

RESEARCH DEPARTMENT

TRADING IDEAS

12 SEP 2016

September is the month which lack of news before 3Q2016 business results are released; the market is likely influenced by foreign net selling activities as well as the ETFs' portfolio rebalancing. The market will not be adjusted deeply thanks to the strong local cash flows with no sign of withdrawal from the market. Future cash flows may be directed to the stocks which SCIC would divest; stocks that remove its FOL, especially pharmaceutical stocks; as well as the stocks having positive business result in the year end including hydropower, real estate...

Trading Ideas for September

Stock	Current Price (VND)	Recommended Purchase Range (VND)	Target Price 1 (VND)	Target Price 2 (VND)	Cut Loss (VND)
Price sank creating an attractive buying opportunity					
VCB	38,700	34,000-35,500	43,000	n/a	32,500
Expected good business result, benefiting from SCIC's divestment					
BMI	30,200	28,500-29,500	35,000	40,000	27,000
FPT	45,700	43,000-45,500	50,000	55,000	42,500
Positive business result due to major projects					
HUT	12,700	11,000-12,000	14,000	n/a	10,400

VNDIRECT SECURITIES CORPORATION

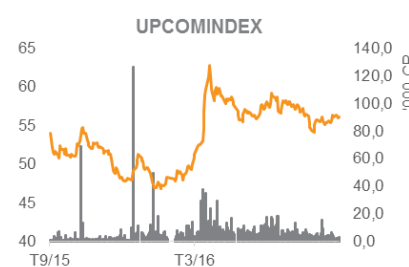
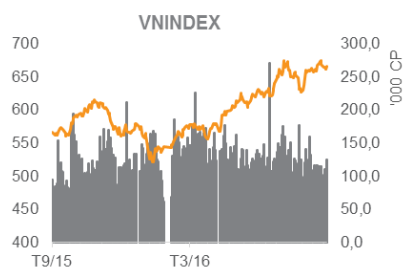
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INDICES MOVEMENT



Source: VNDIRECT

Foreign Trading



Source: VNDIRECT

Top 10 gainers

Stock	% Increase	Current Price
BWA	228.6%	11,500
S12	160.0%	2,600
SIC	121.0%	20,100
VHF	104.5%	13,700
SPD	104.0%	5,100
BHP	88.9%	13,600
VES	45.5%	1,600
DLR	43.3%	8,600
CI5	42.2%	14,500
NPH	40.0%	14,700

Source: VNDIRECT

Top 10 losers

Stock	% Decrease	Current Price
TNT	-72.8%	7,600
KCB	-54.7%	2,900
TGP	-51.4%	1,700
ATA	-48.1%	1,400
PIS	-47.4%	5,100
VNF	-45.2%	52,100
PTT	-39.0%	3,600
HHV	-38.2%	6,300
NDP	-38.0%	17,100
SSF	-38.0%	13,200

Source: VNDIRECT

MARKET MOVEMENT FROM AUG 15 TO SEP 09:

The VN-INDEX has moved sideways within the band 650-680 thanks to the main contribution from VNM. After officially lifting its FOL to 100% and being forecast of being included in the ETFs' portfolios, VNM increased from VND137,000 to VND156,000 to become the main pillar of the market before the correction in recent previous sessions. Besides, VCB also significantly soared until Bloomberg released the news GICs buying 7% VCB stake at the price lower than investors' expectation. Thus, VCB turned from a "market supporter" in the second half of Aug to become the "burden" creating pressure on the index.

Steel stocks remained to be "bright star" when maintaining the upward trend with such highlights stock as HPG, HSG and NKG. With strong profit growth in 2016, steel stocks' valuation by P/E ratio is still relatively cheap (P/E fluctuated from 5-8 times), however it should be noted that these current favorable factors (safeguard measures on steel imports) could not possibly be maintained for next years.

Starting from DMC's official FOL removal since Sep 05, pharmaceutical sector immediately attracted the attention of investors as many of these stocks have surged and absorbed strong cash flows. Market expects TRA, DHG and IMP to lift its FOL like DMC so pharmaceutical industry group could be a noteworthy sector for the last 3 months of 2016.

In early Sep, the information of South Korea's Hanjin shipping filed for bankruptcy protection in the US - described as "Lehman Brothers" of Logistics industry - appeared on the market; however, this event did not impact listed companies significantly. In particular, the listed port companies confirmed that they were impacted a little or not impacted, while exporters such as fisheries groups also said they did not face any difficulty from this incident. The maritime transport services are still oversupplied currently, thus Hanjin's bankruptcy will not create great pressure to increase freight charges.

In addition, investors can pay attention in some sectors from now to the end of 2016, including hydropower, real estate and construction thanks to the expectation of positive business results at year end.

MARKET FORECAST FOR SEPTEMBER

The market could be put under correction pressure in the middle of September when two ETFs rebalance and most of large-cap stocks will be sold. However, we observed that the local cash flows are relatively large and has no signs of withdrawing from the market. Besides, there is no further supportive news or motivation for the market to break its former top of 680. Therefore, we think the index can continue to slightly decrease or accumulate within the range 640-670 for the rest of September.



BANK FOR FOREIGN TRADE OF VIETNAM JSC (VCB VN)

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Stock Information

Current price (VND)	38,700
52-week range (VND)	28,000-41,700
10-day trading average	2,359,035
EPS trailing (VND)	2,258
P/E trailing	21.25x
P/B trailing	2.82x

Shareholders

State Bank of Vietnam	77.1%
Mizuho Corporate Bank Ltd	15.0%

Source: VNDIRECT

HIGHLIGHT:

Selling price offered to Singapore’s GIC Private Ltd. (GICS) below the expected price of most investors: At the end of Aug, GICS signed a memorandum of acquiring 7.7% stake in VCB. However, according to Bloomberg, GICS’s investment would not exceed US\$400mn, equivalent to approx. VND40,000/share (equivalent to VND29,000/share after the dividend payment). Since such price was relatively lower than VCB’s market price at that time (VND55,000-58,000/share), the investors has assumed that the bank had to sell its stock at a discount.

This information has resulted in five consecutive losing sessions and VCB’s stock price dropped to VND50,500/share, accompanied by the foreign investors net selling 9.3mn VCB shares (equivalent to approx. VND500bn).

The risk of being excluded from ETF in the portfolio rebalancing for 4Q2016: After GICS’ acquisition, VCB’s free float and remaining foreign room will decline to 7.2% and 3%, respectively, which will thus violate the criteria of VNM ETF. Hence, unless VCB either increases its FOL or is being constantly net sold until the end of Q4, its stock will be much likely to be excluded from VNM ETF, noted that VNM ETF currently owns 12mn VCB shares. In Q3 portfolio rebalancing, about 3mn VCB shares are expected to be sold by 2 ETFs.

TRADING IDEAS:

We believe that the decline due to sentiment effects and foreign investors’ net selling activities can create attractive short-term trading opportunities. Therefore, we continue to recommend VCB in September, after VCB had achieved our targeted price in August (VND58,000/share and VND44,000 after adjustment).

However, we also note that the "bottom fishing" for VCB can lead to potential risks, thus investors should participate if having the ability to accept risk.



Purchase price range: VND34,000-35,500

Price target 1: VND43,000

Price target 2: n/a

Cut loss: VND32,500

BAO MINH INSURANCE COPR (BMI VN)

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Stock Information

Current price (VND)	30,200
52-week range (VND)	18,500-30,200
10-day trading average	238,926
EPS trailing (VND)	1,778
P/E trailing	13.67x
P/B trailing	0.97x

Shareholders

State Capital and Investment Corporation	50.7%
AXA Group	16.6%
Firstland Company Limited	5.6%

Source: VNDIRECT

HIGHLIGHT:

Profit grows in 2016 thanks to the divestment. In 2Q2016, BMI sold 5.5% stake in Post & Telecom. Joint Stock Insurance Corp (PTI) and earned estimated profit of VND80bn. Thereby, profit before tax reached VND122bn, (+26% yoy) and completed 75% of the plan.

In the second half of 2016, BMI will continue to restructure the portfolio by offering equity auction in Bao Minh Securities with the starting price of VND11,000. We estimated that, if successful, BMI will continue to record profit of more than VND20bn in 3Q2016.

BMI is among 10 enterprises that the Government directs State Capital Investment Corporation (SCIC) to conduct complete divestment and this story continues to attract attention right after the meeting of the Government in Aug 17 in which the Government urged the progress. Currently, SCIC owns 50.7% of BMI. Apart from the story of SCIC’s divestment, positive price movement in some of other insurance stocks such as BIC, PGI raised interests from investors for insurance stocks, in which BMI is a relatively attractive one.

TRADING IDEAS:



Purchase price range: VND28,500-29,500
 Price target 1: VND35,000 Price target 2: VND40,000
 Cut loss: VND27,000

BMI has had a strong rally from the session on Aug 17 and broke over the mid-term trendlines. BMI will likely to correct after having risen sharply, however the correction will not too strong when it is supported near the VND28,000 zone.

FPT CORP (FPT VN)

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Stock Information

Current price (VND)	45,600
52-week range (VND)	36,300-45,600
10-day trading average	1,660,745
EPS trailing (VND)	4,768
P/E trailing	9.94x
P/B trailing	1.78x

Shareholders

Truong Gia Binh	7.1%
State Capital Investment Corporation (SCIC)	6.0%
Red River Holding	5.7%

Source: VNDIRECT

HIGHLIGHT:

Growth in earning will return in months near year-end due to additional domestic IT projects were recognized and completed depreciation in telecom segment. According to FPT’s spokesman, EAT of the first 7 months fell by 6.3% due to the drop in revenue of distribution (no longer exclusive distributor for Apple products and drastic drop in Window phones). However the fiber optic projects in HCM City and Hanoi have been fully depreciated so the profit for this segment will improve in the months near year-end and significantly contribute to the group’s overall results.

The process of divestment from the retail segment is estimated to be completed in 2016, and expected to improve the profit margin of the company. According to information from the company, FPT is in the process of finding strategic investors and has approached to a number of foreign partners. The divestment deal is expected to be completed in 4Q2016.

FPT is in the divestment list by State Capital Investment Corporation (SCIC) within 2016. Currently, SCIC is holding 5.99% stake in FPT.

TRADING IDEAS:



Purchase price range: VND143,000-45,500
 Price target 1: 50,000 Price target 2: 55,000
 Cut loss: 42,500

Risk- taker investor can buys FPT right now at the current price or wait for a safer zone of VND43,000 – VND40,000. If it goes over previous peak of VND45,700 and the test is successful, the FPT is possible to enter a new bull.

TASCO JSC (HUT VN)

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Stock Information

Current price (VND)	12,700
52-week range (VND)	8,500-12,900
10-day trading average	2,476,787
EPS trailing (VND)	1,813
P/E trailing	5.02x
P/B trailing	0.66x

Shareholders

PYN ELITE FUND	7.2%
Pham Quang Dung	7.1%

HIGHLIGHTS:

Foresa Villa Xuan Phuong project will be handed over in Q4, recorded the large part in Q3, so Q4 indicates investment highlight for HUT in the second half of 2016: With total investment of VND2,800bn, Foresa Villa Xuan Phuong is a major project and expected to bring main cash flows to HUT in 2015-2016.

Currently the project's infrastructure is completed, ready for handing over to customers in Nov 2016. HUT has recorded part of the project in the first 6 months and for remaining 2 quarters, HUT expects to records VND1,400bn in revenue and VND183bn in EAT from this project.

Source: VNDIRECT **Q3, Q4 results will be optimistic**, accordingly, HUT plans to achieve 3Q2016 EAT of VND120bn (3Q2015 of VND14bn) and 4Q2016 EAT of VND128bn (+ 5% YoY).

Tightening policies for the government's BOT projects will not significantly affects HUT, the probable impact is on cash flow for the short and medium period when the roadmap of toll fee increasing will be delayed. Currently, HUT is managing and operating 5 BOT projects, building and investing 3 projects with an annual turnover of over VND500bn and profit of VND60bn.

TRADING IDEAS:



Purchase price range: VND11,000-12,000

Price target 1: VND14,000 Price target 2: n/a

Cut loss: VND10,400

HUT's price is in positive upward trend after a couple of corrections; however, it is approaching the strong resistance of VND13,000 so we expect further correction in the near future. The ideal scenario for HUT is moving sideways in the VND12,400-VND13,000 range to accumulate then continue its upward trend. Another scenario is HUT being retested in VND11,1000-VND12,000 range; this is the area we think it's appropriate to disburse. Expectation for HUT is only for short-term as diluted risk from convertible bonds is still remaining.

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