JULY

21

TUESDAY

ADVISORY DIARY

- **Strong profit-taking activities hit insurance stocks**

Strong profit-taking activities hit insurance stocks

The concern we raised in last week reports became true when volatility peaked and Vietnam stock market experienced the second loss this week today. At the close, VNIndex was down 0.63% to 616.61 and HNIndex 1.18% to 84.92. A slight decline liquidity was also witnessed. In particularly, total trading volume reached a combined 131.9 million shares in both exchanges, an equivalent to to VND2,191.5 billion; the two indicators of trading activities were down by 8.6% and 1.4% respectively.

Foreign investors' participation was largely stable and accounted for 12% of trading value in the HSX. Unlike alerted domestic investors, foreigners seemed optimistic playing net buyers for the second straight day. Net purchase value was recorded at VND105 bn, growing nearly fivefold from yesterday. Most purchased tickers included SSI, MSN, CTG, VIC and DPM.

Following BVH, almost every Insurance stock fell back today. 3 out of 8 including BVH, BMI and BIC went floor and only ABI stood still. Because of condensed ownership structure and low free-float (*), only small amount from buyer can cause big price impacts on Insurance stocks. According to our statistics, in last 3 weeks, Insurance index rose 35.9% with leaders are BVH (100%), BMI (58%) while the rest increased about 30%. We believe that such changes reflect investors' over-expectation of expanding foreigner ownership limit for Insurance sector. Although having positive outlook as to potential growth, we think that current insurance market (non-life insurance segment) is only a "playground" for "big five (PVI, BVH, BMI, PGI, PTI)". Further growth of Vietnam insurance market shall need stronger reformation and regulations. Therefore, we think that this short-term correction is quite reasonable to rebalance demand – supply in this group of stocks. Defensive as they are, investments in Insurance sector would be better if placed under long-term view rather than short-term price speculation.

(*): free float ratio= number of shares hold by large investor (ownership proportion above 5% of total shares) to total outstanding shares. The free float ratio of some main insurance tickers: BVH (11.09%), (BMI (16.35%), PVI (14.88%), PTI (26.88%), BIC (21.62%), PGI (22.45%)…

"Strong profit-taking activities hit insurance stocks"

Regarding the recent information related to listed companies, Rongviet Research analyst had a meeting with representative from Drilling Mud JSC (HNX – PVC). According to update, revenue and profit before tax in the first 6 months of 2015 from PVC achieved VND 1,766 billion and VND 181 billion respectively, declined by 24% (y.o.y). However, the decrease was under expectation from the Company due to the surge in revenue for first half of 2014 when many drills had issues and provided additional income. Compared with 2015 plan, PVC completed 47.7% and 87.4% in revenue and profit before tax plan respectively. Business activities from subsidiaries significantly contributed to the positive business results of PVC, included PVC MI and PVC WS. Accordingly, in 6 months, PVC MI achieved VND 715 billion (60% of the plan) and VND 137 billion (74% of the plan) in revenue and profit before tax respectively. On the other hand, PVC WS had VND 268 billion in revenue (54% of the plan) and CND 19 billion dong in profit before tax (125% of the plan). EBT margin from PVC WS positively improved thanks to the decline in chemical imports from PVC MI.

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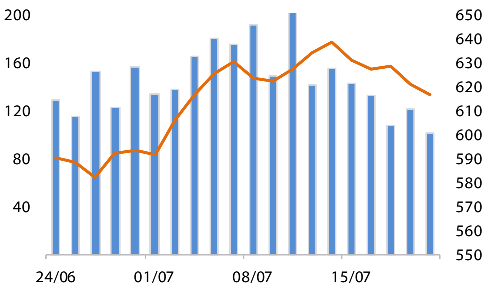
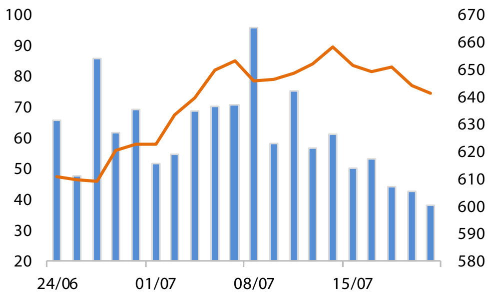
Compared with the first 6M2015, business prospects of last 6 months might be less positive due to (1) Pressure of service discounts to customers, notably large customers such as Vietsovpetro. Vietsovpetro price offer is expected to be revised down by about 5%, and (2) The volume of work the second half period are projected to be less than the first, with the supply of oil wells just over 20 wells. However, the representative said PVC business will complete the plan's revenue and EBT minimum estimate of VND240 bn. PAT after deducting interests of minority shareholders is about VND120 bn, equivalent to EPS of VND2,400. With a closing price of VND23,000/share today, PVC is trading at a forward PE of 9,6x, not much different than the industry average PE.

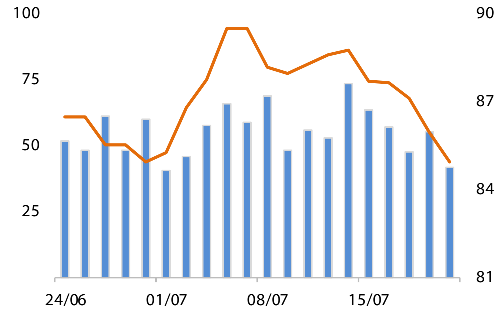
RONGVIET SECURITIES

Advisory Diary

VNINDEX	-0.63%	616.61	VN30	-0.43%	641.45	HNXINDEX	-1.18%	84.92

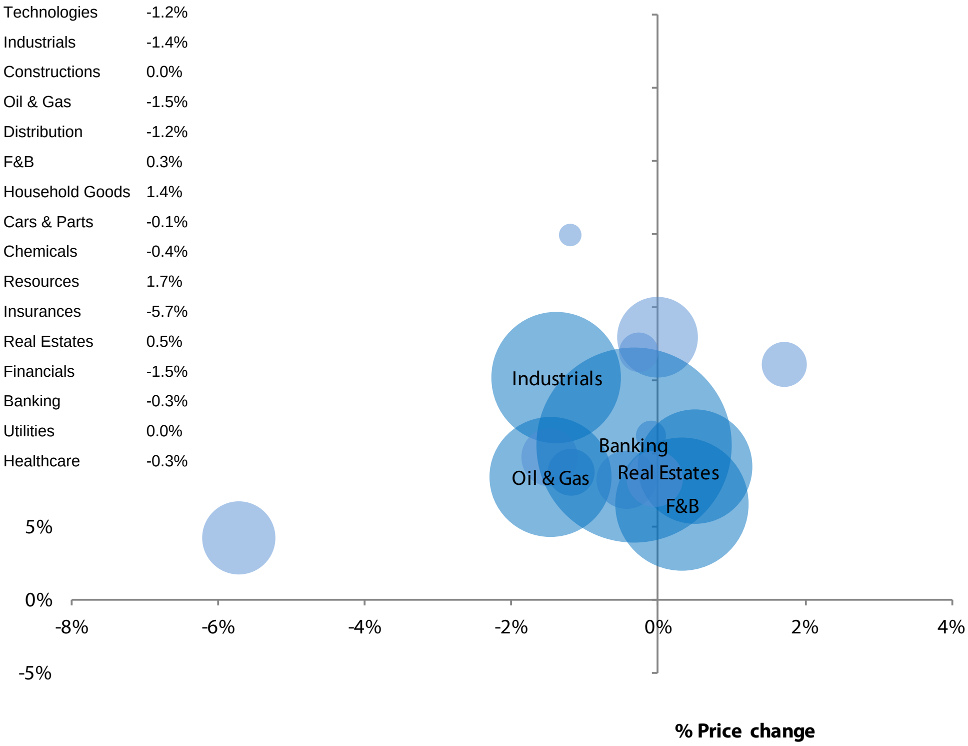




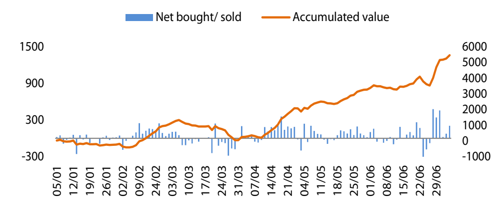


Industry Movement

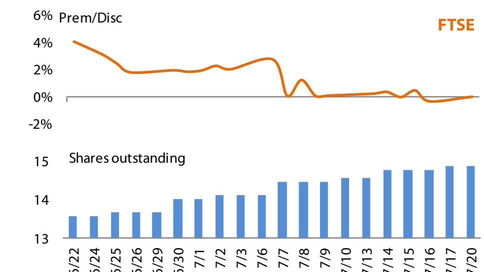
Industry	% change
Technologies	-1.2%
Industrials	-1.4%
Constructions	0.0%
Oil & Gas	-1.5%
Distribution	-1.2%
F&B	0.3%
Household Goods	1.4%
Cars & Parts	-0.1%
Chemicals	-0.4%
Resources	1.7%
Insurances	-5.7%
Real Estates	0.5%
Financials	-1.5%
Banking	-0.3%
Utilities	0.0%
Healthcare	-0.3%

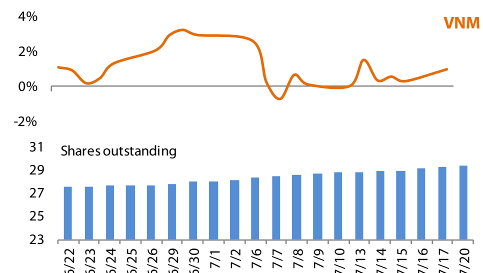


Foreign Investors Trading



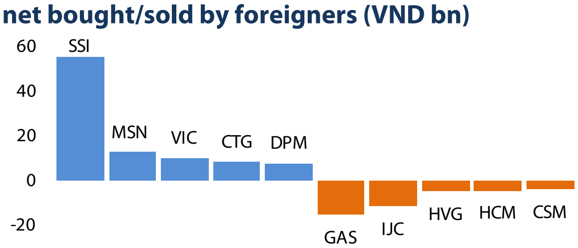
ETF



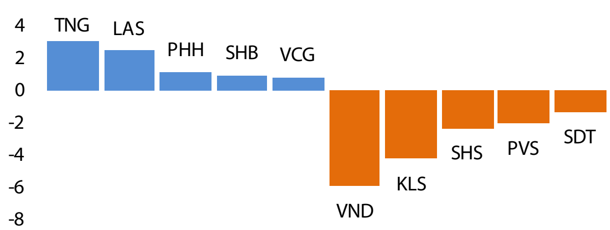


Top net bought/sold by foreigners (VND bn)

HSX



HNX



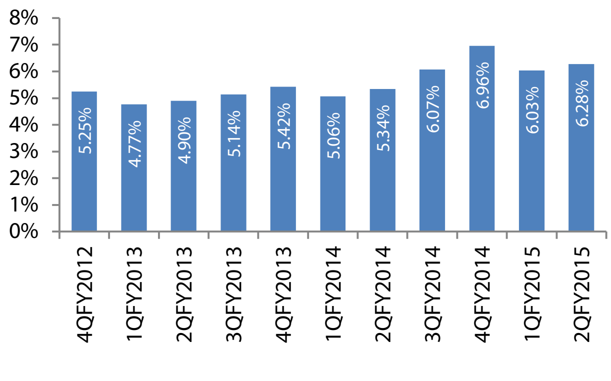
Top Active

Ticker	Price	Volume	% price change
OGC	2.6	6.35	-3.7%
FLC	8.2	5.57	0.0%
SSI	26.1	5.37	-0.4%
CTG	22.2	4.13	0.0%
MBB	15.9	4.01	0.0%

Ticker	Price	Volume	% price change
SHB	8.7	4.80	0.0%
KLF	6.4	2.36	0.0%
SCR	8.6	2.14	-2.3%
VND	13.8	1.88	-1.4%
KVC	30.4	1.60	7.0%

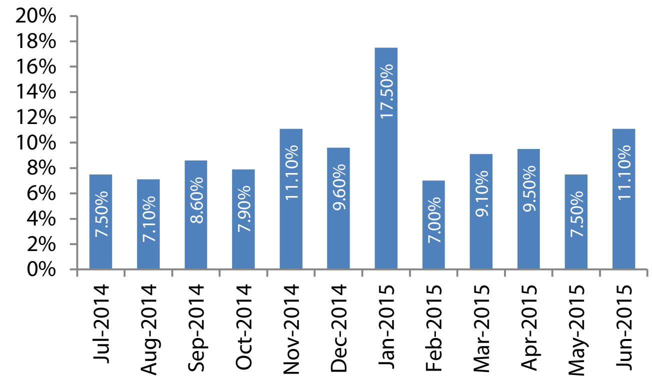
MACRO WATCH

Graph 1: GDP Growth



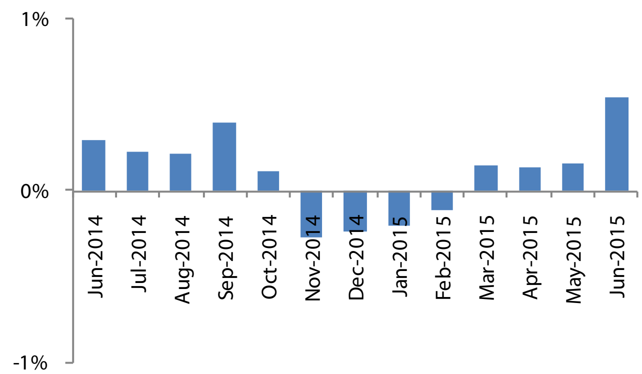
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



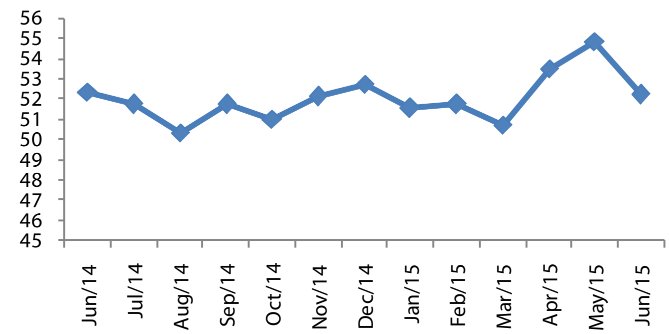
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



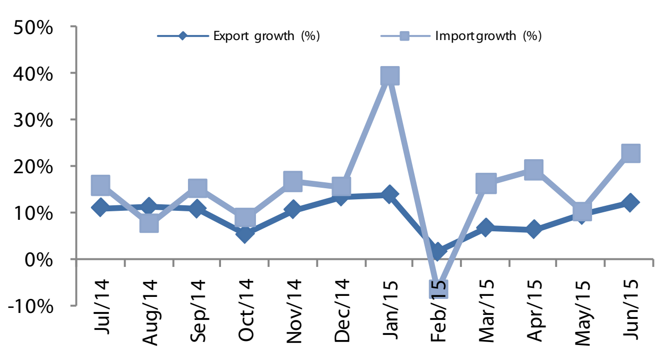
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



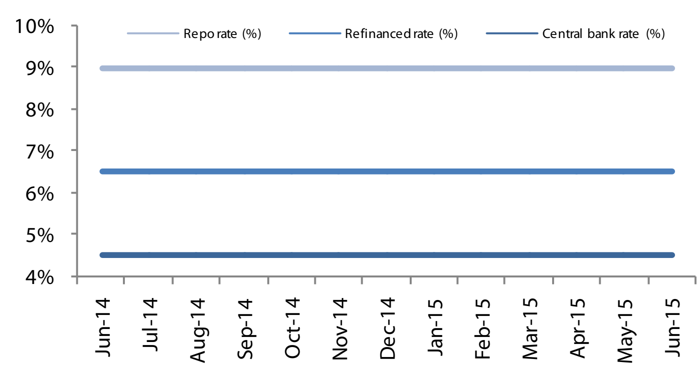
Sources: GSO. Rongviet Securities database

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
LCG - A new cycle begins	July 16th, 2015	Accumulate – Intermediate term	9,500
PVD - Well-positioned in the industry but still early to expect upturn	July 14th, 2015	Accumulate – Intermediate term	61,700
PGS - Favorable time to grow	July 10th, 2015	Buy – Intermediate term	27,000
DNP - Cash flowing in pipes	July 09th, 2015	Buy – Long term	21,900
BMI - Solid base for a bright future	July 08th, 2015	Accumulate – Long term	22,800

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	07/07/2015	0% - 0.75%	0% - 2.5%	11,750	11,729	0.18%
VEOF	07/07/2015	0% - 0.75%	0% - 2.5%	10,022	9,821	2.05%
VF1	16/07/2015	0.2% - 1%	0.5%-1.5%	23,097	23,391	-1.26%
VF4	15/07/2015	0.2% - 1%	0%-1.5%	10,591	10,578	0.12%
VFA	10/07/2015	0.2% - 1%	0%-1.5%	7,579	7,426	2.06%
VFB	10/07/2015	0.3% - 0.6%	0%-1%	12,233	12,211	0.18%
ENF	10/07/2015	0% - 3%	0%	11,584	11,424	1.40%
MBVF	09/07/2015	1%	0%-1%	10,530	10,563	-0.31%
MBBF	08/07/2015	0%-0.5%	0%-1%	12,157	12,133	0.20%

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