JULY

13

MONDAY

“Seeing the climb of insurance stocks”

ADVISORY DIARY

- **VNM – Positive earnings result in the first six months**
- **Seeing the climb of insurance stocks**

VNM – Positive earnings result in the first six months

In a seminar held by Ho Chi Minh Stock Exchange last week, our industry analyst attended the discussion with representatives of Vietnam Dairy Products Joint Stock Company (HSX: VNM). This is favor business of many foreign investors and RongViet Research also updated the company report December 19, 2014.

Since the day the report released, the business result of VNM remains stable as our forecasts. After the first 6 months, earning results of VNM recorded optimistic growth in revenue and NPAT at 13.6% and 26.8% yoy, respectively. Specifically, revenue is estimated at VND19,200 billion and NPAT is VND3,750 billion, equivalent to about 49-50% our projected figure.

Besides the increase in demand, the above results were also being driven from low input prices and the increase in selling prices. Having taken advantages of low input in the end of 2014, VNM accumulated enough raw materials to stabilize production for entire 2015. Thus, any increase in raw material prices will hardly affect earnings of VNM in the rest 6 months.

About investment activities, VNM announced that it had received license to invest further NZD5.25 million (~VND76.7 billion) in Miraka Limited, which is the main supplier of VNM, to increase its ownership to 22.8%. Increasing investment in Miraka Limited might help VNM be more proactive about raw milk imported. VNM disclosed that the investment had a high rate of return estimated around 20% and began to record positive earnings. So, Miraka Limited project is expected to contribute to profit of VNM in FY2015. In 2016, VNM also plans to invest in phase 2 of milk factory to eliminate capacity limit barrier.

We believe that VNM’s share price recently has been supported by (1) dividend payment information (40% in cash and 20% in shares) and (2) potential of Angkormilk plant which VNM owns 51% in Cambodia. Products from this plant are expected to go commercially in September2015 (yogurt) and October 2015 (condensed milk).

In general, our industry analyst believes that the current share price of VNM has already reflected all fundamental factors of VNM. The positive point remains the fact that the firm was still the market leaders in variety of product segments such as liquid milk (53%), powder milk (25.2 %), yogurt (84 %), condensed milk (80%). However, selling costs might rise rapidly due to the expansion of new peers such as TH True Milk, Love'in Farm, Nutifood could make us concern. We hope that VNM’s abroad investment such as in Cambodia market is a long-term business strategy to maintain the company’s revenue growth.

Seeing the climb of insurance stocks

Markets saw tension between groups of stocks. Advancers and decliners were nearly equal in both Ho Chi Minh and Hanoi exchanges. VNIndex and HNIndex closed higher driven by strength of insurance stocks. Of those, 5 out of 6 insurance stocks went ceiling while the remaining VNR recorded a positive increase of 5.8%. Actually, stocks of Insurance sector have had strong momentum in 3-4 recent sessions. Bullish movements of these stocks showed strong support from cash flow. Like Insurance sector, money flows might have returned to Banking stocks, especially which had not increased in previous uptrends. In particular, CTG (+3.1%), MBB (+2.5%) and EIB went ceiling with a record volume of more than 11 shares.

Contrary to the general movement of the electricity sector stocks, NT2 recognized a growth in price (+2.2%). According to information published, the electricity volume in the national grid in the first 6 months reached 2.74 billion kWh and the corresponding revenue achieved ~VND3,733 billion. In terms of both revenue and NPAT, till the end of June, NT2 completed approximately 63% of 2015's guidance. For 2Q2015, the electricity sales increased by approximately 15% compared with 1Q2015 and 32% over the same period.

Besides, due to the USD/VND and EUR/VND increased about 1.16%, and 5.6% respectively compared to 1Q2015, therefore, our industry analyst believes that NT2 might have to record about VND193 billion currency exchange losses in 2Q2015. However, thanks to the preferential income tax rate (5%), NPAT of NT2 in the first six month of 2015 might reach VND622.9 billion, up sharply from the same period (VND99.8 billion).

Table: Estimated foreign exchange gains and losses of NT2

	USD		EUR	
	Q1/2015	6T2015	Q1/2015	6T2015
Outstanding currency balance	146,099,081	134,860,690	133,480,136	123,212,433
Exchange rate	21,530	21,780	23,029	24,326
Unrealized gains (+)/losses (-) on foreign exchange (billion VND)	-21.9	-53.9	335.5	149.9

Source: RongViet Research

**Use transfer bid rate of Vietcombank*

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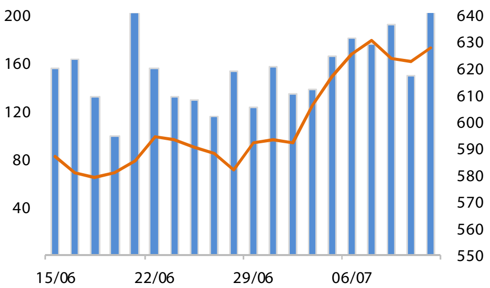
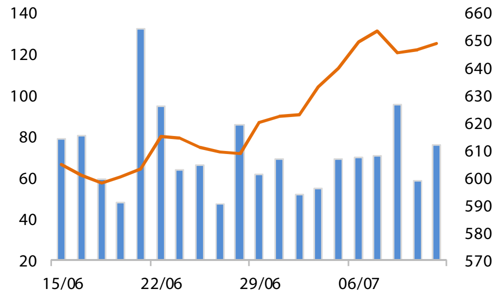
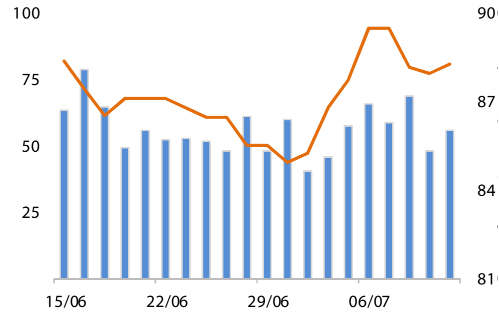
Except banking stocks, the cash flows circulating among industries were quite fast but seemed not lack of sustainability. Therefore, we believe that investors might continue to hold their shares with good fundamentals and positive business prospects while limiting to chase sharply rising stocks.

VNINDEX	1.08%	634.06	VN30	0.55%	652.28	HNXINDEX	0.39%	88.58

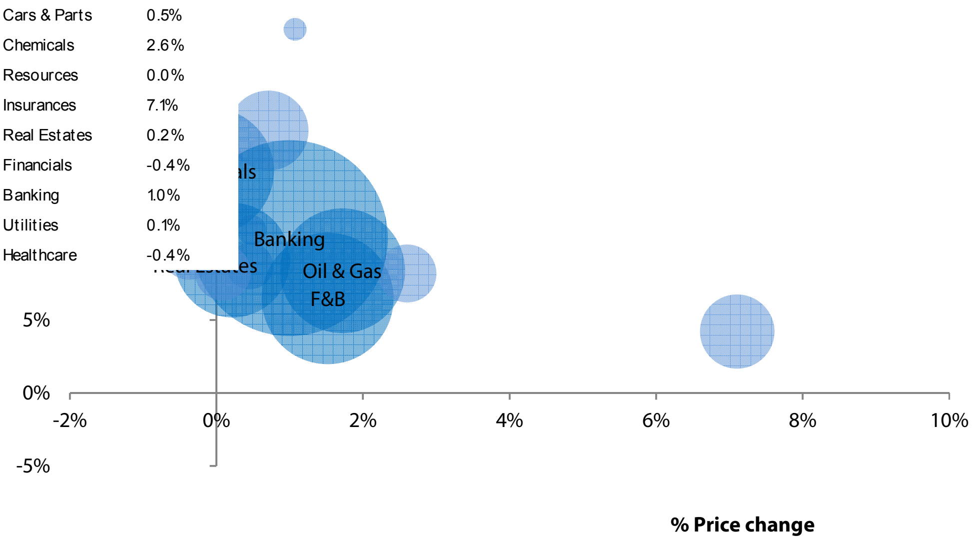




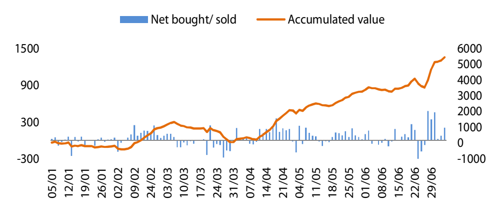


Industry Movement

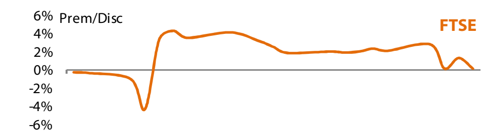
Industry	%change
Technologies	0.5%
Industrials	-0.1%
Constructions	0.7%
Oil & Gas	1.7%
Distribution	1.1%
F&B	1.5%
Household Goods	0.4%
Cars & Parts	0.5%
Chemicals	2.6%
Resources	0.0%
Insurances	7.1%
Real Estates	0.2%
Financials	-0.4%
Banking	1.0%
Utilities	0.1%
Healthcare	-0.4%

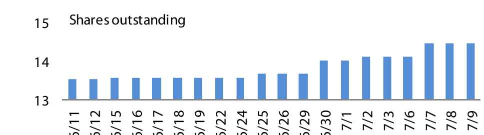


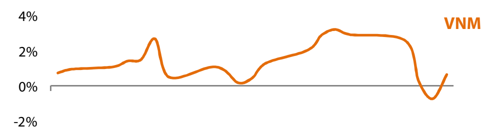
Foreign Investors Trading

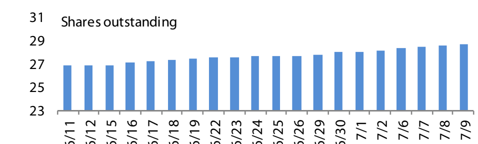


ETF



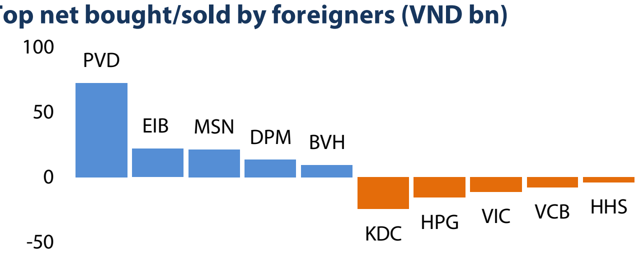




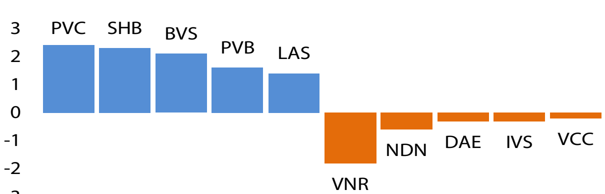


Top net bought/sold by foreigners (VND bn)

HSX



HNX



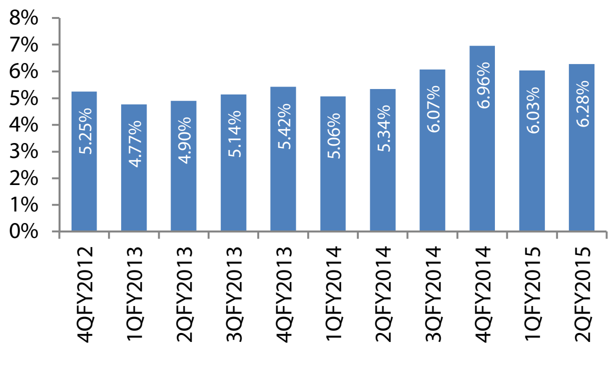
Top Active

Ticker	Price	Volume	% price change
EIB	14.9	11.06	6.4%
MBB	16.7	9.72	2.5%
FLC	8.4	7.48	0.0%
OGC	2.4	6.19	-4.0%
DLG	9.0	5.11	2.3%

Ticker	Price	Volume	% price change
SCR	9.0	6.06	1.1%
SHB	9.0	5.64	1.1%
FIT	12.5	3.11	-1.6%
CEO	14.5	2.73	8.2%
KLS	10.0	2.57	0.0%

MACRO WATCH

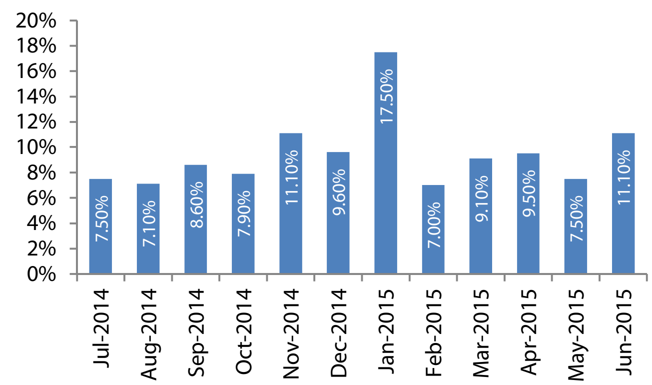
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

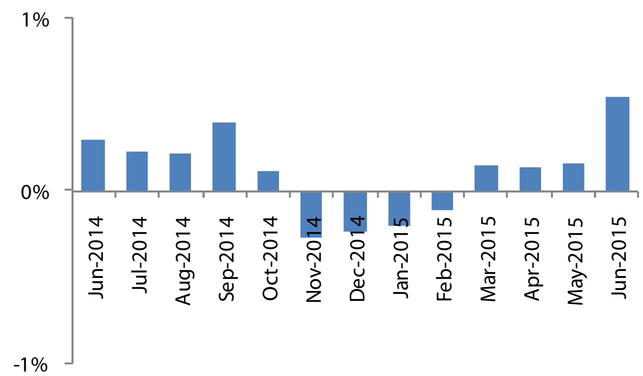
(*) Comparision price in 1994

Graph 2: IIP



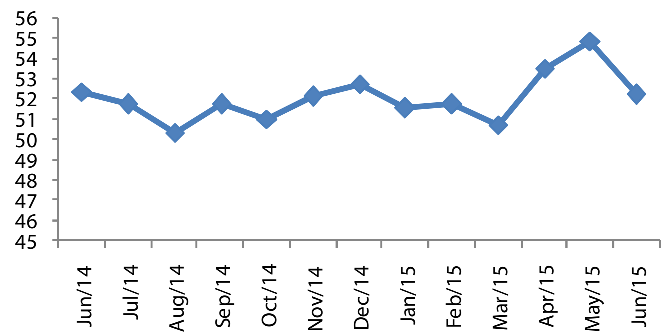
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



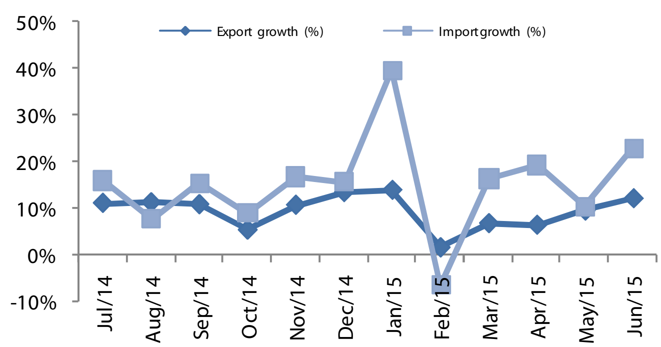
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



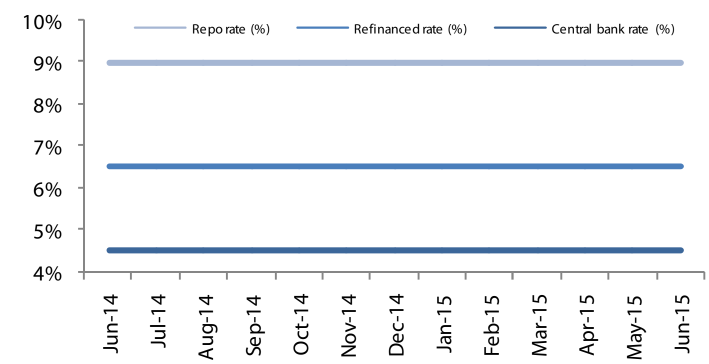
Sources: GSO. Rongviet Securities database

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
SKG - Growing alongside the pearl island	June 24th, 2015	Buy – Long term	64,300
VTO-Profitability sets for steady improvement	June 22th, 2015	Monitor	
MWG - Optimistic business outlook in 2015	May 25th, 2015	Buy – Intermediate term	101,000
FPT - Positive recovery in the technology business	May 12th, 2015	Accumulate – Long term	60,900
GSP- Heading for a new growth period	May 11th, 2015	Accumulate – Long term	16,600

Please find more information at http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	30/06/2015	0% - 0.75%	0% - 2.5%	11,729	11,675	0.46%
VEOF	30/06/2015	0% - 0.75%	0% - 2.5%	9,821	9,767	0.55%
VF1	06/07/2015	0.2% - 1%	0.5%-1.5%	22,992	22,728	1.16%
VF4	01/07/2015	0.2% - 1%	0%-1.5%	9,961	9,932	0.29%
VFA	03/07/2015	0.2% - 1%	0%-1.5%	7,426	7,307	1.62%
VFB	03/07/2015	0.3% - 0.6%	0%-1%	12,211	12,185	0.21%
ENF	03/07/2015	0% - 3%	0%	11,424	11,271	1.36%
MBVF	02/07/2015	1%	0%-1%	10,563	10,536	0.26%
MBBF	01/07/2015	0%-0.5%	0%-1%	12,133	12,115	0.15%

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