AUGUST

27

THURSDAY

## ADVISORY DIARY

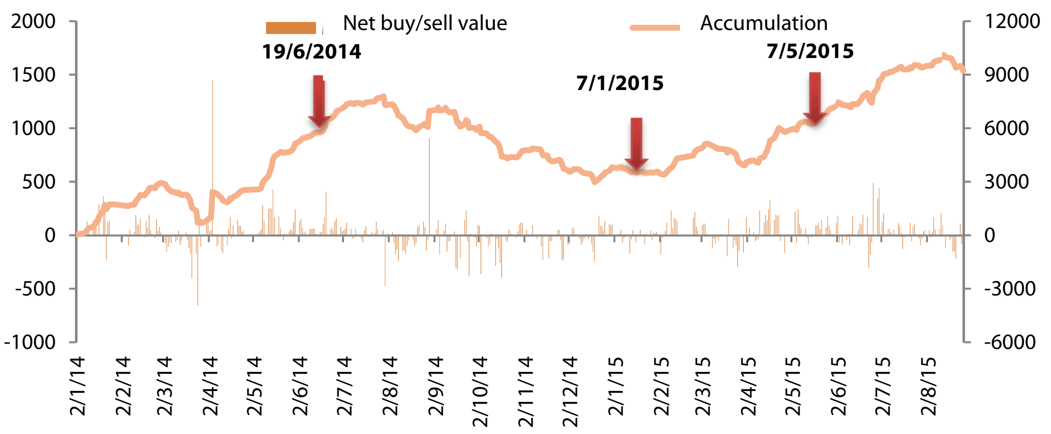
- **Another net selling day of foreign investors**
- **GMD- Core businesses benefit from various supporting factor**

**Another net selling day of foreign investors**

Having been mentioned in the report on Monday, DB delisting FTSE Vietnam ETF in Nasdaq OMX and Euronext market did not affect Vietnam stock market as FTSE ETF fund certificates still remained balance (only discounted slightly 0.04% on 26/07/2015). Meanwhile, VNM ETF was traded at a discount of 5.34% on 24/08/2015. Fund certificate withdrawal was estimated at 0.25 million, equivalent to USD32.7 million. Therefore, foreign investors' actions might be dependent on VNM ETF status in upcoming sessions. For today trading, foreigners reduce theirs net selling value to only VND10.76 billion in Ho Chi Minh and VND18.79 billion in Hanoi. VIC, VCB, BVH, MSN etc., which are in VNM ETF's portfolio, were strongly shorted stocks.

*"Another net selling day of foreign investors"*

**Figure 1: Foreign net trading value in the period 2014-2015**




*Source: RongViet Research*

Not only Vietnam stock market but other emerging markets are also under capital withdrawal pressure. According to latest JP Morgan report, USD4.4 billion was pulled out in the period 13-19/08/2015 from from Thailand, Malaysia etc. markets, which contributed to total accumulation capital outflow from the beginning of August a total USD9.1 billion. Overall, international investors are pessimistic about Asia markets, reflected in accrual net selling value estimated at USD9.8 billion since beginning of 2015.Table 1: Regional ex onshore fund flows, 13 August – 19 August 2015

**Table 1: Regional ex onshore fund flows, 13 August – 19 August 2015**

| | Weekly net flows (US$M) | MTD (US$M) | YTD (US$M) |
|---|---|---|---|
| Asia ex Japan Equity | (2,727) | (5,856) | (9,851) |
| LatAm Equity | (203) | (369) | (4,154) |
| EMAE Equity | (99) | (146) | (1,272) |
| Global EM Equity | (1,331) | (2,764) | (12,747) |

| | | | |
|---|---|---|---|
| Total EM Equity | (4,360) | (9,135) | (28,024) |

*Source: JP Morgan*

However, our statistics showed that foreign investors still tended to accumulate in the shares of Vietnam (Figure 1), despite the time they sold out pretty drastic. Observing the recent devaluation of the SBV, we find that foreign investors often sell strong prior information on the exchange rate published and purchase after the exchange rate has stabilized. According to conventional logic, the "off-on" reasonably possible help the foreign record a profit of at least 1% from foreign exchange differences. We believe that the strong sell tendency was highly affected from concern over exchange rate than the psychological impact from the decline of global stock markets. Although the SBV has adjusted exchange rate twice, we expect net sales trends might continue until concerns about the exchange rate settles down.

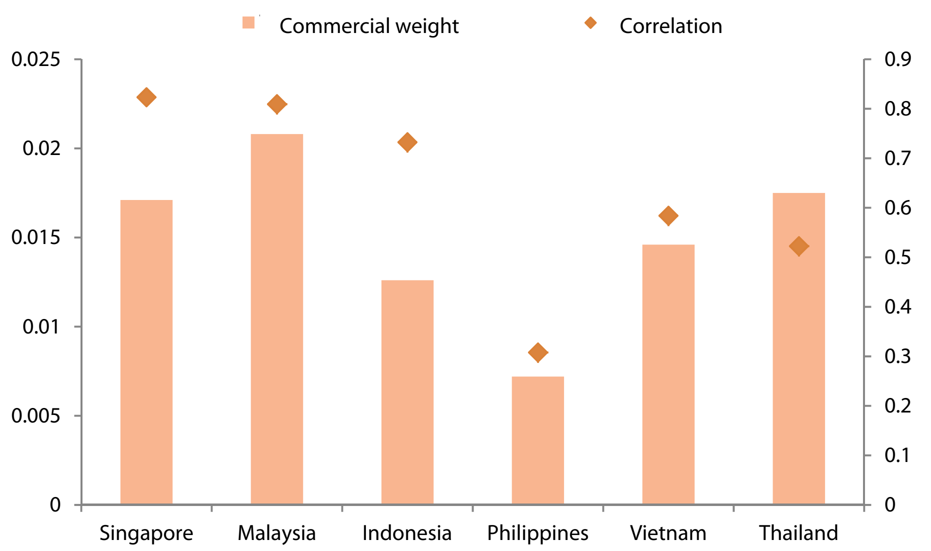
**Table 2: Trade balance and foreign exchange reserve of some Asian countries**

| | Foreign exchange reserve (USD billion) | Import months | National debt (% GDP) | Trade balance 7M2015 (USD billion) |
|---|---|---|---|---|
| **Indonesia** | 108 | 9 | 33 | 5,85 |
| **Malaysia** | 107 | 7 | 68 | 11,39* |
| **Philippnies** | 80 | 15 | 21 | -1,14* |
| **Singapore** | 244 | 10 | 441 | 46,5 |
| **Thailand** | 157 | 9 | 38 | 15,3* |
| **Vietnam** | 37 | 3 | 47 | -4,47 |
| **China** | 3,651 | | 41 | 307 |

*Source: Bloomberg, RongViet Research*

**As of June, 2015*

**Exhibit 2: The share of trade among Asian countries and China; and the correlation among these currency with USDCNY**




*Source: Bloomberg, RongViet Research*

Our macro analyst supposed that if China continued to devaluate yuan, SBV would likely

**Huong Pham**

+ 84 8 6299 2006 | Ext: 1314

huong.pt@vdsc.com.vn

depreciate VND in the second half of this year. However, the tolerance level of Vietnam economy as well as that of China which represents through: (1) trade balance, (2) foreign exchange reserves and (3) Government debt; therefore, the level of dumping value between two currency seems different. In the worst scenario, if China slashed another 10% this year (USD / CNY currency rate rose to around 6,8CNY / USD), our macro analyst supposed that 2% VND depreciation could happen. More detailed information will be analyzed in the September Investment Strategy Report.

**GMD- Core businesses benefit from various supporting factor**

Today, Rongviet Research had a discussion with Gemadept JSC's representative (HSX-GMD). In general, our analyst rated the company prospect positive for the remaining of this year supported by solid Vietnam economic recovery and consequently increasing cargo flow.

In the first 6 months of this year, GMD recorded VND1729.2 bil in revenue (up 27.6%yoy) and NPAT of VND233.8 bil (down 54%yoy). Excluding the one-off financial profit last year, the 6M2015 PAT still saw year-on-year positive growth helped by increasing Nam Hai Dinh Vu port utilization rate (2014: 300,000Teu). From the beginning of 2015, this port has been using at higher utilized at the rate of 80-90% (compared to 50-60% rate last year). Hence, we believe this port would be the main earnings growth driver for GMD in 2015.

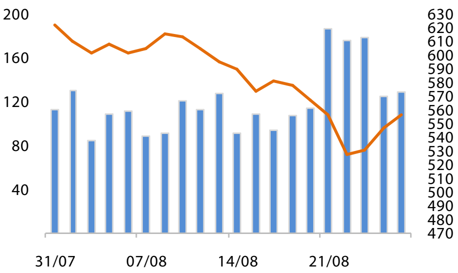
Apart from effectively operating port services, the Company would prioritize resources for Distribution center and Depot expansion including: (1) DC3 (Song Than, Binh Duong) at 10.000$m^2$ (should completed in 4Q2015; (2) cold storage project cooperated with Minh Phu Seafood company affiliate accommodating 50.000 pallets (expect to complete in 1Q2016 and (3) 16.000$m^2$ Distribution center in Hai Duong province.

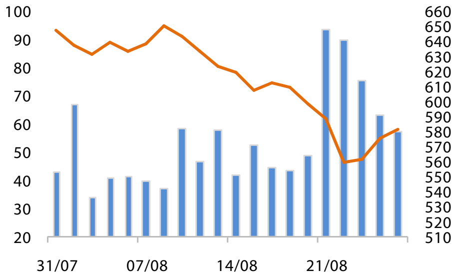
Being a leading domestic logistics company with a relatively complete asset base from North to South, GMD could benefit largely from the increasing trade activities from the upcoming FTAs and TPP. Specifically, low worker wages and preferential policy in the North would attract more FDI flowing to Vietnam such as Samsung, Bridgestone (Dinh Vu IP). Also, a quite complete logistics ability helps the Company to tender from services from large customers.

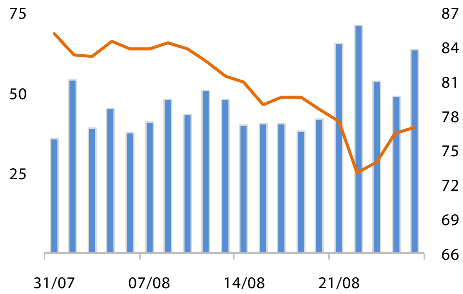
However, there remains a risk on the trading activity with China for ports in Hai Phong due to its large reliance on transit good from America to South China. In fact, China's closing border incident in 2012 led to congested cargo situation in the North and overcapacity in Hai Phong port area. This would be a risk to concern even for firms with relatively large capacity such as GMD.

Especially, we rated highly the Company move in divesting non-core business investments to free up capital for port and logistics operation expansion. However, the question on when this would actually happen depends pretty much on finding appropriate partners.

**VNINDEX** 1.82% **555.81** | **VN30** 1.15% **581.51** | **HNXINDEX** 0.73% **77.02**

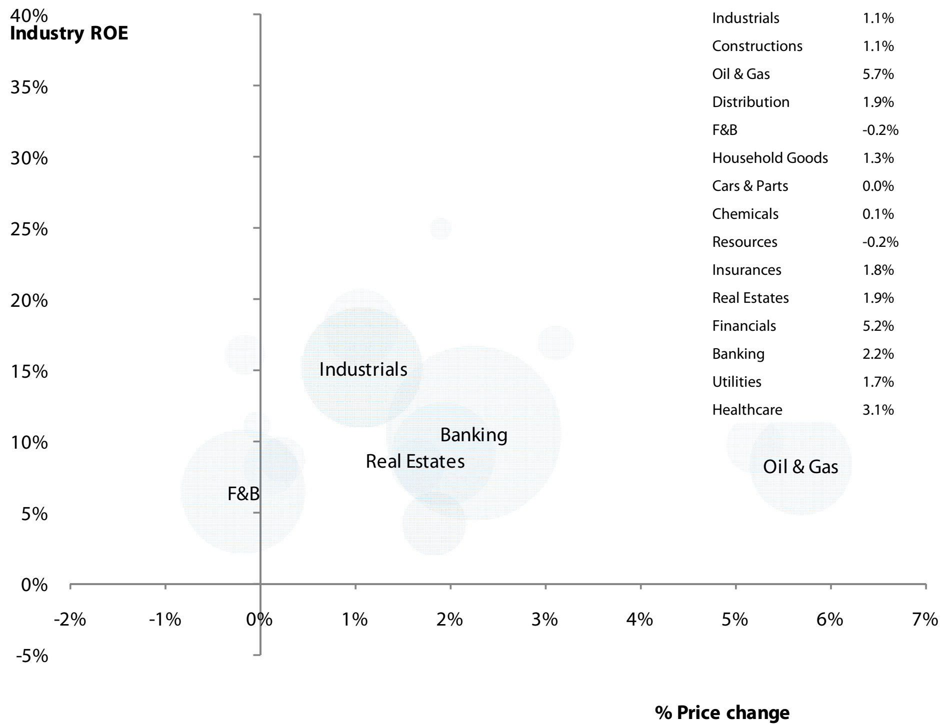


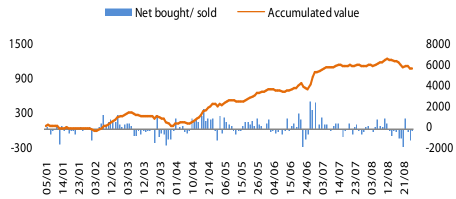




## Industry Movement

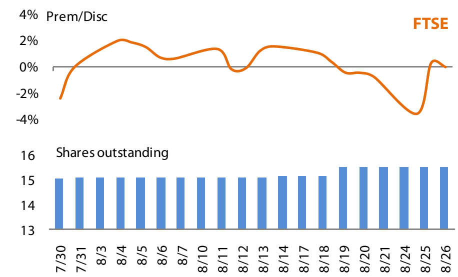
| Industry | % change |
|---|---|
| Technologies | 0.2% |
| Industrials | 1.1% |
| Constructions | 1.1% |
| Oil & Gas | 5.7% |
| Distribution | 1.9% |
| F&B | -0.2% |
| Household Goods | 1.3% |
| Cars & Parts | 0.0% |
| Chemicals | 0.1% |
| Resources | -0.2% |
| Insurances | 1.8% |
| Real Estates | 1.9% |
| Financials | 5.2% |
| Banking | 2.2% |
| Utilities | 1.7% |
| Healthcare | 3.1% |

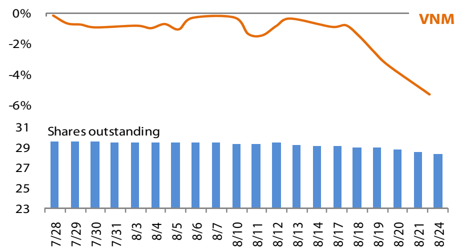



## Foreign Investors Trading

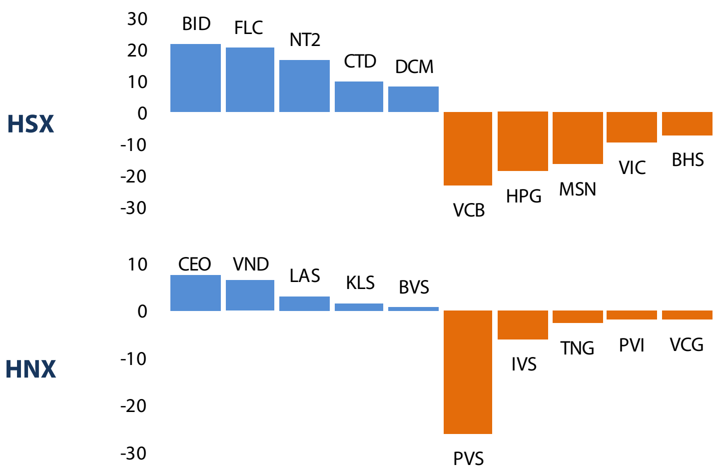



## ETF




## Top net bought/sold by foreigners (VND bn)



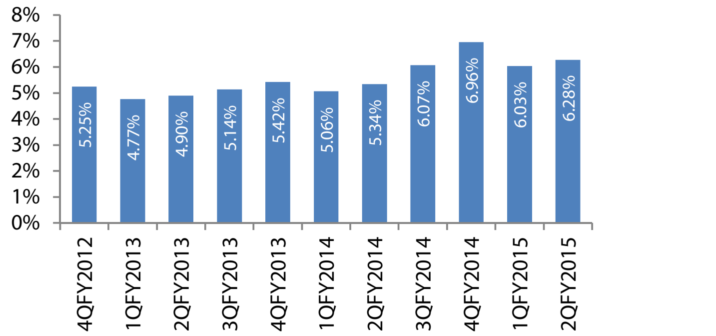

## Top Active

| Ticker | Price | Volume | % price change |
|---|---|---|---|
| FLC | 6.9 | 14.71 | 6.2% |
| FIT | 10.1 | 6.42 | 0.0% |
| CII | 23.8 | 5.88 | 0.0% |
| HAI | 6.0 | 4.69 | 5.3% |
| CTG | 19.4 | 3.33 | 3.7% |

| Ticker | Price | Volume | % price change |
|---|---|---|---|
| KLF | 4.9 | 6.92 | 8.9% |
| SCR | 7.9 | 4.24 | 2.6% |
| VIX | 8.4 | 3.15 | 9.1% |
| SHB | 6.9 | 2.76 | -1.4% |
| PVS | 20.5 | 2.45 | -1.0% |

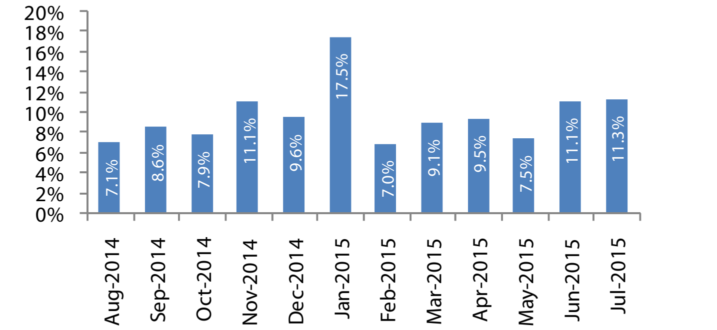
# MACRO WATCH

### Graph 1: GDP Growth



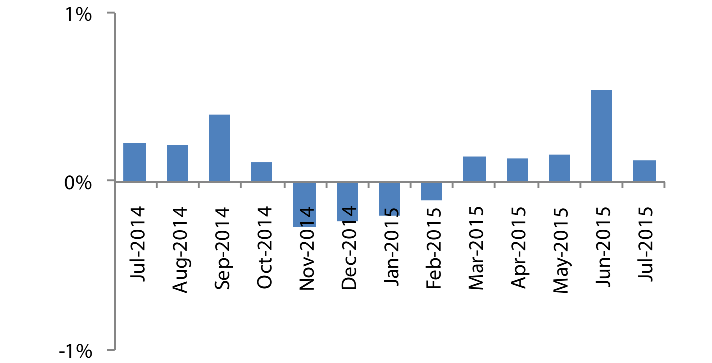

*Sources: GSO. Rongviet Securities database*
*(*) Comparision price in 1994*

### Graph 2: IIP



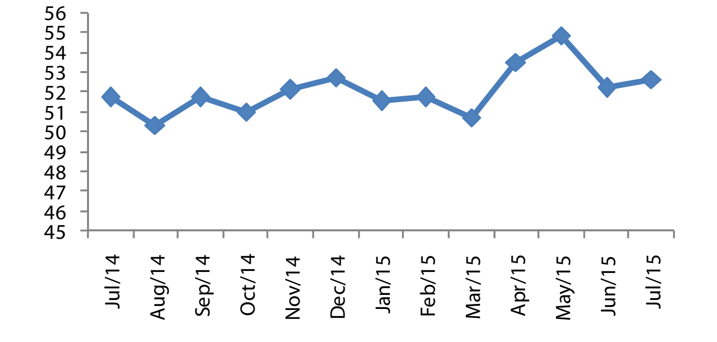

*Sources: GSO. Rongviet Securities database*

### Graph 3: Monthly CPI



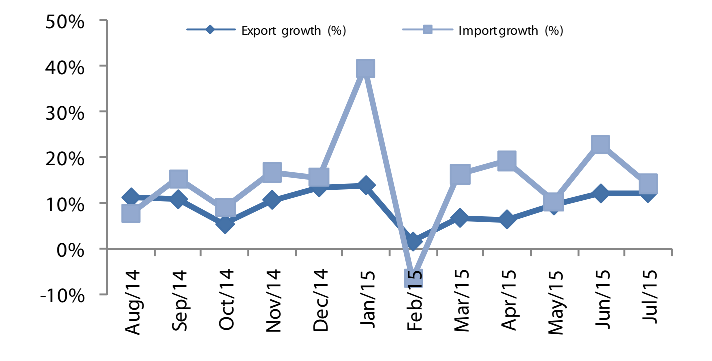

*Sources: GSO. Rongviet Securities database*

### Graph 4: HSBC - PMI



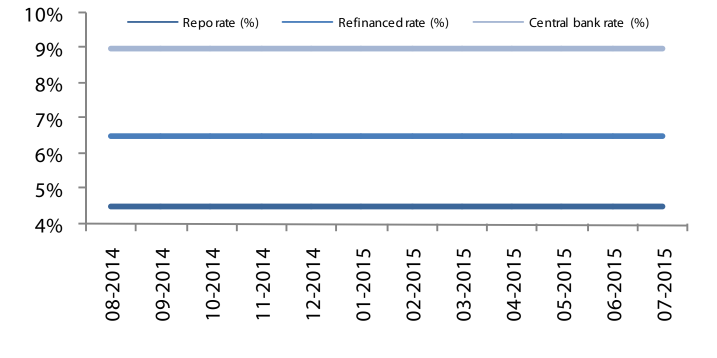

*Sources: GSO. Rongviet Securities database*

### Graph 5: Trade Growth




*Sources: GSO. Rongviet Securities database*

### Graph 6: Interest




*Sources: SBV. Rongviet Securities database*

## RONG VIET NEWS

| COMPANY REPORTS | Issued Date | Recommend | Target Price |
|---|---|---|---|
| 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 | 11/08/2015 | 0% - 0.75% | 0% - 2.5% | 11,851 | 11,856 | -0.04% |
| VEOF | 11/08/2015 | 0% - 0.75% | 0% - 2.5% | 10,298 | 10,011 | 2.87% |
| VF1 | 14/08/2015 | 0.2% - 1% | 0.5%-1.5% | 23,279 | 23,537 | -1.09% |
| VF4 | 14/08/2015 | 0.2% - 1% | 0%-1.5% | 10,459 | 10,573 | -1.08% |
| VFA | 14/08/2015 | 0.2% - 1% | 0%-1.5% | 7,404 | 7,482 | -1.04% |
| VFB | 14/08/2015 | 0.3% - 0.6% | 0%-1% | 12,331 | 12,311 | 0.16% |
| ENF | 07/08/2015 | 0% - 3% | 0% | 11,601 | 11,665 | -0.55% |
| MBVF | 06/06/2015 | 1% | 0%-1% | 10,735 | 10,578 | 1.48% |
| MBBF | 05/08/2015 | 0%-0.5% | 0%-1% | 12,299 | 12,300 | -0.01% |

## ANALYSTS


**Truc Doan – Head of Research**
+ 84 8 6299 2006 | Ext: 1308
truc.dtt@vdsc.com.vn

**Hoang Nguyen**
+ 84 8 6299 2006 | Ext: 1319
Hoang.nh@vdsc.com.vn

**Lam Nguyen**
+ 84 8 6299 2006 | Ext: 1313
lam.ntp@vdsc.com.vn

**Tuan Huynh**
+ 84 8 6299 2006 | Ext: 1318
Tuan.hm@vdsc.com.vn

**Kien Nguyen**
+ 84 8 6299 2006 | Ext: 1320
Kien.nt@vdsc.com.vn

**Ha My Tran**
+ 84 8 6299 2006 | Ext: 1309
my.tth@vdsc.com.vn

**Tai Nguyen**
+ 84 8 6299 2006 | Ext: 1310
tai.ntp@vdsc.com.vn

**Diem My Tran**
+ 84 8 6299 2006 | Ext: 1311
my.ttd@vdsc.com.vn

**Van Banh**
+ 84 8 6299 2006 | Ext: 1316
Van.btt@vdsc.com.vn

**Thien Bui**
+ 84 8 6299 2006 | Ext: 1321
Thien.bv@vdsc.com.vn

**Trien Le**
+ 84 8 6299 2006 | Ext: 1317
trien.lh@vdsc.com.vn

**Tam Bui**
+ 84 8 6299 2006 | Ext: 1315
tam.bt@vdsc.com.vn

**Huong Pham**
+ 84 8 6299 2006 | Ext: 1314
huong.pt@vdsc.com.vn

**Nam Huynh**
+ 84 8 6299 2006 | Ext: 1312
Nam.hk@vdsc.com.vn

**HEADQUARTER**
Floor 1-2-3-4, Viet Dragon Tower
141 Nguyen Du Street, Dist.1, HCMC
T + 84 8 6299 2006
F + 84 8 6291 7896
E info@vdsc.com.vn
W www.vdsc.com.vn

**HA NOI BRANCH**
2C Thai Phien street, Hai BaTrung Dist., Ha Noi city
T + 84 4 6288 2006
F + 84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

**NHA TRANG BRANCH**
50 Bis Yersin street, Nha Trang city, Khanh Hoa city
T + 84 058 3820 006
F + 84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

**CAN THO BRANCH**
08 Phan Đinh Phung street, Ninh Kieu Dist., Can Tho city
T + 84 0710 381 7578
F + 84 0710 381 7789
E info@vdsc.com.vn
W www.vdsc.com.vn