JULY

08

WEDNESDAY

ADVISORY DIARY

- **BMI: Solid base for a bright future**
- **PLC performance update**
- **Opportunities for accumulating mid and small caps stocks in significant corrections**

BMI: Solid base for a bright future

As mentioned in yesterday advisory diary, we reckoned that Insurance Industry currently showed a positive signal of recovery. Possibly, expectation of positive result may be the reason for creating excitement in trading insurance stocks in the recent sessions. At the beginning of today trading session, this group of stocks has proven its "power" and been led by the celling price of BVH. Based on our consultative experience, domestic and foreign investors have divergent opinion about insurance stocks. In other words, domestic investors are emotionless whereas foreign investors relatively care about this group of stocks. In an effort of introducing diversified investment opportunities to our customers, today, Advisory Diary propose to you our BMI's Company Report with the following outlook:

Established brand name, extensive customer network and relatively large market share are BMI's core competitiveness. In addition, the company is looking to expand its business beyond Vietnamese border by cooperating with foreign insurance partners. As the market condition recovers, BMI is focusing on controlling brokerage commissions, advertising expenses and loss ratio in order to increase operation effectiveness. In fact, net revenue from insurance business saw an increase in 2014 while loss ratio was effectively kept in check. On the other hand, BMI is seen to allocate more of its investment portfolio in long-term time deposit to both improve interest income and marginal solvency ratio.

To determine the appropriate price for BMI's share, we combine two valuation methods of DDM and relative valuation (P/E and P/B) which we reference to the average non-life insurance industry P/E and P/B at 0.9x and 10.0x respectively. So, we come to a **ACCUMULATE** recommendation in the **LONG-TERM** at the target price of **VND 22,800/share**. Besides, BMI's steady annual cash dividend payment (dividend yield around 6%) is another plus for value investors. However, like most of other non-life insurance companies, share trading liquidity remains a consideration for potential investors.

Valuation method	Price (VND)	Weigh	Average (VND)
DDM	17,722	30%	5,317
P/E	23,245	40%	9,298
P/B	27,294	30%	8,188
Fair value			**22,803**

Source: RongViet Research

"Opportunities for accumulating mid and small cap stocks in significant corrections"

PLC performance update

Based on PLC's estimation, the consolidated EBIT for the first 6 month of 2015 is expected to be VND 180 billion (51% of its 2015 plan), up to 33% y-o-y. This positive result has mainly contributed by lubricant and bitumen sectors. In 2Q2015, lubricant's sale volume reached 12,800 tons, increased by 40% from the latest quarter; meanwhile bitumen sector has remained the benefit from infrastructure and airport projects.

Notably, according to PLC, the bitumen polymer sector with good profit margin was sold with a faster rate than last year and expected to improve its contribution profit. After the first 6M of the year, we realize that bitumen sector of PLC has been benefited from the drop in oil price, in contrast, lubricant sector has been out of the trend and group I oil price has currently climbed up due to short supply.

Earning result in the 6M is similar to our forecast; therefore, we keep the expected revenue and PAT 2015 at VND 6,944 billion and VND 308 billion respectively. At the closing price on today of VND 28,900 per share, lower than 19% compared with our target price (VND 34,500 per share), investors may accumulate this stock.

Additionally, PLC is one of the stocks with negative correlation to oil price. Hence, trend chasers can choose PLC in the context of oil price slump in recent sessions.

Opportunities for accumulating mid and small caps stocks in significant corrections

Market's switching to slump sharply (-1.13% in VNIndex and -1.46% in HNXIndex) raised investors' concern that: whether or not the slump of Chinese stock market for 3 recent weeks lately impacted on the today's correction.

Figure: Correlation between VNIndex and SHCOMP in the period of 2010-2015.

Source: Bloomberg

Trien Le

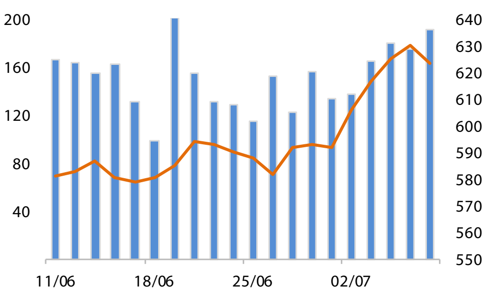
+ 84 8 6299 2006 | Ext: 325

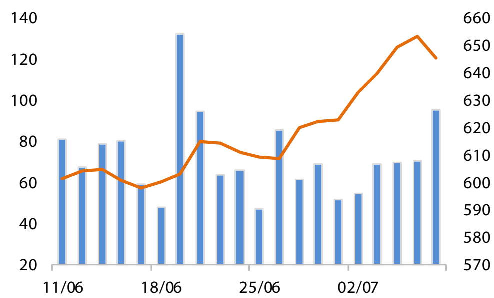
trien.lh@vdsc.com.vn

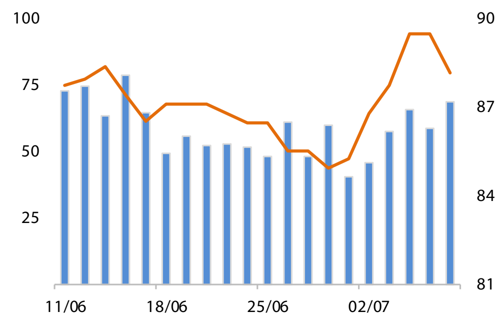
We measured impact of Chinese market on Vietnam securities in terms of correlation between VNIndex and SHCOMP (Shanghai Stock Exchange Composite Index). Prior to 2013, the both indices were relatively in line with each other. However, the correlation was vanished in recent years. As our opinion, macroeconomic as well as political indicators are main criteria by which the both indices follow. In terms of the stocks market, China has limited impact on Vietnam. However, in terms of economy, China is the one that holds strong worldwide and regional influence. Hence, China has both direct and indirect effect to Vietnam's economy and in this short article, we temporarily do not detail-analyze

In our Strategy Report in July published recently, our market analyst has forecasted that the upside possibility would be higher than downside one with the view of market's stopping and waiting to basic factor movement. With the fickle nature of the stock market which is driven by hope, expectation, illusion, disappointment, investors should clarify our principle in order not to be lost control when market fluctuates. Regarding to long-term prospect, our macro analyst has remained the opinion of positive economy movement, the improvement in growth quality as well as "hope for the best" this year. The strong correction (if any) can be a chance to accumulate mid and small-cap stocks, which are running business in basic industry and forecasted to record positive performance in Q2 with clear outlook. Investors can refer our Strategy report for further details.

VNINDEX	-1.13%	623.17	VN30	-1.16%	645.67	HNXINDEX	-1.46%	88.13

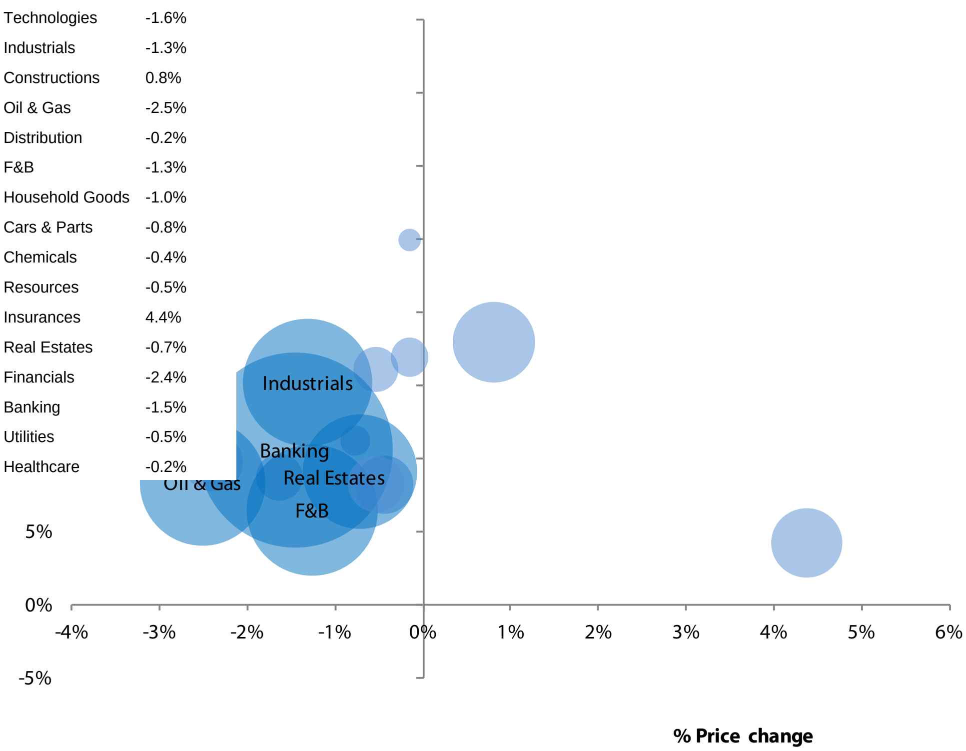




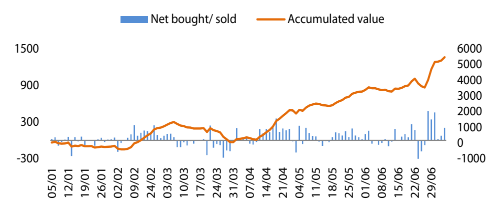


Industry Movement

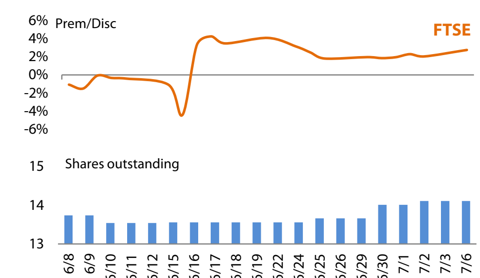
Industry	% change
Technologies	-1.6%
Industrials	-1.3%
Constructions	0.8%
Oil & Gas	-2.5%
Distribution	-0.2%
F&B	-1.3%
Household Goods	-1.0%
Cars & Parts	-0.8%
Chemicals	-0.4%
Resources	-0.5%
Insurances	4.4%
Real Estates	-0.7%
Financials	-2.4%
Banking	-1.5%
Utilities	-0.5%
Healthcare	-0.2%

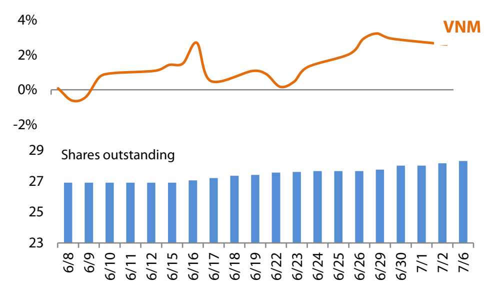


Foreign Investors Trading

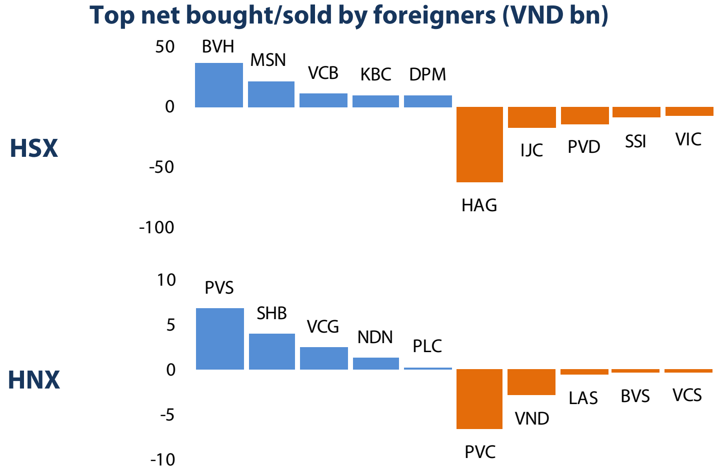


ETF





Top net bought/sold by foreigners (VND bn)



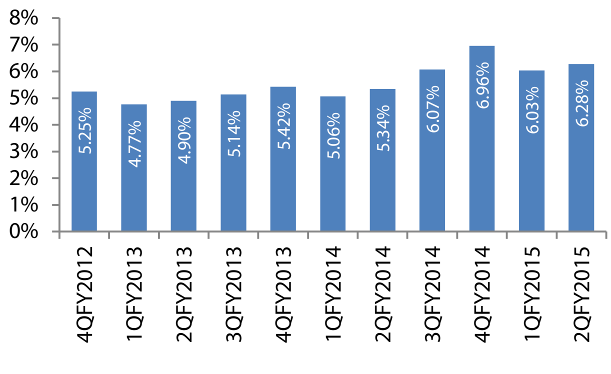
Top Active

Ticker	Price	Volume	% price change
MBB	15.8	16.04	1.9%
HAI	11.4	14.23	6.5%
OGC	2.6	13.27	-3.7%
SSI	25.7	9.31	-2.7%
CII	27.6	9.25	7.0%

Ticker	Price	Volume	% price change
SHB	8.9	11.75	2.3%
FIT	12.8	4.04	-1.5%
SCR	8.7	3.52	-2.2%
VND	13.6	3.06	-5.6%
KLF	6.9	2.90	-1.4%

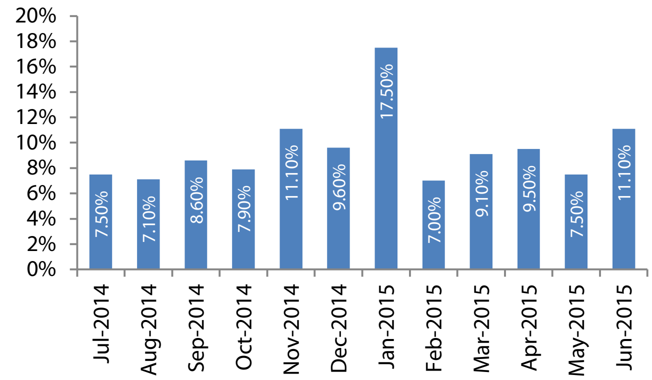
MACRO WATCH

Graph 1: GDP Growth



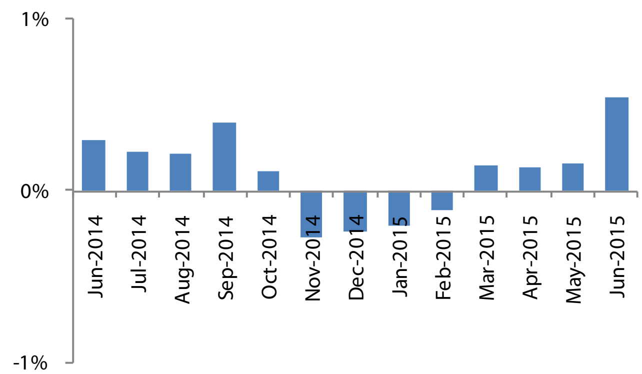
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



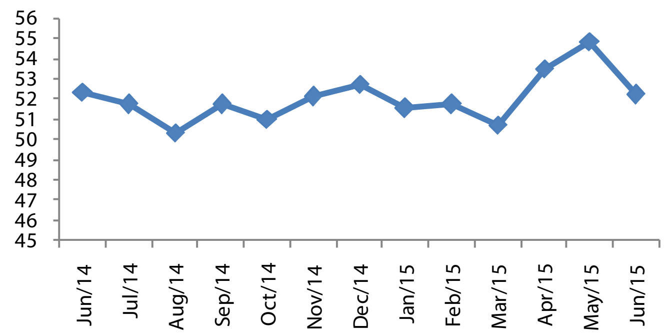
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



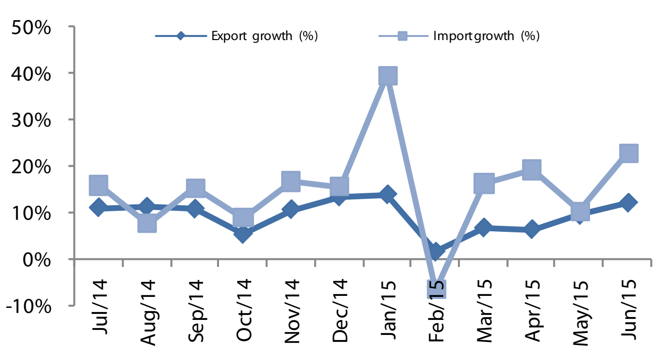
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



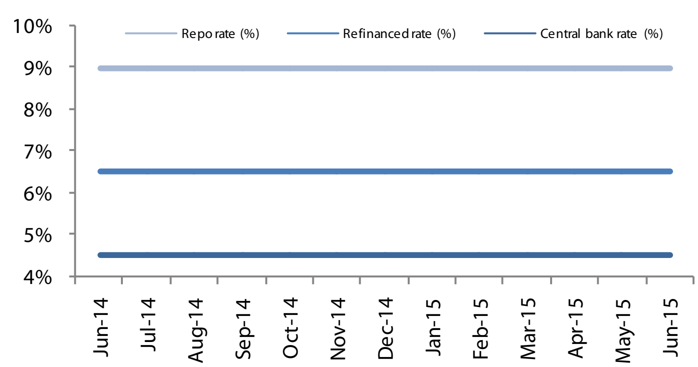
Sources: GSO. Rongviet Securities database

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%

ANALYSTS

Truc Doan – Head of Research
+ 84 8 6299 2006 | Ext: 355
truc.dtt@vdsc.com.vn

Hoang Nguyen
+ 84 8 6299 2006 | Ext: 328
Hoang.nh@vdsc.com.vn

Lam Nguyen
+ 84 8 6299 2006 | Ext: 323
lam.ntp@vdsc.com.vn

Tuan Huynh
+ 84 8 6299 2006 | Ext: 326
Tuan.hm@vdsc.com.vn

Kien Nguyen
+ 84 8 6299 2006 | Ext: 326
Kien.nt@vdsc.com.vn

Ha My Tran
+ 84 8 6299 2006 | Ext: 319
my.tth@vdsc.com.vn

Tai Nguyen
+ 84 8 6299 2006 | Ext: 319
tai.ntp@vdsc.com.vn

Diem My Tran
+ 84 8 6299 2006 | Ext: 321
my.ttd@vdsc.com.vn

Van Banh
+ 84 8 6299 2006 | Ext: 324
Van.btt@vdsc.com.vn

Thien Bui
+ 84 8 6299 2006 | Ext: 325
Thien.bv@vdsc.com.vn

Trien Le
+ 84 8 6299 2006 | Ext: 325
trien.lh@vdsc.com.vn

Tam Bui
+ 84 8 6299 2006 | Ext: 324
tam.bt@vdsc.com.vn

Huong Pham
+ 84 8 6299 2006 | Ext: 323
huong.pt@vdsc.com.vn

Nam Huynh
+ 84 8 6299 2006 | Ext: 321
Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP. HCM
Tầng 1-2-3-4 toà nhà Viet Dragon
141 Nguyễn Du, P. Bến Thành, Q.1, TP. HCM
T + 84 8 6299 2006
F + 84 8 6291 7896
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH HÀ NỘI
2C Thái Phiên, Q. Hai Bà Trưng, Hà Nội
T + 84 4 6288 2006
F + 84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH NHA TRANG
50 Bis Yersin, Tp. Nha Trang, Khánh Hòa
T + 84 058 3820 006
F + 84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH CẦN THƠ
08 Phan Đình Phùng, Q. Ninh Kiều, Tp. Cần Thơ
T + 84 0710 381 7578
F + 84 0710 381 7789
E info@vdsc.com.vn
W www.vdsc.com.vn