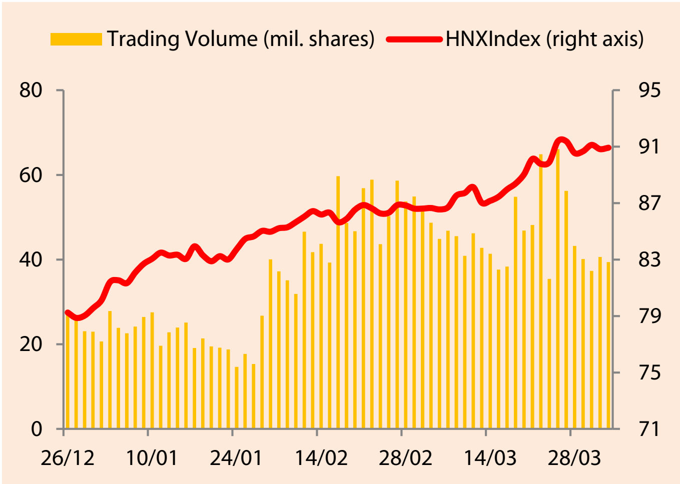
The strong increase of the indices in January attracted dramatic inflows to the market in the following 2 months. Many sessions witnessed trading volumes of over VND3,700 billion, similar to the amount of capital during special events such as "the East Sea Event", Brexit or ETF portfolio re-structuring. Newly listed titans, namely VJC, SAB and NVL, merely contributed to around 2% of the trading volumes, which displays how capital has been flowing into the market in general. However, it is worth noting that FLC and ROS were also two of the main contributors of this liquidity; these stocks were occasionally able to contribute up to 20% of the market's entire volume.

Figure 20: VN-Index movement in Q1



Source: RongViet Research

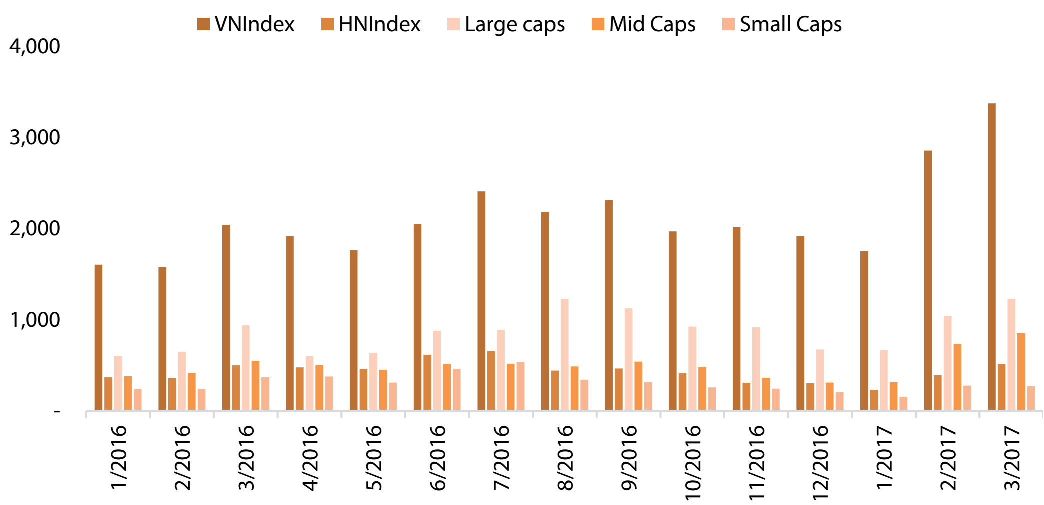
Figure 21: HNX-Index movement in Q1



Source: RongViet Research

We observed that capital flew strongly to large-cap and mid-cap stocks. Notably, mid-cap stocks drew a great amount of capital from investors in February and, consequently, the VN-MID jumped by more than 6% that month (while the gains for the VN-Index and VN-30 were just 2%). However, the VN Index was not able to surpass the 720 level because mid-cap stocks received more attention from investors. Only until the last week of the first quarter, the VN-Index had a chance to overcome this level as large-caps drew much more attention from investors.

Figure 22: Matching-order value of the market from Jan 2016 to March 2017 (VND bn)



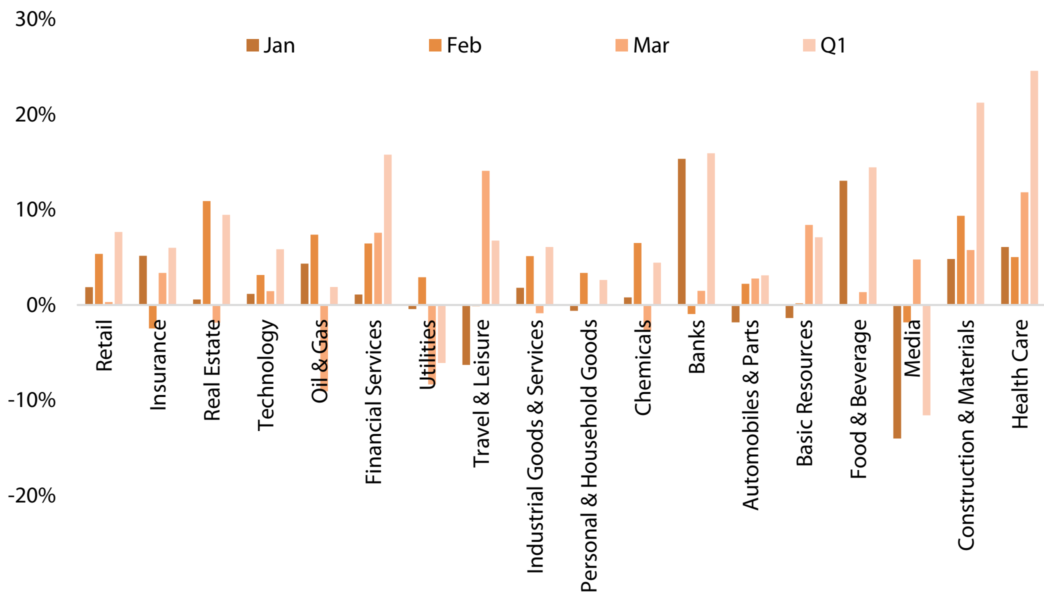
Source: RongViet Research

Opportunities Come from Underperforming Sectors in 2016

In the first three months of 2017, we observed strong inflows in sectors that underperformed during 2016. This included the following sectors: Banking (January), Real Estate (February) and Finance Services (February and March). Banking stocks "triggered the first shot" at the very beginning sessions of 2017. VCB, CTG, CIB and especially ACB surged rapidly during a short period, causing many investors to miss this wave. This was followed by real estate stocks in the last sessions of February. Particularly, there were some sessions during which more than 10 stocks in the sector reached the ceiling price (DXG, TDH, NTL, KAC, FLC, etc.). Moreover, we also saw the strong rebound of stocks that fell deeply in 2016 such as HAG (+71%), HNG (+87%) and TCM (+49%).

The movement of these sectors in Q1/2017 displays that unfavorable stocks are able to rebound at times due to positive news, regardless of how true the news is. The news could be anything: LDR changing regulation, high credit growth, FOL in bank, or strong prospects of the real estate market. The market also continued to pay strong attention to sectors that outperformed during 2016. For example, DHG has triggered another rally for pharmaceutical sectors as the company announce its intention to lift its FOL.

Figure 23: Sectors Performance in Q1



Source: RongViet Research

Good News Continues to Support the Rally

The rise of the index has resulted in stronger profit taking pressure. This phenomenon was demonstrated clearly in the last week of Q1/2017, and could be the explanation for the small gain of the index in February and March despite the strong liquidity of the market. In general, good news and rumors regarding the business results and dividend payments of certain companies is still supporting the market. In April, there will be more companies announcing their business result and dividend payment plan.

Table 2: List of companies paying cash dividends in April

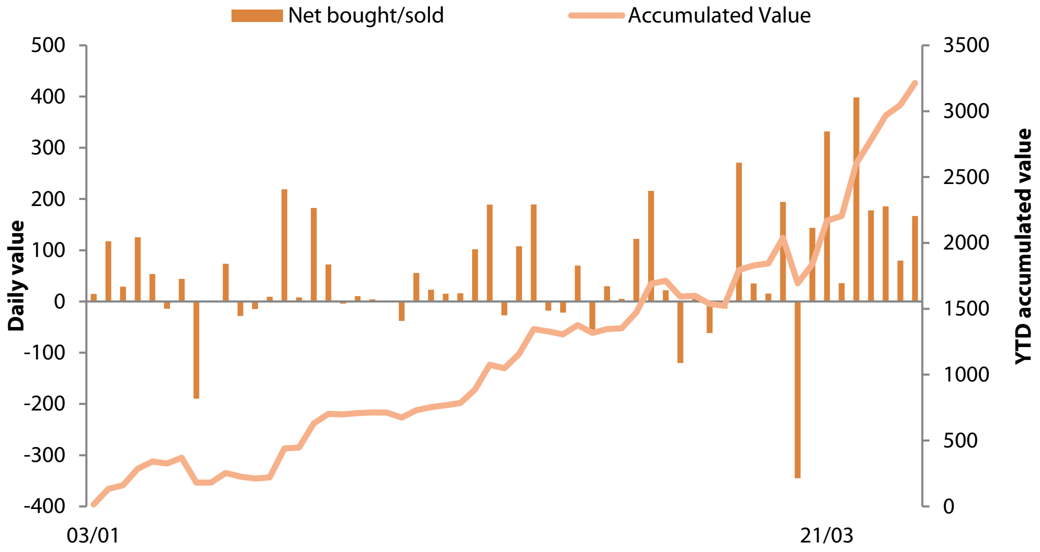
Ticker	Cash dividend	Ex-dividend date	Payment date	Dividend yield	P/E	P/B	Avr trading vol
NTR	700	04/04/2017	06/30/2017	13.2%	5.1	0.5	45
VTB	2,000	04/13/2017	04/27/2017	11.4%	12.1	0.9	5,395
ANV	900	04/13/2017	06/29/2017	11.2%	26.9	0.4	1,960
IME	1,700	04/11/2017	04/25/2017	8.9%	6.4	1.4	2,138
PCE	1,400	04/13/2017	04/25/2017	8.6%	6.5	1.0	109
DBM	1,200	04/20/2017	05/12/2017	6.7%	5.5	0.7	192
UDJ	500	04/14/2017	04/27/2017	6.3%	18.5	0.7	4,229
HU6	500	04/04/2017	04/28/2017	5.3%	7.7	0.8	414
MCC	700	04/04/2017	04/26/2017	5.0%	6.0	1.0	6,204
HOT	1,200	04/13/2017	05/10/2017	4.4%	20.4	2.0	251
VC7	1,000	04/13/2017	05/03/2017	4.4%	14.8	1.9	7,531
TIP	500	04/11/2017	04/27/2017	3.0%	6.9	1.1	6,444
DRL	1,100	04/04/2017	04/24/2017	2.9%	10.5	2.8	1,231
DQC	1,500	04/10/2017	05/05/2017	2.7%	8.6	1.5	8,860
CMF	2,000	04/04/2017	05/31/2017	2.6%	13.1	2.7	46
IDV	1,000	04/04/2017	04/18/2017	2.0%	5.8	3.6	4,757
RAL	2,000	04/04/2017	04/27/2017	1.9%	8.3	2.0	7,379
BIC	700	04/12/2017	04/24/2017	1.8%	36.9	2.3	5,695
SGR	996	04/05/2017	04/21/2017	1.6%	4.6	2.6	6,410
GAS	700	04/10/2017	04/28/2017	1.3%	14.8	2.7	86,754
VC3	500	04/11/2017	05/03/2017	1.3%	11.7	2.9	13,264
QNS	1,000	04/13/2017	04/28/2017	0.8%	16.2	5.9	79,323

Source: RongViet Research

Overall, the market has rallied strongly in Q1 as it has faced negligible bad news. In the two exchanges, over 250 stocks have gained at least 10%, of which 131 stocks rose higher than 20%. However, it seems that the index momentum has slowed down after it surpassed the 720 level, and that stocks in the VN-30 Index are less supportive than previously. The supportive news will most likely become scarcer as companies finish their AGM at the end of April. Therefore, there is a chance that the market has reached a short term peak and may enter a correction phase soon. Investors are therefore recommended to take profits in upcoming sessions.

Foreign trading activities: 3-month net buying

Figure 24: Foreign investors trading in Q1/2017



Source: FiinPro, RongViet Research

Foreigners actively net bought in Q1/2017. In both bourses, they net bought more than VND3,725 billion, primarily in the F&B sector, with VNM being the leader. Oil & Gas and Real Estate sectors continued to be on the top net selling list for the second year in a row.

Table 3: Foreign trading value in HSX and HNX in Q1/2017

Sector	HSX	HNX
Retail	-29.3	0.2
Insurance	-13.6	-30.1
Real estate	-479.7	35.8
Technology	-1.2	-0.3
Oil & gas	-314.9	52.0
Financial services	-33.3	18.6
Utilities	53.4	-29.7
Travel & leisure	242.2	-16.4
Industrial goods & services	12.3	-11.7
Personal and household goods	198.0	4.4
Chemicals	-132.5	9.1
Banks	142.2	7.9
Automobiles & parts	-26.3	21.6
Basic resource	147.0	-0.3
Food & beverage	2930.7	50.5
Communication	0.0	2.1
Construction & building materials	650.7	89.2
Healthcare	155.7	21.2
Total	**3,501.4**	**224.0**

Source: FiinPro, RongViet Research

ETFs announced reconstitution results in March. Two funds net sold many large-cap stocks on 17/03 to buy ROS (Db X-trackers FTSE Vietnam UCITS ETF) and NVL (VanEck Vectors Vietnam ETF). It was quite a surprise when NVL was added. Actually, the latest index methodology of MVIS in Feb 2017 has specific rules for IPO cases. Therefore, the remaining 3 reconstitutions in this year will be more interesting and challenging for those who are front-runners.

As we have commented in our 2017 Investment Strategy Report, local investors understand more foreign trading activities. It is no longer a one-way effect from foreign to local investors' sentiment. In the short-term, we don't see any significantly bad news that can change the direction of foreign capital movement, except for news on 2016 consolidated and Q1/2017 earnings results.

APRIL 2017 STOCK MARKET OUTLOOK

Vietnam's stock market experienced favorable performance during Q1 2017, with the majority of sectors delivering growth (except public utility and media). The excitement started with financial stocks, namely banks, followed by real estate and securities companies. In other sectors, agricultural and textile stocks, such as HNG, HAG, and TCM, also grew strongly due to commodity prices recovering from the bottom and export activity being positive for the most part.

In April, we forecast that the market will have highs due to the interruption of the announcement of 2017 business plans and Q1 2017 business results. However, the profit taking pressure may become strong at the end of the month, when more official disclosure of information takes place. In fact, this trend has gradually been reflected in the beginning of this month. After the VN Index was able to successfully break 720, the consensus of large cap stocks was almost gone, as these stocks have been displaying mixed performance.

The recent correction in oil prices will have a mixed impact on the macro picture of Vietnam. In particular, the mining sector may not be negative and affect GDP growth. In contrast, the fall in oil prices will partly curb inflation, easing the pressure on the monetary policy of the SBV. As noted in our investment strategy report in 2017, exchange rate fluctuations and inflation may be the two most important risks for the overall picture of the stock market this year. Thus, once these two factors remain under control, we believe that monetary policy, a factor that has been shown to have an indirect impact on the performance of the stock market, will not be tightened in the present period.

The information about 2016 audited financial statements, seasonal effects of the 2017 AGM and Q1 2017 business results of listed companies will continue to dominate the stock market in April. Given that the market may form a short-term peak after the rally experienced from the beginning of this month, we think that this will be a good time for investors to review and restructure their portfolio: profit-taking stocks that sharply grew and selectively accumulate stocks having bright prospect in the remaining time of 2017.

Table 4: Key Sectors Performance

No	Name	% 1M Price Change	% 3M Price Change	% 12M Price Change	Market Cap (VND billion)	ROA (%)	ROE (%)	Basic P/E	P/B
1	Automobiles & Parts	3.3	3.5	1.2	17,295	10.3%	17.3%	10.8	1.6
2	Banks	2.6	10.8	19.1	364,809	0.8%	11.9%	13.9	1.8
3	Basic Resources	-7.8	-7.5	8.6	111,038	11.3%	21.8%	9.5	2.1
4	Chemicals	-3.1	3.4	-0.7	43,661	7.1%	12.4%	10.4	1.3
5	Construction & Materials	4.7	17.7	104.8	218,958	8.5%	17.3%	17.9	6.4
6	Financial Services	6.5	13.3	9.9	34,005	4.9%	8.8%	26.5	1.4
7	Food & Beverage	2.1	4.2	34.9	552,768	21.4%	30.9%	21.2	7.3
8	Health Care	9.5	18.6	55.2	32,307	14.3%	21.9%	24.7	3.3
9	Industrial Goods & Services	-0.1	4.0	32.3	202,764	6.8%	15.0%	23.1	3.2
10	Insurance	1.6	1.5	28.8	62,228	2.5%	9.3%	22.5	2.5
11	Media	10.1	23.1	-3.2	13,399	3.1%	3.6%	55.7	4.6
12	Oil & Gas	-7.0	-4.7	2.4	16,370	2.0%	4.5%	14.2	0.6
13	Personal & Household Goods	1.0	-2.7	15.0	38,945	9.9%	21.0%	12.1	2.6
14	Real Estate	0.7	11.2	22.2	250,312	3.3%	10.5%	23.8	3.1
15	Retail	0.5	5.6	87.4	30,175	13.4%	44.2%	15.0	5.9
16	Technology	2.3	3.8	18.9	28,139	6.6%	16.3%	11.2	2.0
17	Telecommunications	-7.6	5.3	60.6	13,271	11.0%	29.7%	12.9	4.0
18	Travel & Leisure	-8.7	-20.1	-19.9	90,597	9.9%	39.4%	17.2	4.7
19	Utilities	-5.9	-8.8	27.6	163,610	10.3%	15.8%	12.9	2.2

Source: FiinPro

Vietnam's stock market experienced a favorable Q1 2017, with the growth of most sectors (except utilities and media). The excitement started with financial stocks, mainly banks, followed by real estate and securities. In other sectors, agricultural and textile stocks, such as HNG, HAG, or TCM, also grew strongly after commodity prices have been through the bottom as well as export activity (especially for textile companies) is quite satisfactory.

The country's macroeconomic fundamentals remain stable, and production activity in the economy has maintained its upward momentum. One of the only main areas of concern includes the poor performance of the oil and gas sector. Therefore, we believe that the opportunity for investors to screen and accumulate stocks for the remainder of 2017 is still ahead.

Specifically, the Q1 2017 GDP growth rate was lower than the same period last year, mainly due to the negative impacts from mining (mainly oil and gas exploitation). Meanwhile, the industrial production sector continued its growing momentum and the processing industry also did well, according to data from PMI Index and the assessment of the performance of various sectors. We expect that the business performances of the steel sector will be brighter and outperform the other sectors. Specifically, in 2016, leading companies such as HPG, HSG and NKG have increased designed capacity by more than 30% to serve consumption demand (capacity of NKG increased by 60%). At the same time, the support of anti-dumping duties has somewhat reduced the pressure on output price for businesses. These factors have laid the foundation for positive earnings growth for steel firms in the first quarter of 2017.

In 2016, leading companies in the steel sector such as HPG, HSG and NKG expanded capacity by 30% in order to meet the demand (NKG's capacity increased by 60%). Moreover, anti-dumping duties relatively ease the pressure from the decline in selling price for these companies. These factors strongly supported the improvement in business results during Q1 2017. RongViet Research forecasts that HPG's Q12017 NPAT will grow by 80% YoY, while this figure will be 100% YoY for NKG. Related to anti-dumping taxes, the Ministry of Industry and Trade issued Decision No. 1105/QD-BCT to officially impose anti-dumping duties on Chinese steel products for a five-year period starting from April 15th 2017. In Q2 2017, it is likely that another decision to impose anti-dumping on corlor coated steel will be issued. These two decisions will create a comprehensive defense for steel companies, especially producers of corlor coated products. Rongviet Reseach believes that HSG and NKG will benefit from those decisions.

HPG has strong resistance to the fluctuation of global steel prices thanks to the company's leading position in the industry and long production cycle (from billets to final products). HSG, a galvanized producer, has had positive performance, and its stock price is approaching our expectations. Meanwhile, NKG will benefit the most from the decisions on the anti-dumping tax. Therefore, investors could accumulate this stock for short-term and intermediate timeframe.

After strong growth in 2016, the production value of the construction sector has slowed down in Q1 2017, reaching 6.1% YoY (Q1 2016: 8.6% YoY, source: GSO). However, there will be a differentiation of business prospects among construction companies. CTD has many advantages in selecting projects as well as ensuring the backlog for the next year. With the new contracted value of about VND 8,700 billion in Q1 2017, we estimate that CTD's current backlog grew by around18% YTD and up by 77% YoY. We project that their revenue will grow by 30% YoY, and 2017 NPAT will increase by more than 22% YoY and correspondent EPS is VND 21,176. CTD is trading at forward PER of 9.2x, which is quite low compared to other large-cap stocks. Our second favorite candidate working in power construction, namely Power Construction Jsc No1 (HSX: PC1). PC1 is seen as a dynamic enterprise in seeking expansion opportunities. In the last five years, PC1's charter capital has increased nearly six fold, with CARG of revenue and profit reaching 21% and 47%, respectively. In 2017, with the contribution of the hydro power segment, we expect PC1's revenue and NPAT will rise 13.5% YoY and 3.2% YoY respectively. The correspondent EPS is 3,394 dong. This projection is higher than the projection in our 2017 strategy report due to good news on the progress of the completion of two new hydropower plants. The progress of these two plants has been faster than expected and total investment value would be lower than planned. In addition, the positive news from the export of steel products also helps to raise the outlook for 2017.

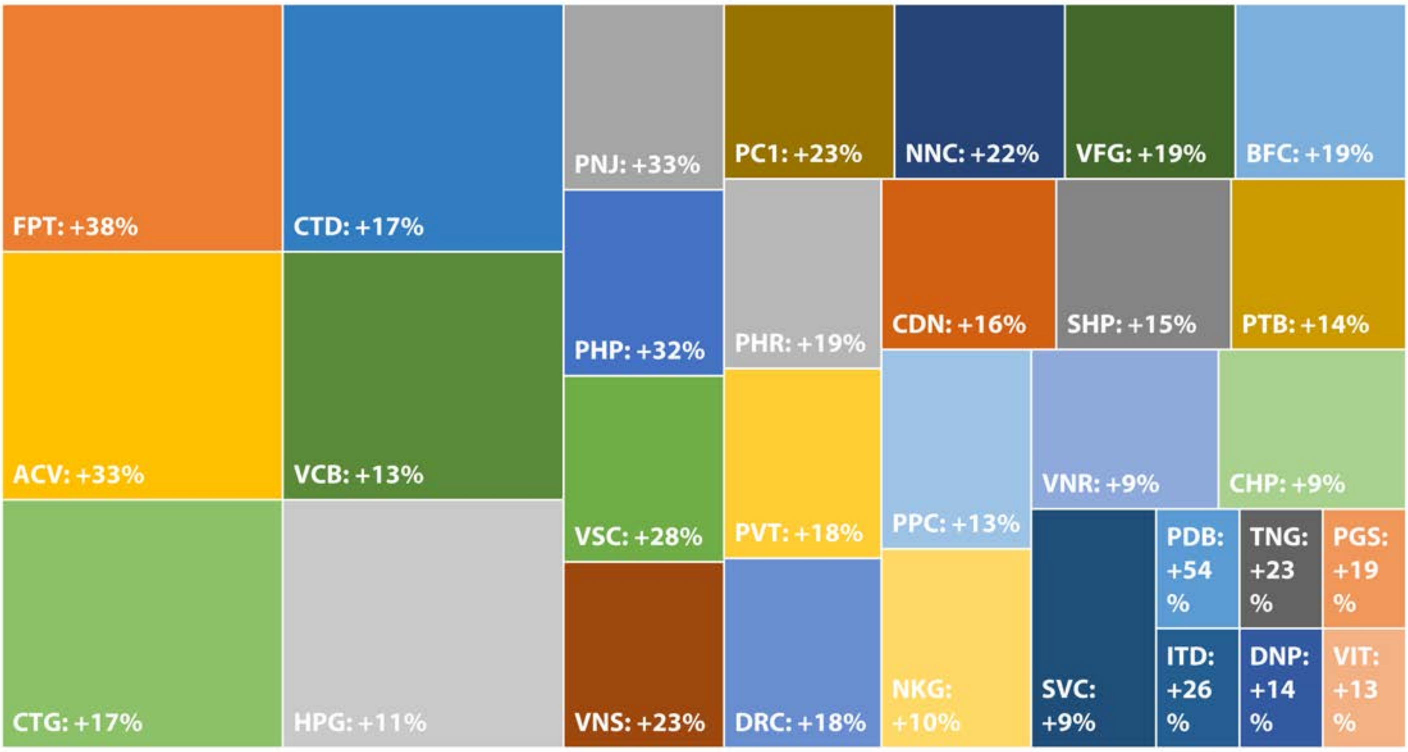
Following the recovery of real estate and construction sectors, we expect that demand on construction materials will witness a strong growth in the second half of the year when construction activities are accelerated. Viglacera Tien Son Joint Stock Company (HNX: VIT) with 11% market share of high quality granite tiles and Pacific Dinco Joint Stock Company (HNX: PDB) with the main product of fresh concrete are both companies that we are optimistic about. For mining companies, the prospects of extending the mine's working life or acquiring new mine will be the information that should be closely followed before making investment decision. For medium-term investment purposes, these are shares that RongViet Research thinks investors can screen.

Within the consumer goods segment, RongViet highly appreciates the growth potential of Phu Nhuan Jewelry Joint Stock Company (PNJ – HSX). Overall, the jewelry market has experienced stable growth in recent years. Meanwhile, branded jewelry has experienced a faster growth rate and gained the market share from small businesses (approximately 12,000 companies, account for ~80% of total jewelry market share). PNJ is proactively expanding its chains, laying the foundation to meet the increasing demand from high-income customers as well as the rising trend of jewelry consumption. Over the last 5 years, PNJ's distribution network has covered 50 cities and provinces with 28% market share. The company's profit also doubled during that period. In 2017, RongViet Research forecasts that PNJ's NPAT will grow by 39% YoY, equivalent EPS is VND 6,375 (higher than our previous estimation due to the adjustment of welfare expenses). Furthermore, PNJ has plan to have a private issuance of 9.8 million shares, equivalent to 10% of its current share outstanings. As a result, the room for foreign investors of PNJ is estimated to increase by 4.8 million shares. Because the room for foreign ownership in PNJ has reached the celling, it could be the catalyst for the increase in its stock price.

Global rubber prices returned to a declining trend in March, which has negatively impacted the price of natural rubber stocks, such as PHR. Particularly, the average rubber price reached USD2.73/kg in Q1 2017, doubling over the same period last year. We estimate that if there is no change in ANPRC's cutting supply policy on rubber production and climate changes, the current price range of natural rubber will remain until the end of this year. Therefore, we assume that the average selling prices this year will up by 50% YoY. This would strongly support PHR's earnings, especially when its output is stable. Moreover, aside from the core business which is latex exploitation, profit from other segments (tree liquidation and investment in industrial zones) will improve the overall picture of PHR. At the current stock price, PHR is trading at a forward PER of 8.3x, relatively low compared to the average PER of 9-10x of the rubber industry. Hence, PHR is another candidate that we should pay closely attention, especially during the declining trend of latex prices.

The information about 2016 audited financial statements, seasonal effects of the 2017 AGM and Q1 2017 business results of listed companies will continue to dominate the stock market in April. Given that the market may form a short-term peak after the rally experienced from the beginning of this month, we think that this will be a good time for investors to review and restructure their portfolio: profit-taking stocks that sharply grew and selectively accumulate stocks having bright prospect in the remaining time of 2017.

Figure 25: Rong Viet Research's Stock Pick



Source: Rong Viet Research; Price at April 4th

Table 5: 2017 business plans of listed companies under Rong Viet Research's Watch Lish

No	Ticker	Exchange	Market Cap (VND billion)	Revenue		NPAT	
				VND billion	%+/- vs 2016	VND billion	%+/- vs 2016
1	NVL	HSX	41,492	17,528	138%	3,144	89%
2	HPG	HSX	40,832	40,000	20%	6,000	-9%
3	VJC	HSX	38,400	42,018	53%	3,395	36%
4	MWG	HSX	25,624	63,280	42%	2,200	39%
5	FPT	HSX	21,589	46,619	18%	2,726	6%
6	HSG	HSX	10,122	23,000	17%	1,650	-6%
7	VCS	HNX	9,954	4,311	34%	801	18%
8	CII	HSX	9,289	5,700	371%	1,430	43%
9	REE	HSX	8,402	4,613	26%	1,136	-3%
10	PVS	HNX	7,549	13,000	-30%	560	-38%
11	DXG	HSX	5,490	3,300	32%	700	5%
12	BIC	HSX	4,691	1,900	n/a	149	11%
13	TRA	HSX	4,007	2,000	0%	242	6%
14	GTN	HSX	3,913	3,950	117%	225	1282%
15	DRC	HSX	3,629	3,793	13%	432	9%
16	PGD	HSX	3,501	5,913	26%	158	-28%
17	VNR	HNX	3,277	1,770	n/a	222	-7%
18	PC1	HSX	2,943	3,852	28%	326	7%
19	PTB	HSX	2,899	4,661	27%	339	22%

No	Ticker	Exchange	Market Cap (VND billion)	Revenue		NPAT	
				VND billion	%+/- vs 2016	VND billion	%+/- vs 2016
20	CHP	HSX	2,885	654	1%	221	-14%
21	NKG	HSX	2,770	14,000	57%	600	16%
22	DBC	HNX	2,658	9,265	48%	320	-29%
23	VSC	HSX	2,633	1,150	6%	216	-18%
24	IMP	HSX	2,562	1,260	25%	128	27%
25	PTI	HNX	2,130	3,466	n/a	117	8%
26	PHR	HSX	2,025	1,328	13%	217	-3%
27	BFC	HSX	1,967	6,850	15%	336	-4%
28	AAA	HSX	1,413	2,900	35%	200	40%
29	NBB	HSX	1,334	1,000	2326%	72	61%
30	SVC	HSX	1,249	14,500	6%	200	15%
31	CTI	HSX	1,247	1,426	35%	146	22%
32	TCM	HSX	1,142	3,243	6%	178	55%
33	STK	HSX	937	1,915	41%	87	205%
34	HAH	HSX	891	622	28%	150	12%
35	PGS	HNX	880	4,746	-5%	100	-71%
36	CNG	HSX	877	981	10%	81	-33%
37	SMC	HSX	761	10,550	12%	150	-59%
38	TCT	HSX	729	147	7%	64	-7%
39	PMC	HNX	708	415	0%	66	-10%
40	INN	HNX	680	900	2%	72	1%
41	SRF	HSX	680	1,700	29%	77	-20%
42	VPH	HSX	583	873	103%	170	110%
43	SVI	HSX	576	1,500	9%	76	2%
44	FMC	HSX	576	3,375	10%	80	-22%
45	DHT	HNX	549	1,020	-15%	36	-37%
46	C32	HSX	549	620	19%	90	-4%
47	HDC	HSX	478	605	26%	64	8%
48	TIP	HSX	429	141	-27%	49	-22%
49	PVC	HNX	390	2,660	-13%	18	-153%
50	QBS	HSX	381	3,900	-13%	85	309%
51	GSP	HSX	368	1,252	10%	42	-10%
52	SFI	HSX	353	600	7%	48	-14%
53	APC	HSX	282	117	6%	34	-17%
54	LAF	HSX	177	900	3%	22	-13%
55	DNM	HNX	109	225	0%	16	8%

Source: FiinPro

HIGHLIGHT STOCKS

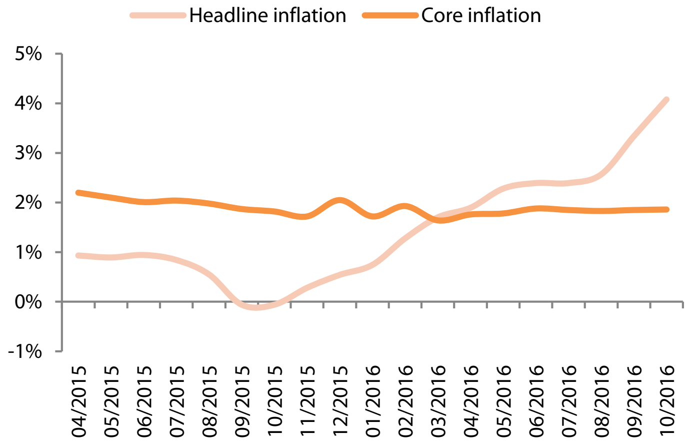
Ticker	Subsector	Target price (VND)	Price @ Apr 4th (VND)	Rating	Time horizon	Financial				Valuation				Trading				
						2017F		2018F										
						+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	PER Trailing (x)	PBR Cur. (x)	PER 2017F (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily vol. (shares)	3-month avg. daily turnover (VND mn)	Market cap (VND bn)	Foreign remaining room (%)
PDB	Building Materials	29,900	19,400	Buy	Long-term	15.9	22.7	8.4	16.8	5.6	1.3	4.8	15.5	-9.9	22,457	445	157	37.5
FPT	Software	64,800	47,000	Buy	Intermediate-term	15.9	24.0	12.9	17.6	10.8	2.3	8.7	4.3	20.8	1,070,763	49,406	21,589	0.0
PHP	Transportation Services	20,800	15,700	Buy	Intermediate-term	-0.6	6.5	8.0	9.6	11.1	1.5	11.9	5.1	-28.1	6,470	105	5,133	48.6
ACV	Transportation Services	67,000	50,400	Buy	Long-term	16.2	37.9	17.1	26.3	50.0	4.3	22.9	1.0	0.0	323,717	16,417	108,989	45.6
VSC	Transportation Services	73,700	57,800	Accumulate	Long-term	18.2	23.8	6.0	9.6	10.5	2.0	9.4	6.1	11.5	112,142	6,589	2,633	0.0
PC1	Heavy Construction	48,000	39,100	Buy	Intermediate-term	9.9	-3.0	48.1	106.1	8.7	1.5	12.3	0.0	0.0	199,228	7,647	2,943	24.2
TNG	Clothing & Accessories	17,000	13,800	Buy	Intermediate-term	17.0	16.5	10.5	11.1	5.6	0.9	5.8	0.0	-14.7	120,926	1,618	473	26.9
ITD	Computer Services	33,900	26,900	Buy	Intermediate-term	19.9	19.0	-100.0	-100.0	6.3	1.7	6.3	2.2	67.9	121,457	3,229	513	33.0
VNS	Travel & Tourism	34,500	28,000	Buy	Intermediate-term	2.3	4.5	11.6	9.8	6.1	1.2	5.9	12.5	15.9	74,273	2,274	1,900	3.5
NNC	General Mining	90,100	73,600	Buy	Intermediate-term	23.5	25.7	8.1	3.4	6.6	3.0	7.1	4.4	50.7	27,159	2,022	1,210	28.5
PVT	Marine Transportation	15,400	13,050	Accumulate	Long-term	6.2	1.3	10.6	10.0	8.8	1.0	9.3	6.1	49.5	611,987	7,843	3,673	25.1
PNJ	Clothing & Accessories	90,900	74,100	Accumulate	Long-term	15.3	39.3	11.9	19.2	16.2	4.9	12.5	1.3	59.1	96,339	7,175	7,282	0.0
DNP	Building Materials	29,600	26,000	Neutral	Long-term	35.1	43.6	17.6	10.8	6.2	1.8	6.0	0.0	33.0	37,367	894	780	45.6
BFC	Specialty Chemicals	41,000	34,400	Accumulate	Long-term	17.8	18.4	15.8	10.1	7.1	2.2	6.7	8.7	61.8	239,267	8,139	1,967	30.5
HPG	Diversified Industrials	36,300	32,300	Neutral	Long-term	30.7	13.2	19.4	4.4	6.2	1.4	3.6	0.0	96.8	3,810,567	158,222	40,832	12.7
PGS	Gas Distribution	20,900	17,600	Accumulate	Intermediate-term	23.2	-65.5	9.7	9.3	2.6	0.9	7.5	7.1	14.0	362,022	6,345	880	31.3
VFG	Specialty Chemicals	90,700	76,000	Accumulate	Long-term	9.6	16.2	6.1	7.6	9.4	1.8	9.1	4.6	29.3	12,602	957	1,390	27.6
TCM	Clothing & Accessories	25,300	23,250	Neutral	Long-term	6.2	55.6	1.9	7.4	10.0	1.3	7.6	2.2	-13.0	505,881	9,873	1,142	0.0
CTG	Banks	21,000	17,950	Accumulate	Long-term	8.2	17.8	7.4	14.5	9.8	1.1	8.3	3.9	13.4	1,852,970	33,900	66,835	0.0

SHP	Alternative Electricity	22,800	19,800	Accumulate	Intermediate-term	17.3	67.3	1.8	7.8	18.9	1.6	11.8	8.1	16.3	22,995	457	1,856	45.2
DRC	Tires	35,900	30,550	Accumulate	Long-term	17.4	-1.3	14.4	7.9	9.2	2.3	10.1	7.4	-0.6	335,300	10,673	3,629	18.3
PHR	Commodity Chemicals	30,600	25,800	Accumulate	Intermediate-term	61.0	48.6	20.0	11.0	9.3	0.9	8.0	3.9	60.6	860,282	25,396	2,025	45.4
CDN	Transportation Services	27,200	23,400	Accumulate	Intermediate-term	16.0	8.9	26.9	4.3	12.1	1.9	12.0	4.3	0.0	3,010	75	1,544	48.6
NKG	Iron & Steel	46,110	41,950	Neutral	Intermediate-term	62.0	29.0	14.6	10.4	4.3	1.8	4.6	0.0	241.1	281,410	10,572	2,770	19.5
CTD	Heavy Construction	237,700	204,000	Accumulate	Long-term	30.4	22.2	9.9	9.8	9.4	2.5	9.6	2.7	53.5	189,610	36,792	15,705	6.4
VCB	Banks	41,700	36,800	Neutral	Long-term	7.7	14.1	12.9	32.0	19.4	2.8	16.6	2.7	23.9	1,289,792	49,101	132,398	9.3
PPC	Conventional Electricity	19,400	17,150	Neutral	Long-term	17.7	33.0	1.8	-3.3	9.9	1.1	8.1	14.9	13.9	122,863	2,087	5,456	32.4
VIT	Building Materials	36,000	32,000	Neutral	Long-term	17.8	18.2	33.4	25.7	8.4	2.1	7.5	4.7	46.0	31,525	914	480	46.6
PTB	Furnishings	153,600	134,200	Accumulate	Intermediate-term	25.6	25.5	16.1	9.8	10.3	3.8	9.7	0.0	67.8	64,346	8,507	2,899	38.2
CHP	Alternative Electricity	25,000	22,900	Neutral	Intermediate-term	16.6	31.6	-5.9	-6.4	11.2	1.7	8.5	7.0	0.0	120,162	2,648	2,885	45.6
CTI	Heavy Construction	31,500	29,000	Neutral	Long-term	19.2	7.2	12.8	22.3	9.7	1.8	15.9	5.0	48.2	398,823	10,631	1,247	20.2
SVC	Specialty Retailers	54,500	50,000	Neutral	Long-term	11.2	20.4	-5.0	4.5	10.2	1.4	9.4	3.2	71.5	94,507	4,726	1,249	8.7
MBB	Banks	16,500	15,450	Neutral	Long-term	-0.4	5.7	9.3	16.2	9.1	1.0	8.6	5.8	20.0	1,064,494	15,564	26,462	0.0
VNR	Reinsurance	27,300	25,000	Neutral	Long-term	18.2	9.7	4.3	6.8	13.7	1.2	12.5	6.0	42.8	240,102	5,935	3,277	19.2
VNM	Food Products	151,800	144,000	Neutral	Long-term	19.9	12.1	13.4	10.9	22.3	9.4	22.2	1.7	33.9	1,506,049	199,392	209,004	45.6
HSG	Diversified Industrials	51,700	51,500	Neutral	Intermediate-term	31.7	-0.5	17.6	22.2	5.8	2.2	6.2	5.3	132.5	1,543,721	76,741	10,122	20.0
REE	Diversified Industrials	28,300	27,100	Neutral	Long-term	20.4	21.5	9.6	21.3	7.7	1.2	7.0	3.0	38.7	1,177,639	31,380	8,402	0.0
PGI	Full Line Insurance	24,900	23,600	Neutral	Long-term	10.3	55.5	13.2	-13.5	16.3	1.8	10.6	2.1	52.3	236,067	5,456	1,675	47.8
DPM	Specialty Chemicals	25,000	23,950	Neutral	Long-term	16.4	4.9	20.5	-3.8	8.2	1.2	9.2	8.4	-5.8	970,087	23,673	9,373	28.7
PAC	Auto Parts	36,800	38,200	Neutral	Intermediate-term	19.4	0.5	12.4	10.5	14.6	3.1	15.8	4.7	75.8	205,189	7,133	1,775	22.3
BMP	Building Materials	208,400	196,000	Neutral	Long-term	11.2	7.9	13.1	10.0	14.2	3.9	14.6	4.0	41.9	76,171	14,786	8,914	0.3
NT2	Conventional Electricity	31,900	31,900	Neutral	Long-term	-13.2	-10.6	4.5	0.3	8.4	1.9	9.9	8.3	15.4	393,982	11,939	9,183	26.9
ACB	Banks	24,500	25,300	Neutral	Long-term	11.4	21.9	27.9	46.2	18.8	1.7	17.0	0.0	52.1	2,522,565	59,110	24,943	0.0

NLG	Real Estate Holding & Development	26,100	26,850	Neutral	Long-term	29.0	39.3	-30.6	-33.3	11.0	1.5	9.0	1.9	22.9	408,801	9,865	3,816	4.6
GMD	Transportation Services	33,000	34,300	Neutral	Intermediate-term	11.0	26.3	22.3	26.8	15.8	1.2	21.0	5.8	42.4	954,608	31,449	6,155	0.0
HT1	Building Materials	21,200	22,400	Neutral	Long-term	6.6	13.7	5.2	6.7	10.6	1.6	10.9	0.0	9.7	333,561	7,025	8,547	39.7
VGC	Building Materials	14,600	16,400	Reduce	Long-term	7.9	17.3	13.6	9.1	9.0	1.3	8.8	4.3	0.0	191,376	2,855	5,035	39.9
VJC	Airlines	121,000	131,000	Neutral	Long-term	41.5	36.0	22.0	25.2	15.2	8.1	13.6	-0.8	0.0	647,087	82,966	38,400	5.5
DHG	Pharmaceuticals	125,400	135,900	Neutral	Long-term	12.4	10.0	9.7	9.2	16.7	4.1	17.3	2.6	66.8	116,440	13,841	11,846	0.0
IMP	Pharmaceuticals	54,900	65,600	Sell	Long-term	24.6	33.5	18.4	17.8	19.4	1.9	21.3	3.0	53.0	59,543	3,566	2,563	1.7
MWG	Electronic Equipment	134,500	166,500	Sell	Intermediate-term	63.2	41.4	35.9	16.5	15.5	6.7	13.7	0.9	126.3	213,624	35,951	25,624	0.0
SAB	Brewers	158,400	200,400	Sell	Long-term	11.2	4.2	12.9	4.2	28.7	11.3	29.3	1.0	0.0	94,621	20,058	128,513	39.2

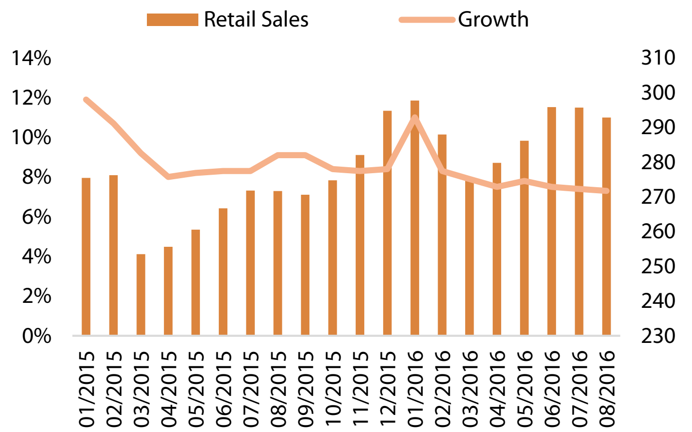
MACRO WATCH

Headline inflation increased sharply in October



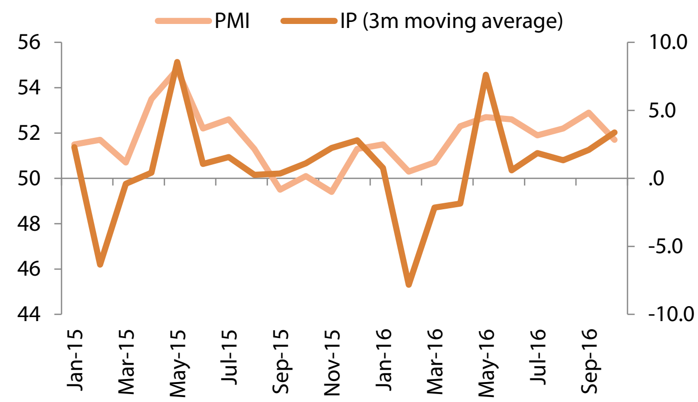
Source: GSO, Rongviet Securities

Retail sales maintained stable



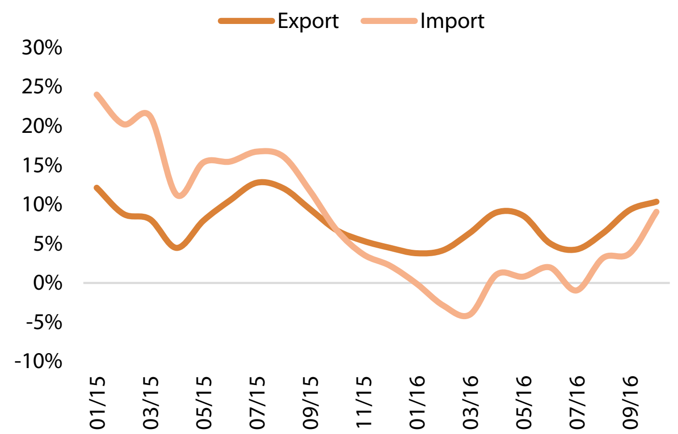
Source: GSO, Rongviet Securities

Manufacturing improved slightly



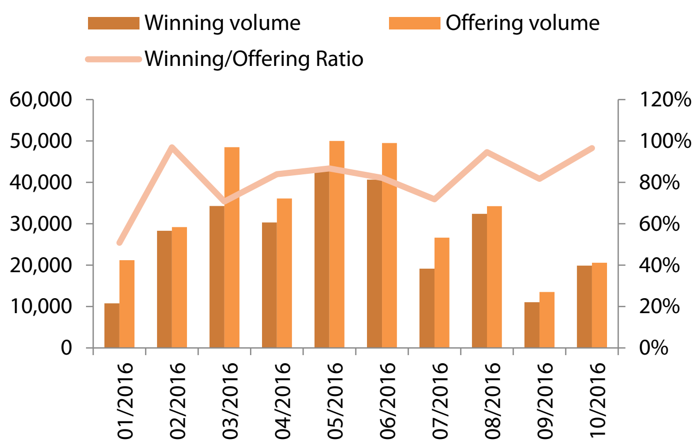
Source: GSO, Rongviet Securities

Trade growth also improved



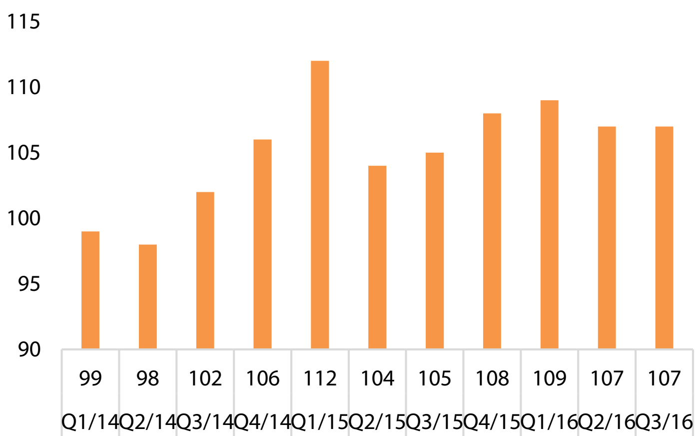
Source: GSO, Rongviet Securities

Winning /offering ratio was the highest in October



Source : VBMA, Rongviet Securities

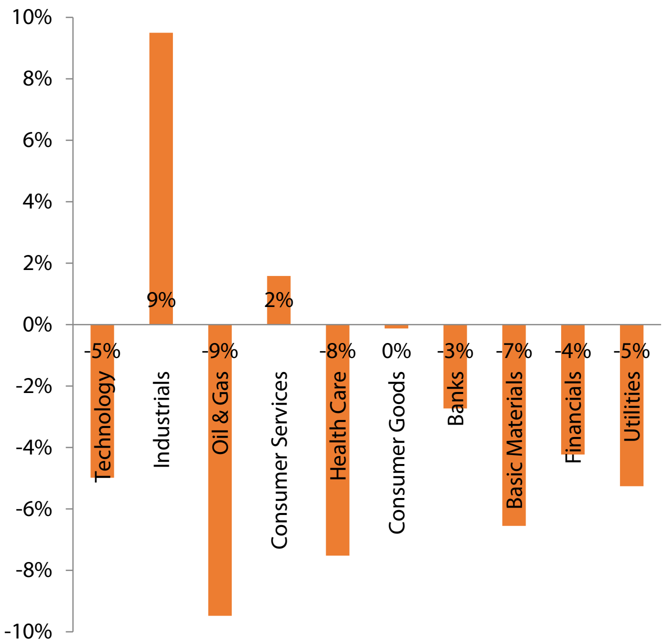
Vietnamese consumer confidence unchanged



Source: Nielsen, Rongviet Securities

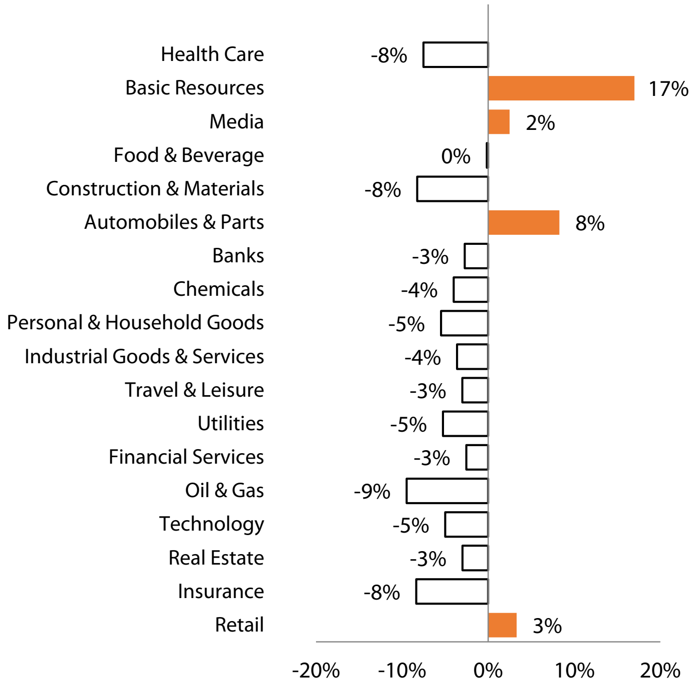
INDUSTRY INDEX

Level 1 industry movement



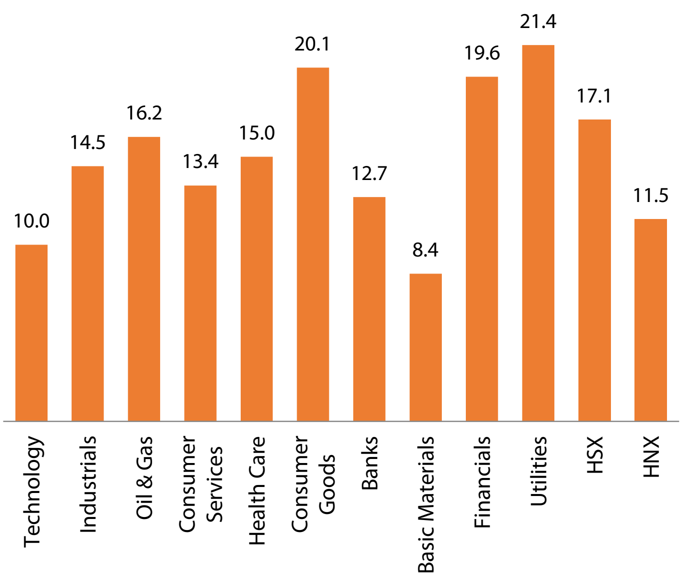
Source: RongViet Research

Level 2 industry movement



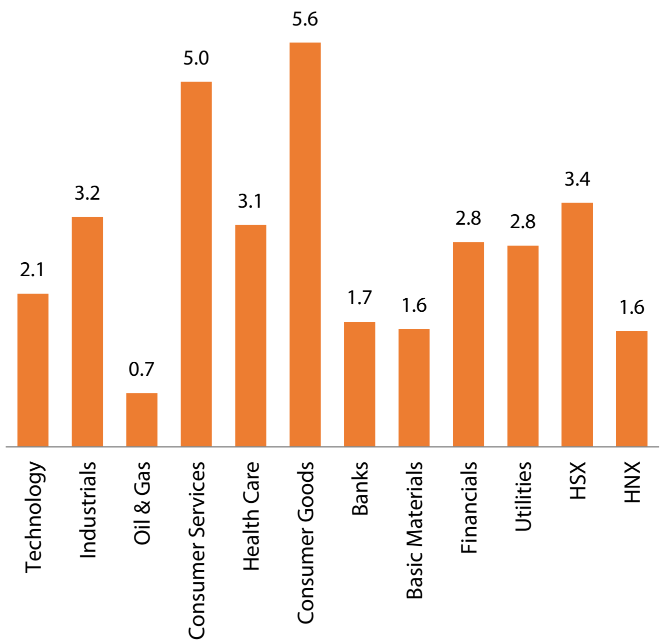
Source: RongViet Research

Industry PE comparison



Source: RongViet Research

Industry PB comparison



Source: RongViet Research

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VIET DRAGON SECURITIES CORPORATION

Floor 1-2-3-4, Viet Dragon Tower,

141 Nguyen Du St. - Dist 1 – HCMC

Tel: (84 8) 6299 2006

Fax: (84 8) 6291 7986

Email: info@vdsc.com.vn

Website: www.vdsc.com.vn

Hanoi Branch

2C Thai Phien St., Hai Ba Trung Dist, Hanoi City

Tel: (84 4) 6288 2006

Fax: (84 4) 6288 2008

Can Tho Branch

95-97-99 Vo Van Tan – Ninh Kieu - Can Tho

Tel: (84 71) 381 7578

Fax: (84 71) 381 8387

Nha Trang Branch

50Bis Yersin St, Nha Trang

Tel: (84 58) 382 0006

Fax: (84 58) 382 0008