

08/08/2014

SEASONAL STOCKS – BOOKS SECTOR

## What Seasonal Stocks to invest in the last 6 months of 2014?

Market seasonality refers to periods when certain companies or industries produce reoccurring patterns recognizable at relatively predictable times of the year. There will be a particular season when these companies have a surge in profit, and particular seasons when earnings stay low.

At seasonal investing, we identify stocks with seasonal swings in profit, believing that they will yield excess returns at the right business cycle.

With most companies releasing 2Q's financial statements, the stock prices of good firms have fully reflected almost universally positive expectations, while heavily discounted for companies with poor business results. The market is entering the third quarter, or the **back-to-school season in September**. In our opinion, the demand for notebooks, textbooks, educational equipments for students in the 3Q will ignite investor's interest for the book-retailers stocks.

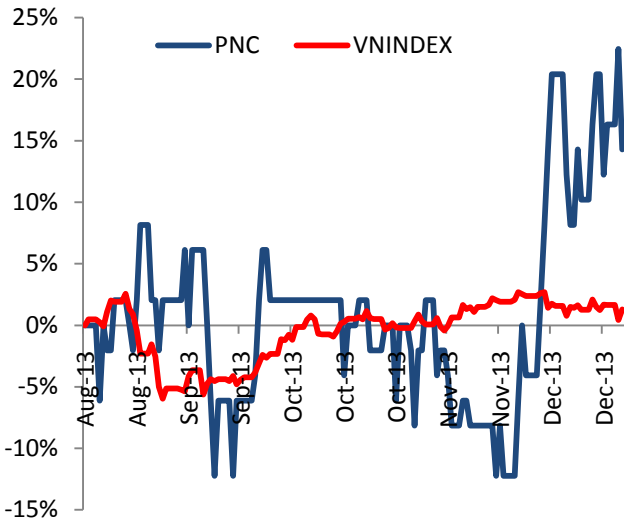
Here are several reasons that make books sector become appealing in the last 6 months of the year:

- High, stable cash dividend, dividend yield ranges from 9-11%
- Dividends are usually paid in the last 6 months
- Seasonality: back-to-school season, surge in demand for books
- Small number of shares, average liquidity, decent price,... those are factors that do not create barrier of capital to investors.

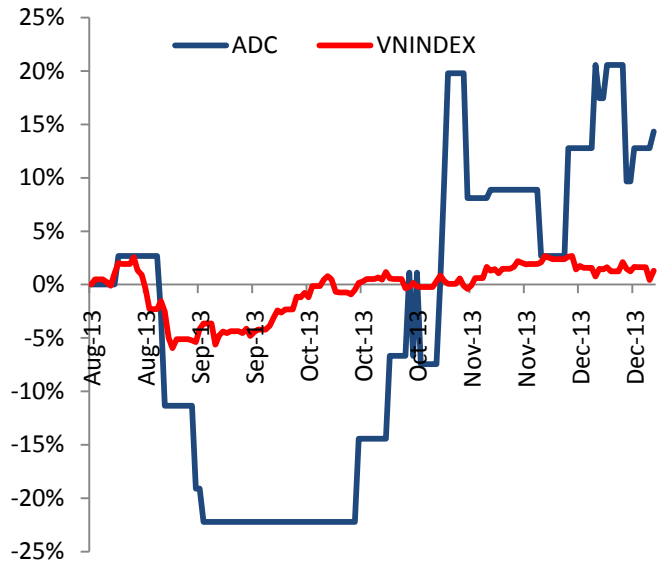
Here are stocks in books sector with liquidity > 3,000 shares traded/day that we filter out as potential candidates for investing in the last 6 months of 2014:

Stock	Market cap (bn VND)	Average trading volume > 3,000	Current Price (08/07/2014)	2013 Dividends	2014 Dividends	Dividends/ current price
PNC	85	6,746	7,900	-	-	0%
ADC	30	10,683	19,800	-	-	0%
DAD	85	3,570	18,200	1,700	1,500	8%
EBS	64	66,717	7,500	800	800	11%
EID	178	10,813	12,200	1,500	1,500	12%
HEV	13	3,300	13,200	1,600	1,600	12%
SED	146	8,593	18,200	1,800	1,500	8%
STC	85	3,347	15,800	1,500	1,300	8%

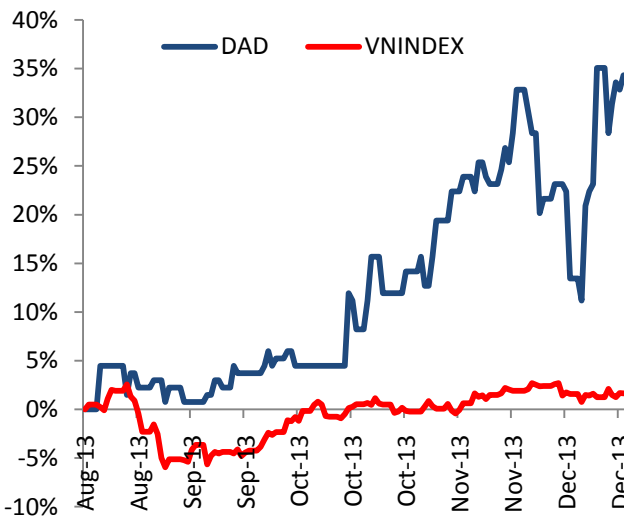
**PNC STOCK PRICE IN 2H2013**



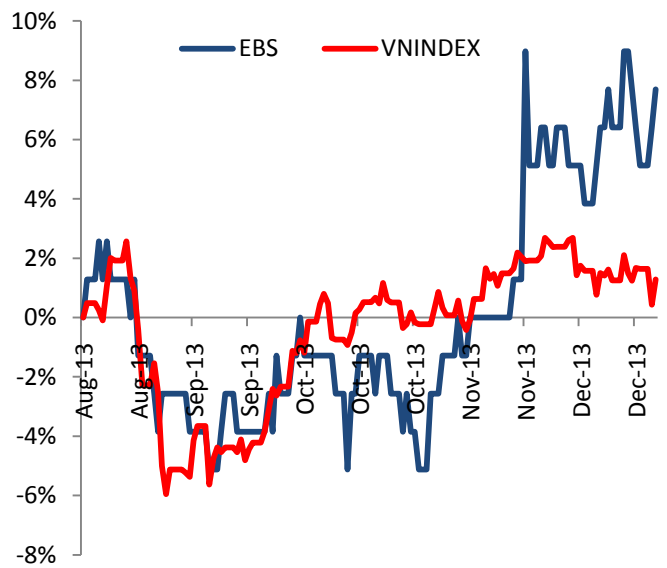
**ADC STOCK PRICE IN 2H2013**



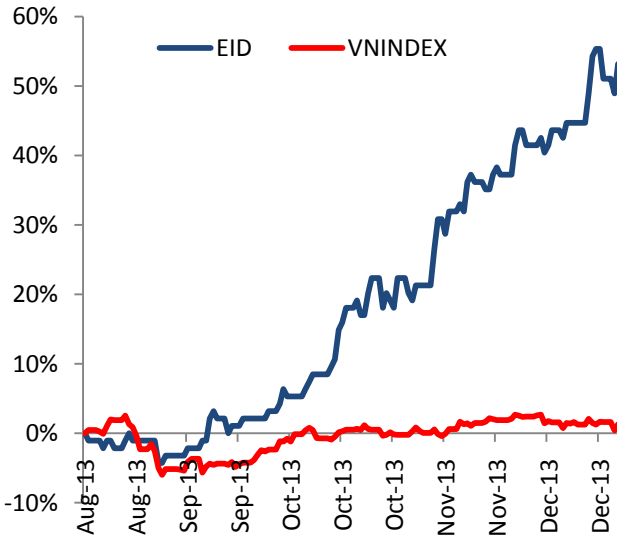
**DAD STOCK PRICE IN 2H2013**



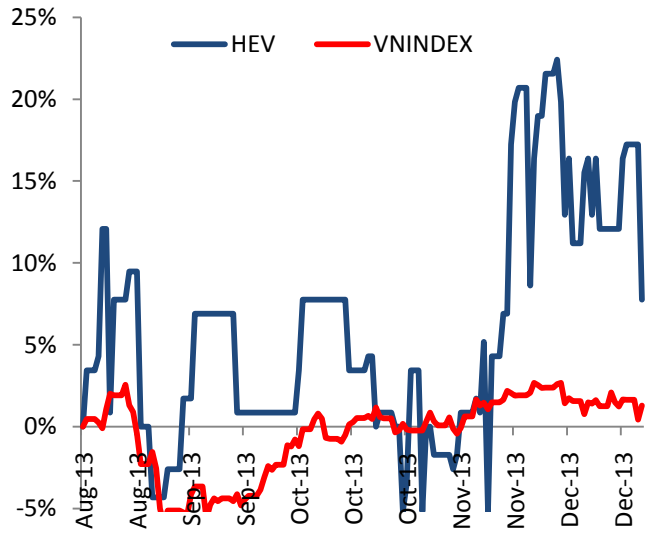
**EBS STOCK PRICE IN 2H2013**



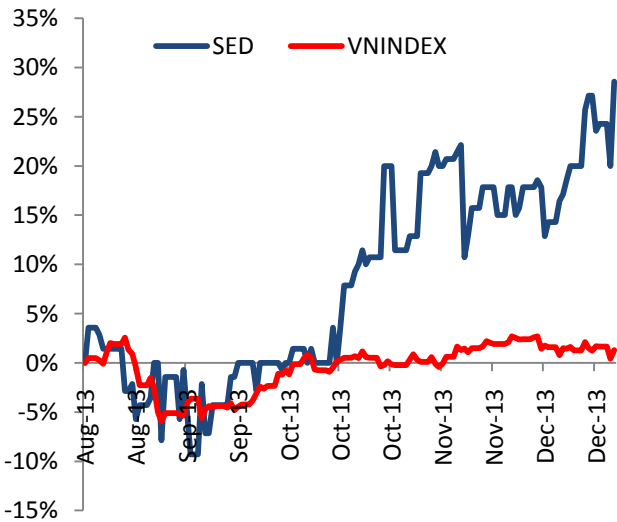
**EID STOCK PRICE IN 2H2013**



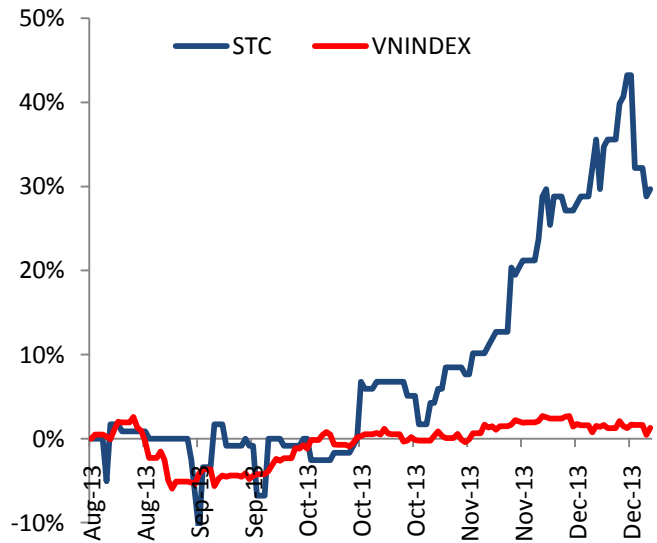
**HEV STOCK PRICE IN 2H2013**



**SED STOCK PRICE IN 2H2013**



**STC STOCK PRICE IN 2H2013**



Source: TVS, Bloomberg

## ANALYST CERTIFICATION

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