JULY

02

THURSDAY

ADVISORY DIARY

- **A close look at Vietnam trading activities in 6M2015**
- **Large-cap stocks are dictating the market**

A close look at Vietnam trading activities in the first 6 months of 2015

GSO has recently released data on Vietnam export and import for the month of June 2015. According to this report, export and import value in June achieved USD14.3 and USD15 billion respectively, up by 4.4% and 0.4% compared to last month. As a result, until the end of June, total exports and imports of goods reached VND77.7 and 81.5 billion, increased by 9.3% and 17.7% y.o.y respectively. This hence means Vietnam trade balance is still in deficit state of USD 3.8 billion in first 6 months of 2015.

Overall, the export structure in the first 6 months of 2015 has been relatively stable with the leading positions belong to Mobile & Accessories (18.88%); Textiles (13.06%); Electronic, computer and accessories (9.48%). Low production costs and tariff incentives from free trade agreement (FTA-Korea, Eastern European Union or TPP) are the driving forces to attract FDI into such 3 segments in the first 6 months of 2015. Not only the value of imports and exports, but also the proportion of those sectors increased by 3.8, 1.16 and 3.68 percentage points respectively over the same period.

Crude oil exports grew 3.6% in volume but dropped 45.7% in export turnover in the first 6 months due to a sharp fall in average export crude oil of 47% y-o-y. Therefore, proportion of such commodity in the export structure declined from 5.2% (2014) to 2.79%. Also, export turnover of fishery products were not positive either (down 14.5% y-o-y) because of high inventories in major import markets (USA and Japan) and oversupply. However, our fishery sector analyst forecast Vietnam's exports shall be painted with a brighter picture in next 6 months thanks to higher demand from import markets.

"Large-cap stocks are dictating the market"

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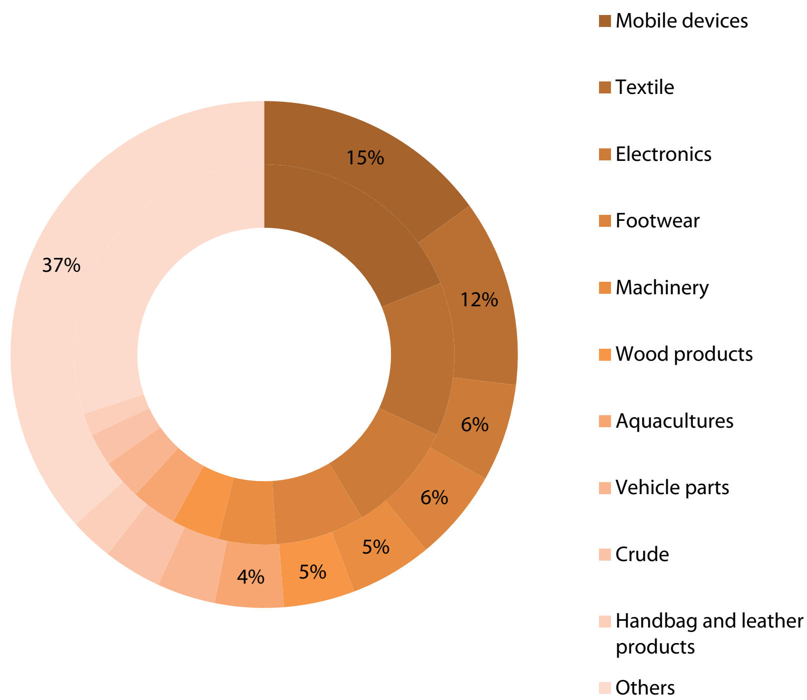
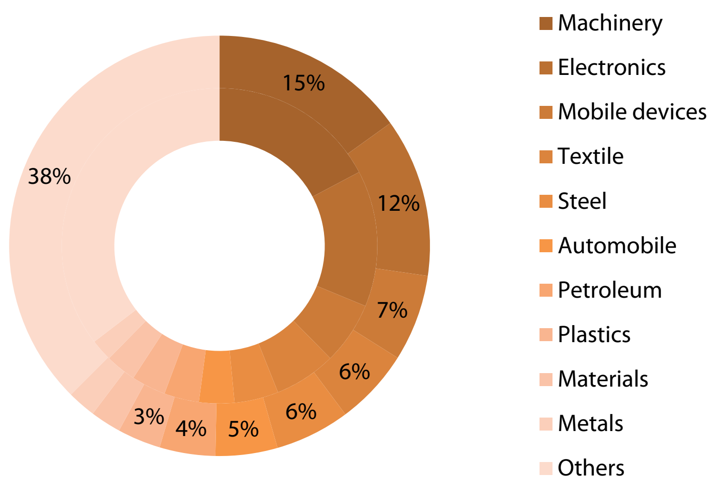
Graph 01: Export structure 6M2015 (in) và 6M2014 (out)



Source: GSO and RongViet Securities

Graph 02: Import structure 6M2015 (in) và 6M2014 (out)



Source: GSO and RongViet Securities

In terms of imports, machinery and equipment (17.3%), computer electronics (14%) and phone accessories (6.4%) remain main importing items. On the one hand, expansion of large corporations such as LG, Samsung and Nokia contributes to increasing exports of electronic goods and components. On the other hand, such expansion also increased the demand for importing equipment materials. Last but not least, accelerating economic and industrial production leads to higher demand for production machinery and equipment (production machinery and equipment ups by 2.2 percentage point)

Noticeably, automobile has joined the list of high import value items with proportion jumping from 2.1% to 3.6% in the first six-month period. Our industry analyst believed that the policy of truckload tightening and lower registration charge pushed automotive imports in the first six months to by 97.5% (y-o-y).

In general, imports and exports in the first half of this year are in line with our expectations. Low oil prices negatively affected the foreign currency inflow to Vietnam. Moreover, the accumulated trade deficit of approximately USD 3.8 billion in the first 6-month could bring pressure on macro policy and foreign exchange rate control (the deficit target this year is only USD 5 billion). In addition, debt issue in Greece and EU are another risk for effort to stabilise exchange rate. However, we believe that the demand for major Vietnamese export items such as textiles and fisheries would grow more positively in the second half of this year thanks to the signed free trade agreements (VKFTA and EEUVFTA) and negotiating agreement (TPP).

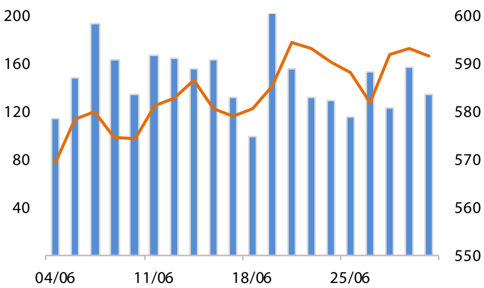
Large-cap stocks are dictating the market

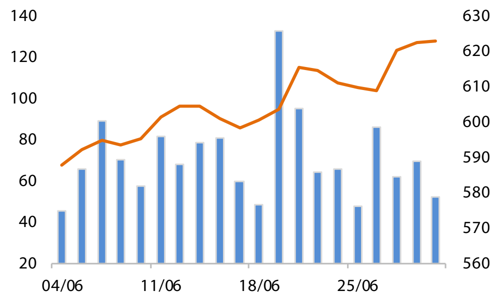
The market today saw a late rally at the end of the session with VN-Index and HNX-Index closing up 2.4% and 1.77% respectively. The unanimous rise of blue-chips, especially financial stocks including VCB, BID, BVH, CTG, EIB and MBB seemed to bring “spill-over effect” on other small and mid-cap stocks. In particular, VCB and BID rally today proved pivotal in helping VN-Index successfully conquer the 600 mark. The total number of shares changed hands on HSX improved slightly by 2.1% compared to yesterday and upped about 10% on HNX. In that exuberant development, foreign investors continued to extend the net bought trend with the value of VND76.2 billion on both bourses today focusing on MSN (VND37.7 billion), STB (VND22.9 billion), HAG (VND21.8 billion) and VCB (VND17.7 billion).

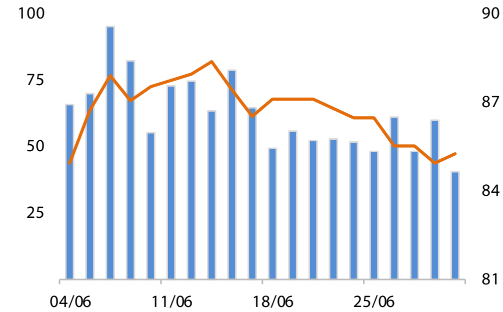
Noticeably, JVC unexpectedly witnessed an exciting trading day after 17 consecutive declining sessions. The stock closed at the highest price of the day (VND8,100/share) with the remaining buy orders of 4.8 million stocks in equivalent. Also, HBC ticker saw a rebound subsequent to a surprised plunge yesterday. However, the market psychology remains very cautious after the "JVC incident" recently and stays highly sensitive rumors. For that reason, HHS continued to close at its lowest price for a third day in a row after rumors coming out on the company despite HHS’s management effort in reassuring investors’ confidence by buying back shares and further share buy-back promise.

It is believed that investors’ sentiment on the market is influenced by many "noises" at the moment. Irrespective of the good market rally today, we found that the recent rise of market have been dictated by the shadow of large cap stocks. So, investors are recommended to stay prudent and cautious during this time.

VNINDEX	2.40%	605.70	VN30	1.66%	633.28	HNXINDEX	1.77%	86.76

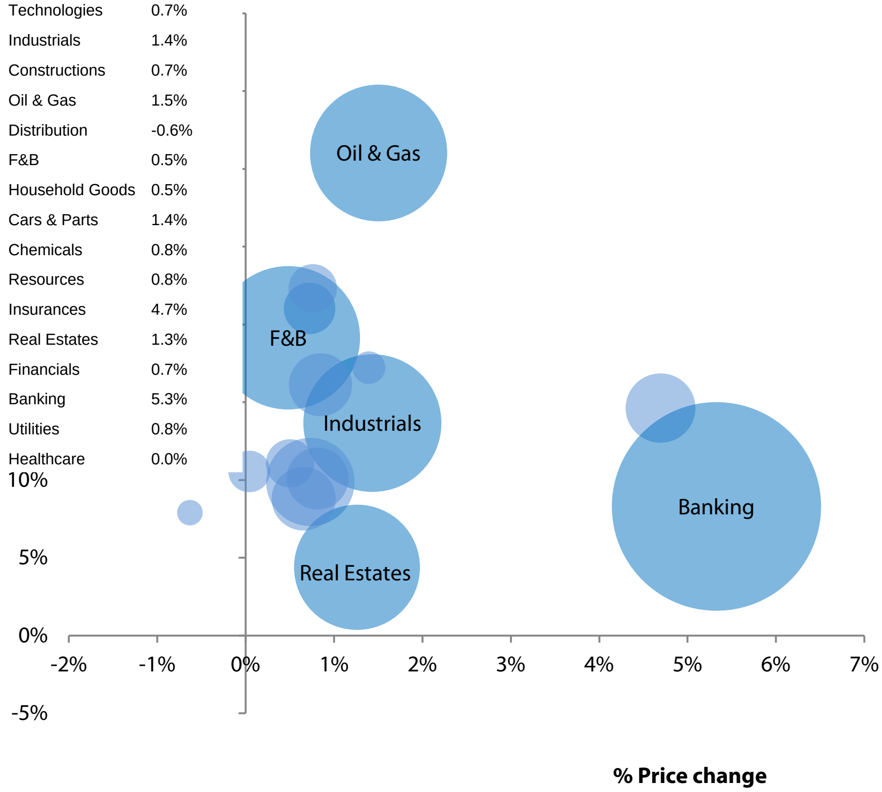




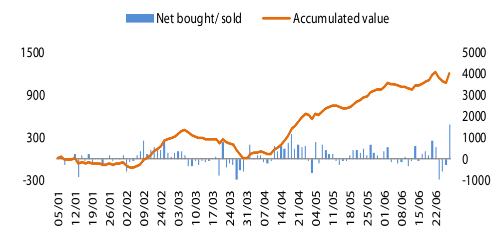


Industry Movement

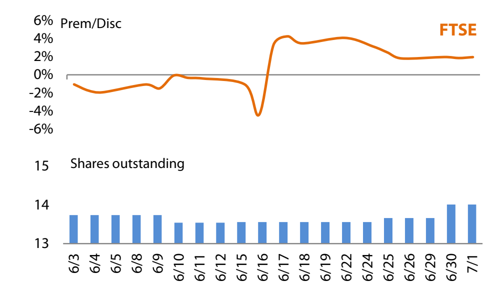
Industry	% change
Technologies	0.7%
Industrials	1.4%
Constructions	0.7%
Oil & Gas	1.5%
Distribution	-0.6%
F&B	0.5%
Household Goods	0.5%
Cars & Parts	1.4%
Chemicals	0.8%
Resources	0.8%
Insurances	4.7%
Real Estates	1.3%
Financials	0.7%
Banking	5.3%
Utilities	0.8%
Healthcare	0.0%

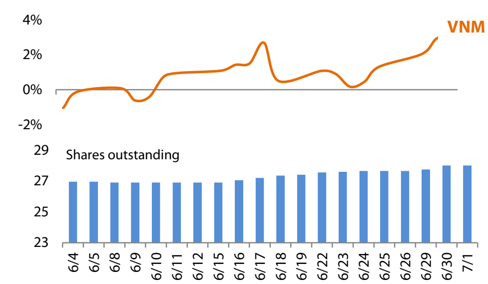


Foreign Investors Trading



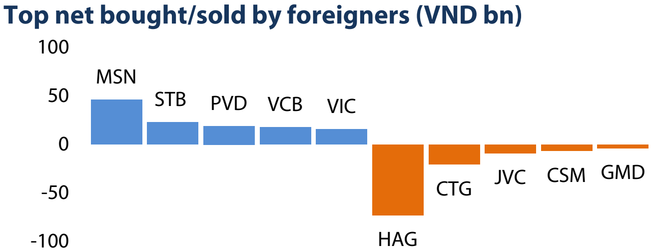
ETF



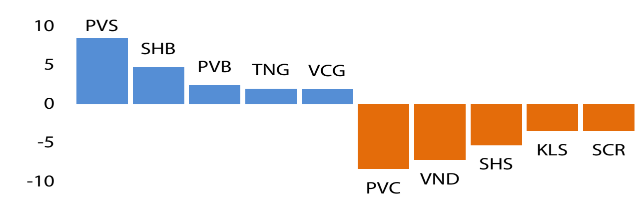


Top net bought/sold by foreigners (VND bn)

HSX



HNX



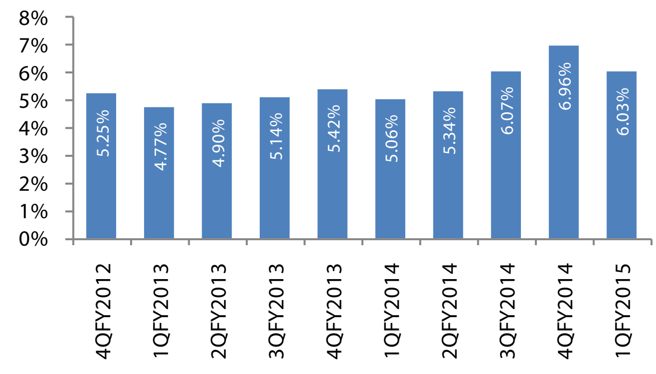
Top Active

Ticker	Price	Volume	% price change
JVC	8.1	11.95	6.6%
FLC	8.6	10.97	0.0%
SSI	25.1	5.34	1.2%
OGC	2.8	5.21	3.7%
MBB	15.3	5.13	2.7%

Ticker	Price	Volume	% price change
SHB	8.4	6.80	3.7%
FIT	12.8	3.63	1.6%
SCR	8.5	3.00	1.2%
FID	15.9	2.02	9.7%
KLF	7.0	1.93	2.9%

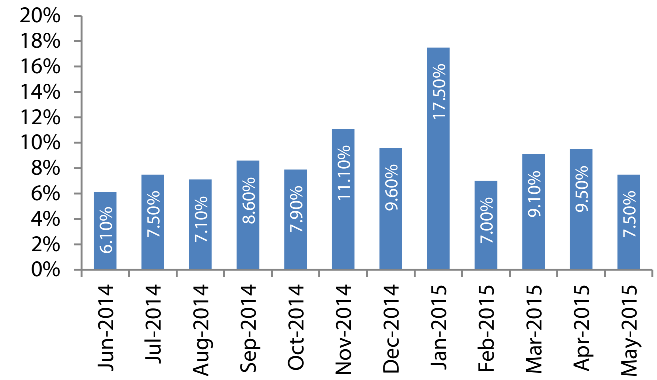
MACRO WATCH

Graph 1: GDP Growth



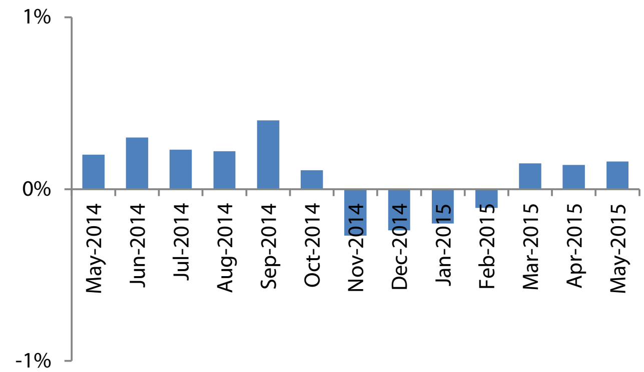
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



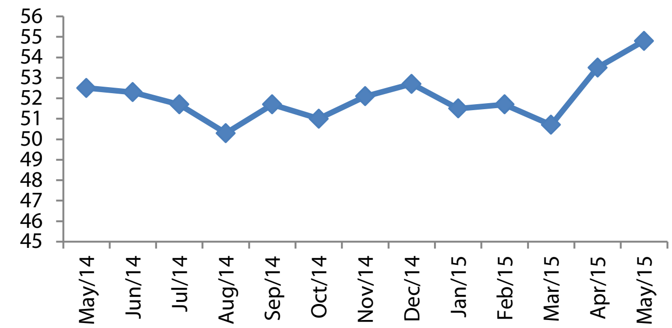
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



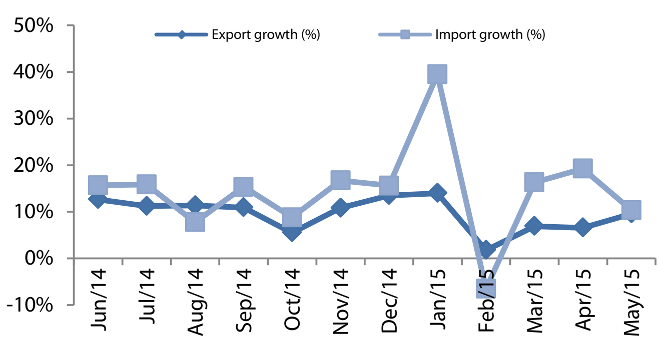
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



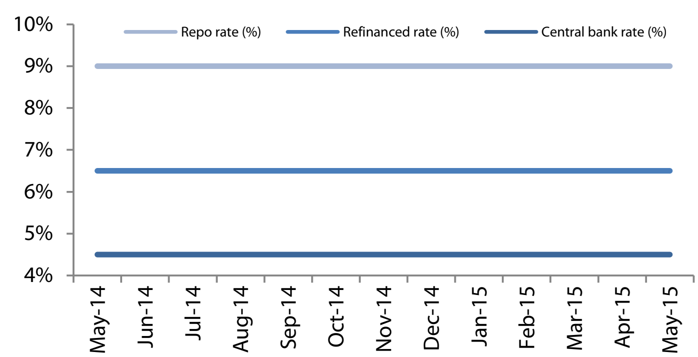
Sources: GSO. Rongviet Securities database

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	16/06/2015	0% - 0.75%	0% - 2.5%	11,620	11,627	-0.06%
VEOF	16/06/2015	0% - 0.75%	0% - 2.5%	9,740	9,463	2.93%
VF1	19/06/2015	0.2% - 1%	0.5%-1.5%	21,904	21,861	0.20%
VF4	17/06/2015	0.2% - 1%	0%-1.5%	9,736	9,678	0.59%
VFA	19/06/2015	0.2% - 1%	0%-1.5%	7,289	7,312	-0.32%
VFB	19/06/2015	0.3% - 0.6%	0%-1%	12,167	12,170	-0.02%
ENF	12/06/2015	0% - 3%	0%	11,156	11,006	1.36%
MBVF	18/06/2015	1%	0%-1%	10,551	10,541	0.09%
MBBF	17/06/2015	0%-0.5%	0%-1%	12,120	12,139	-0.16%

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