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**VIETNAM BLUE-CHIPS FUND  
(VFMVF4)**

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No.: 08/VF4-2013/NQĐH

**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**

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Ho Chi Minh City, 06 Sep, 2013

## **RESOLUTION**

### **THE EXTRAORDINARY GENERAL MEETING 2012**

- Pursuant to Securities Law no. 70/2006/QH11 dated 29 June 2007 by Nation Assembly and amended, supplemented on 24 November 2010;
- Pursuant to Circular no. 183/2011/TT-BTC dated 16<sup>th</sup> December 2011 by Finance Ministry;
- Pursuant to the License for Establishing of Vietnam Blue-chips Fund no. 11/UBCK-GCN issued by SSC dated 28<sup>th</sup> Feb 2008;
- Pursuant to Meeting Minute dated 06<sup>th</sup> Sep 2013;

## **RESOLUTES**

The Extraordinary General Meeting unanimously passed the Resolution as follows:

### **Article 1: VF4 Financial statement in the 1<sup>st</sup> 6 months of 2013**

The General Meeting unanimously agreed VF4 Financial statement in the 1<sup>st</sup> 6 months of 2013.

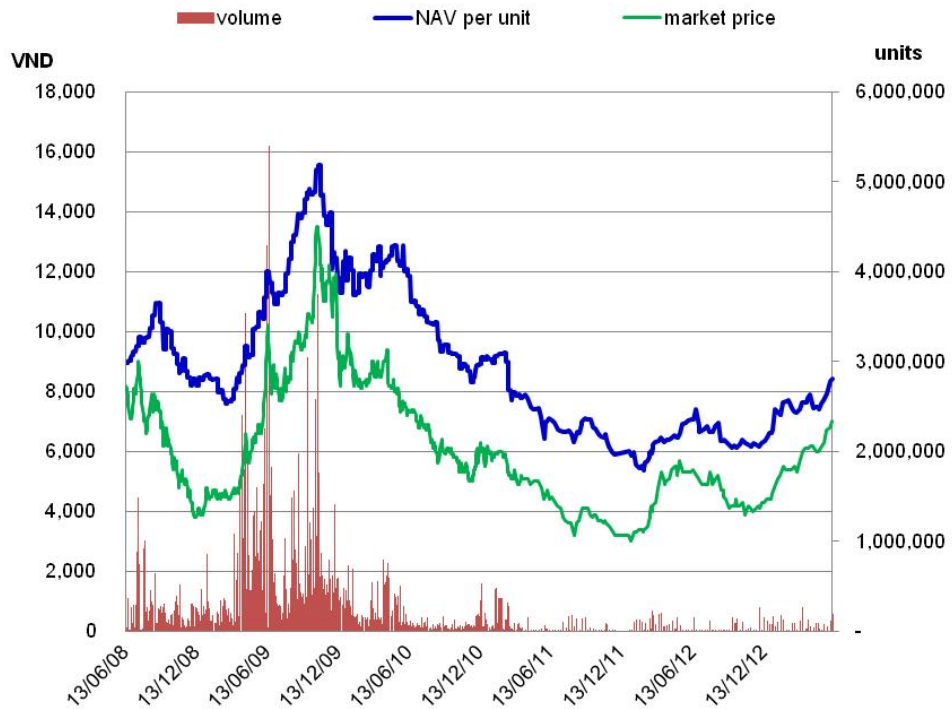
### **Article 2: VF4 conversion plan**

The General Meeting unanimously agreed VF4 conversion plan as following:

#### **CHAPTER I: REASON, OBJECTIVE, AND LEGAL DOCUMENTS SUPPORTING FOR VF4'S CONVERSION TO OPEN ENDED FUND**

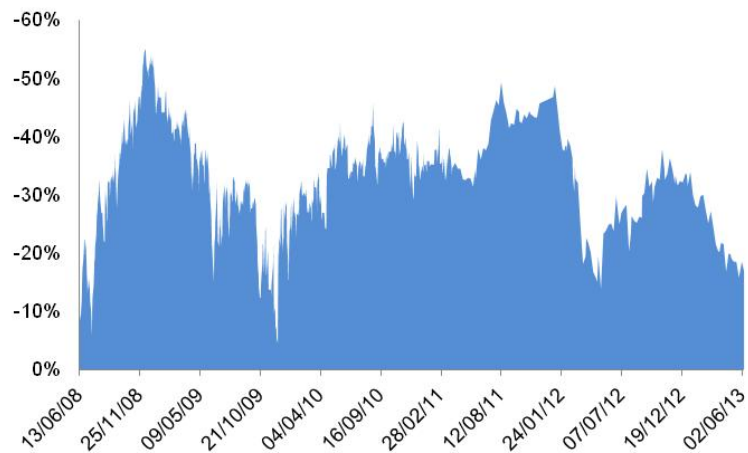
##### **1. Updating of VF4 fund units' trading activities**

##### **Movement in VFMVF4's NAV, market price, and turnover**



### Movement in VF4's discount/premium

Market price vs NAV per unit



- Within the 1<sup>st</sup> 6 months in 2013, average daily trading of VFMVF4 fund unit has been around 100,000 units per day, equivalent to only 0.1% of total outstanding fund units.
- Since the year of 2008, majority of closed-end funds operating in Vietnam were traded at deep discount, up to 50%. Also being affected by the bearish trend, the discount of VFMVF4 fund units in 2012 were ranging from 14% to 50% and with average of 30%. Upon to data on 30 June 2013, the average discount of VFMVF4 fund unit in the 1<sup>st</sup> 6 months in 2013 was at 23%.

## **2. Objectives of the conversion**

### **2.1 Improve trading liquidity of VF4's fund units**

Currently, the liquidity of VFMVF4 fund unit's is quite low compared to the total outstanding VFMVF4 fund units due mainly to the nature of close-ended fund (the Fund is not permitted to buy back fund units). The conversion from close – ended to open – ended fund would improve VFMVF4 fund unit's liquidity since investors could then redeem directly with the fund management company.

### **2.2 Eliminate discount between NAV and market price**

The close-ended funds' discount between NAV and market price are relatively high. After converting VFMVF4 into an open-ended fund, investors could subscribe and redeem directly with fund management company. The discount hence shall be eliminated and investor's benefits are improved.

### **2.3 Set up a mechanism to raise new chartered capital as needed**

According to the current regulations, close-ended funds could only raise capital once at the IPO and new fund units are not issued frequently. If investors, who would like buy close-ended fund units, could only trade on stock exchange at market price. Meanwhile, the frequent subscription and redemption between investors could enhance cash inflow and provide more liquidity to the market.

## **3. Legal basis of VF4's conversion**

The conversion of VF4 and other relevant matters are governed by the:

- Law on Securities passed by the National Assembly of the Social Republic of Vietnam, on 29 June 2006 and effective as from 01 January 2007;
- Congressional Act No. 62/2010/QH12 on amendments and supplements to a number of articles of the securities Law act on 24 November 2010 and effective as from 01 July 2011;
- Decree No. 58/2012/ND-CP of the Government: detailing and guiding a number of articles of the Law on Securities and the Law Amending and Supplement a Number of Articles of the Law on Securities and effective as from 15 September 2012;
- Decree No. 85/2010/ND-CP dated 01 August 2010 by the Government on sanctioning of administrative violations in the field of securities and securities markets;
- Circular 183/2011/TT-BTC dated December 16 2011 of the Ministry of Finance guiding the establishment and management of the open-ended Fund;
- Circular 212/2012/TT-BTC dated 05 December 5 2012 of the Ministry of Finance guiding the establishment, organization and operation of the fund management company;
- Circular 125/2011/TT-BTC of the Ministry of Finance dated 05 September 2011 on Accounting Guidelines applicable to the fund management company;
- Circular No. 198/2012/TT-BTC of the Ministry of Finance promulgating the accounting regime applicable to open ended Fund;
- Circular No. 213/2012/TT-BTC dated 06 December 2012 guiding the activities of foreign investors on the stock market;
- Decision No. 15/2008/QD-BTC of the Ministry of Finance dated 27 March 2008 issuing Regulations on Securities practise;
- Circular No. 147/2012/TT-BTC of Ministry of Finance dated 10 September 2012 to amend and supplement a number of articles of "Securities Regulation practise" is

attached under Decision No. 15/2008/QĐ-BTC 27 March 2008 of the Ministry of Finance;

- Circular No: 52/2012/TT-BTC dated 05 April 2012 on Guidelines for disclosure of information on the stock market;
- Other relevant legal documents.

## **CHAPTER II: CHANGES ARISING FROM THE CONVERSION**

### **4. Investment strategy and asset allocation of the open-ended fund**

The investment objective of VF4 in open-ended form is to invest in the Top-ranking Enterprises operating in the essential sectors of Vietnam economy. The target investments shall be the blue-chip stocks listed or will be listed on Vietnam stock markets. The investment portfolios are made for the purpose of utilizing the profits and minimizing the risk for the Fund's capital.

VF4's investment strategy is actively invest into equities of top-ranking enterprises operating in the essential sectors of Vietnam economy, including but not limited to sectors of Food & Beverages, Consumer goods, Retailing, Materials & Resources, Diversified Financials, Banking, Telecommunication and Real estate... The target enterprises shall be included in the top 20 companies of their industry and be either currently or expectingly listed on Vietnam stock markets. VF4 could at anytime invest up to 100% of total fund assets in equity.

In addition, for the purpose of achieving profit maximizing returns with an optimal risk level, VF4 could invest into fixed income securities (including but not limited to Vietnamese Government bonds, government guaranteed bonds, municipal bonds, corporate bonds in accordance with Vietnamese law...), commercial notes and money market instruments. In the normal market condition, proportion of assets other than equity such as cash, cash equivalents, and fixed income shall not exceed 20% of total fund assets.

#### *1. Investment Structure*

VFMVF4 Fund shall be allowed to invest in the following assets:

- a) Deposits at commercial bank as stipulated by banking laws;
- b) Money market instruments, foreign currencies, valuable papers, transferable instruments in accordance with banking laws;
- c) Government bonds, bonds underwritten by the Government and municipal bonds, including Government bond repo contracts in accordance with the Ministry of Finance's regulation;
- d) Listed shares, registered shares, and listed bonds of issuers that operate within Vietnam's law.
- e) Stocks or bonds, being listed within 12 months and registered by entities operating in accordance with Vietnam laws
- f) Listed and registered derivatives at Stock Exchanges, and solely used for hedging purpose;
- g) Others such as rights and options being entitled with holding of stocks;
- h) Other assets as stipulated with the Vietnam law and approved in writing by the General Investors' Meeting.

#### *2. Investment area*

With the above mentioned investment strategies, the Fund's asset allocation, from time to time, would change in accordance to stocks' growth potential and market liquidity.

The following sectors are VFMVF4's investable sectors. Changes in asset allocation by sectors will base on market liquidity and comply with investment' constraints detailing in the investment's constraints. The investable sectors include:

- Food & Beverages
- Consumer goods
- Retailing
- Materials & Resources

- Energy
- Banking - Diversified Financials
- Real estate
- Capital goods
- Utilities
- Insurances
- Consumers & durable goods
- Transportation

**Investment restrictions**

1. VFMVF4's portfolio shall be in accordance to the investment objectives and structures as stated in Article 10 of Fund Charter and Prospectus (as stipulated in clause 1 and 2 of this article above).
2. VFMVF4's portfolio shall include securities of at least 6 issuers and follow the following conditions:
  - a) Do not invest more than forty nine percent (49%) of the fund's total asset value in assets as stipulated in points a, b Clause 1 Article 10 of Fund Charter;
  - b) Do not invest more than thirty percent (30%) of the fund's total asset value in assets set out in points a, b, d, e, f Clause 1 Article 10 of Fund Charter, these assets are issued by the same company or by a group of companies that have crossing ownership relations, in which the investment in derivatives securities equals the committed value of the contract as stipulated in Clause 3 Article 56 of Fund Charter;
  - c) Do not invest more than 20% of total asset value of the fund in circulating securities of an issuer, including valuable papers, transferring instruments, bonds, voting shares, non-voting preferable shares, and convertible bonds (except Government bonds);
  - d) Do not invest in securities of an issuer more than 10% of the total value of circulating securities of that issuer.
  - e) Do not invest more than 10% of the fund's total asset value in the assets set out in points e Clause 1 Article 10 of Fund Charter;
  - f) The total value of big investment items in the fund's investment portfolio shall not exceed forty percent (40%) of the fund's total asset value;
  - g) At any time, the total value in committed the transactions of derivative securities, outstanding loans and other payables of the fund must not exceed the net asset value of the fund;
  - h) Do not invest in securities investment funds, shares of securities investment companies that are established and operated in Vietnam;
  - i) Do not directly invest in real estates, precious stones and metals.
3. Except for the cases stated in points g, h, i Clause 2 of this Article, VFMVF4's investment structure may vary with 15% compared to the limits prescribed in Clause 2 hereof, and only due to the following reasons:
  - a) The fluctuation of the market prices of assets in the fund's investment portfolio;
  - b) Execution of eligible payments of the fund;
  - c) Implementation of transaction orders of investors ;
  - d) Merge, consolidation and acquisition activities of issuers;
  - e) The new fund has just been licensed for establishment due to the splitting, merge, consolidation of the fund is executed, and the operation time has not exceeded six (06) months from the date of issuance of certificate of fund registration.

- f) The fund is under dissolution process.
4. Fund management company must adjust the investment portfolio to meet the investment limits prescribed in clause 2 this article within 03 months, from the date on which the variation occurs
5. In case variation is caused by the inconformity with the investment limits prescribed by law of the fund's charter, the fund management company is be responsible for adjusting the portfolio within 15 days from the date on which the variation occurs and shall incur the costs of these transactions and losses (if any). The profit (if any) must be immediately recorded.
6. Fund management company may only invests in deposit and monetary instruments stated in points a, b Clause 1 Article 10 of Fund Charter, issued at banks approved in writing by the board of representatives of the fund.

## **5. Change of Custodian and Supervisory bank after VF4 becomes OEF**

### **5.1 The current Custodian and Supervisory bank**

The current Custodian and supervisory bank of VF4 is HSBC Bank (Vietnam) Ltd . HSBC Bank (Vietnam) Ltd being established under the license No. 235/GP-NHNN dated 08 Sep 2008 issued by the State Bank of Vietnam.

The head office of Custodian bank is located at:  
6th Floor, Metropolitan, 235 Dong Khoi Street, District 1, Ho Chi Minh city, Vietnam.  
Tel: (84-8) 3829 2288 Fax: (84-8) 3823 0530

### **5.2 Limitation of offering services for open-ended VF4**

According to current policies of HSBC, HSBC (Vietnam) only permitted to provide the full service package which are supervising, custody, fund administration and transfer agency for open-ended VF4. Package of only three services of supervising, custody and fund administration for open-ended funds in Vietnam is in process of consideration and approving by HSBC Group.

### **5.3 Reason of selecting Vietnam Securities Sepository (VSD) to provide transfer agency service for open-ended VF4**

Transfer agency service provided by VSD will create favorable conditions for investors when transacting VF4 fund certificates.

### **5.4 Proposed Supervising & custodian bank**

Because of above issues, VFM propose to select Deutsche Bank AG – HCMC Branch to be supervising and custodian bank for open-ended VF4.

## **6. Service providers**

### **6.1 Services providing for the Fund**

Fund management company shall authorize a service provider to undertake the following services:

- 6.1.1** Custody service: make and maintain custody and cash account, securities documents and secure the Fund's asset.
- 6.1.2** Supervising service: confirm the Fund's net asset value and other reports regarding to the Fund' assets and supervising the Fund's operation compliance according to the Fund's documents.
- 6.1.3** Fund administration service (FA) make accounting records of transactions of a Fund: record the changes of cash inflows and outflows of the Fund; preparing the Fund's financial statements; coordinating with and assisting Fund's auditing organizations in performing audits for the Fund; determining the Fund's net asset value, the net asset value per fund certificate unit in accordance with legal regulations and the Fund's Charter; carrying out other activities in accordance with legal regulations and the Fund's Charter.
- 6.1.4** Transfer agency service (TA): preparing and managing the Main Register of investors; opening, tracking and managing the system of investors' trading accounts, omnibus

accounts; confirming the ownership of open-ended fund certificates; making records of subscription orders, redemption orders, switching orders of investors; carry out the ownership transfer of fund certificates; updating Main Registers; supporting investors in implementation of rights related to the ownership of fund certificates of investors; maintaining the communication channel with investors, distribution agents, state competent authorities and other competent organizations; distributing to investors financial statements, fund operations reports, prospectus, simplified prospectus, trading account statements, transaction confirmations and other documents required to be provided for investors;

## **6.2 The differences between services providing for open-ended fund vs closed-ended fund.**

Both open-ended and closed-ended fund use similar services including custody, supervising and fund administration.

The most basic difference in using services for open-ended and closed-ended fund is the use of Transfer Agency Service (TA), while closed-ended fund does not require such a service. TA shall prepare and manage the Main Register of investors; open, track and manage the system of investors' trading accounts as well as confirm investors' trading as the role of the Depository Center (VSD).

As closed-ended fund, fund certificate is considered as a listed security; hence, investor does not need to open a new account just for fund certificate trading. Trading of closed-ended fund shall be executed in trading floor and confirmed by the VSD.

## **6.3 Proposed Service Providers**

**6.3.1** Custodian and supervisory service: is provided by *Deutsche Bank AG – HCMC branch*.

**6.3.2** FA service: is provided by *Deutsche Bank AG – HCMC branch*

**6.3.3** TA service: is provided by VSD

## **7. Amendment, supplement of the Converted Fund's Charter vs the close-ended fund's Charter**

### **7.1 The major amendments**

**7.1.1** Name of the fund: change the Abbreviation of the fund for the consistency of a type of product of VFM - open-ended funds. Name of the converted fund is "Vietnam Blue-chips Fund (VFMVF4)".

**7.1.2** Investment Objectives: will be changed accordingly to the investment strategy of converted fund if necessary.

**7.1.3** Term of operation: according to regulations of open-ended fund, term of operation of converted fund is not limited and subject to its operational objectives.

**7.1.4** Organization principles: base on the characteristic of open-ended fund, the principle of "During the Term, VFMVF4 has obligation to redeem the fund certificates which have been issued to the Investors in accordance with legal regulations" will be added into Fund Charter.

**7.1.5** Total capital to be mobilized and number of fund certificates to be offered: is a compulsory article of an open-ended Fund Charter.

**7.1.6** Investment Strategy, investment restriction, total value of short-term loans: will be changed accordingly to operation nature of open-ended fund and regulations on Portfolio/ operation of open-ended fund.

**7.1.7** Rights and responsibilities of investors: will be changed accordingly to the nature of open-ended fund, specially the term "Request the fund management company to redeem fund certificates or convert fund certificates on behalf of the fund".

- 7.1.8** Fund certificate transactions, Partial redemption, suspension of trading of open-ended fund transactions, Selling price and redemption price of open-ended fund units are new terms will be added to converted fund's Charter.
- 7.1.9** Objection to decisions of Investors' General Meetings: according to regulations of open-ended fund, Investors holding open-ended fund certificates who object to decisions passed by the Investors' General Meeting on significant changes to the Fund's investment policies and objectives, and profit distribution policies; to increase fees paid to fund management company, supervisory bank; to change fund management company, supervisory bank; to consolidate, merge fund; shall have the right to require the fund management company to redeem their fund certificates or convert their fund certificates to certificates of another open-ended fund which have the same investment policies that is under management of the fund management company.
- 7.1.10** Rights and responsibilities of FMC: according to regulations of open-ended fund, this term is more details compared with close-ended fund's Charter.
- 7.1.11** Related service providers, distribution agents: according to regulations of open-ended fund, this is a new term need to be added into converted Fund.
- 7.1.12** Principles of Valuation Method of the Net Asset Value: according to regulations of open-ended fund, this term is more details compared with close-ended fund's Charter.
- 7.1.13** Procedures of valuating the fund's assets: according to regulations of open-ended fund, this is a new term need to be added into converted Fund to stipulate the coordination of Custodian bank – Fund – Distribution agents – Investors.
- 7.1.14** Compensation of damages to investors, the fund: according to regulations of open-ended fund, this term will stipulate the cases in which the compensation amount will be charged to the fund or to FMC.
- 7.1.15** Fees (Subscription fees at the trading cycles after conversion, redemption fee, switching fee, Depository and supervision fee, TA fee, FA fee): according to regulations of open-ended fund, this term is more details compared with close-ended fund's Charter.

With all changes stated above, FMC will propose a new Charter of converted fund for the approval of Investors' General Meeting based on a new structure of the form of open-ended fund's Charter regulated by law.

## **7.2 Details of Fund Charter**

Details of Fund Charter will be preferred to VFMVF4 Fund Charter (converted fund).

## **8. Conversion expenses**

Estimated expenses relating to the conversion of VFMVF4 to open ended fund include:

<b>Investor Meeting expenses</b>	<b>Quantity</b>	<b>Price per unit (VND)</b>	<b>Total (VND)</b>
<b>Auditing</b>	1	155.595.000	155.595.000
<b>Total (1)</b>			<b>155.595.000</b>
<b>I. Ballroom rental and organization expense</b>			
Ballroom rental	1	25.641.000	25.641.000



Tea break	180	150.150	27.027.000
<b>Organization expense</b>	1	109.000.000	109.000.000
<b>Total (2)</b>			<b>161.668.000</b>
<b>II. Public announcement</b>			
EGM public announcement (in Investment Review Newspaper)	1	5.500.000	5.500.000
Investor Main Register for AGM (payable to VSD)	1	16.500.000	16.500.000
EGM invitation mailing (CPN)	50	16.370	818.500
EGM invitation mailing regular post)	3.000	3.300	9.900.000
<b>Total (3)</b>			<b>32.718.500</b>
<b>III. Document expenses</b>			
Documents at the EGM	180	40.480	7.286.400
Auditing reports (40 pages)	3.000	9.020	27.060.000
Conversion plan	3.000	6.800	20.400.000
<b>Total (4)</b>			<b>54.746.400</b>
<b>IV. Other expenses</b>			
Web banner (if applicable)	1	5.500.000	5.500.000
Mail packaging	3.000	1.100	3.300.000
Big envelop	3.000	1.944	5.832.000
Label	5	467.500	2.337.500
Backup (5%) for expenses II. and III.			5.000.000
<b>Total (5)</b>			<b>21.969.500</b>
<b>Total (1) + (2) + (3) + (4) + (5)</b>			<b>426.697.400</b>

\* Note: these expenses are included VAT.

## 9. Inheritance of rights and responsibilities of current fund

### 9.1 Rights and responsibilities of converted fund:

Converted fund shall inherit all rights, responsibilities and lawful interests of the close-ended fund before making the conversion, including but not limited to: ownership of the bonds or share, dividends, rights arising from shares and bonds owned by the VF4 and the obligation to pay the due debts of VF4.

### 9.2 Rights and responsibilities of investors after conversion:

#### 9.2.1 Investors have rights as following:

- To be distributed fund dividends from investment activities of the Fund under decision of the Investors' General Meeting in commensurate to number of fund certificates owned by that Investor;
- Upon liquidation of Fund, to receive a part of remaining Fund in proportion to numbers of fund certificates owned by that investor (if any);
- Emplement rights through Investors' General Meeting;
- Request the fund management company to redeem fund certificates or convert fund certificates on behalf of the fund (if any);

- Other rights stipulated in Fund Charter.

### **9.2.2 Investors have responsibilities as following:**

- To comply with decisions of the Investors' General Meeting;
- To implement full payment to buy fund certificates in a period time specified in the Fund Charter, Prospectus and are only responsible for the debts and other property obligations of the fund in proportion to numbers of fund certificates owned by that investor (if any);
- Other responsibilities stipulated in Fund Charter.

## **10. Difference in fees before and after the conversion**

### **10.1 Fees after the conversion**

After the conversion, the converted fund will have the following fees:

#### **10.1.1 Fees paid by investors**

##### *10.1.1.1 Subscription fee at the next subsequent trading cycles*

- Subscription fee is the fee that investors pay when buying a fund unit at trading cycles. Such fee is counted as a percentage of the subscription amount of a fund unit and payable upon the issuance.
- Subscription fee at trading cycles shall be 1% of the subscription amount.

In case the fund management company has promotions causing the change in the subscription fee during a fixed period of time, the company shall announce on website of VFM and distribution agencies.

##### *10.1.1.2 Redemption fee*

- Redemption fee is the fee that investors pay when selling a fund unit at trading cycles. This fee is subtracted from the trading price of a fund unit and payable as the fund pays to investors and counted as a percentage of the redeemed amount.
- Redemption price at trading cycles shall be applied as the following:
  - Redemption fee shall be 2% of the redeemed amount, if the holding period is within 12 months (365 days) since the subscription date.
  - Redemption fee shall be 1% of the redeemed amount, if the holding period is from 12 months (365 days) to 24 months (730 days) since the subscription date.
  - Redemption fee shall be 0.5% of the redeemed amount, if the holding period is more than 24 months (730 days) since the subscription date.
  - For fund certificates holding by investors at recording date for delisting close-ended fund certificates to convert to open-ended fund: redemption fee is 0.5% of the redeemed amount.
- The holding period is determined by "first in, first out" principle (FIFO)

##### *10.1.1.3 Switching fee*

- Investors shall pay switching fee when placing switching order at trading cycles.
- Investors shall not pay any subscription or redemption fee for the switching units.
- Switching fee shall be 0.3% of the trading amount of the switched fund.

#### **10.1.2 Fees paid by the fund**

##### *10.1.2.1 Management fee*

- The maximum Management fee is 2% of VFMVF4's NAV per fiscal year. This fee is paid to VFM for carrying out fund management services for VFMVF4. Specific fee rates will be defined in specific periods but the total fee paid to FMC must comply with related regulations. When there is a change in management fee rate applied, FMC will inform to BOR and Supervisory bank and concurrently update this change in the nearest updated prospectus. FMC will inform the fee rate applied after the Fund receiving the Conversion license to BOR and Supervisory bank, and update on VFM's website no later than the 1st valuation cycle after the conversion.
- The monthly fee is the total fee calculated (accrued) at valuation cycles in a month.

#### 10.1.2.2 *Custodian and Supervising Bank fee*

- Custodian and Supervision fee shall be paid to the Custodian and Supervising Bank for providing the Custodian and Supervising Bank services.
- The maximum supervisory fee is 0.04% of NAV per year.
- The maximum custodian fee is 0.03% of NAV per year.
- The above fee is excluding other fees such as fee payable to Depository center, legal fee, mailing fee, fee for changing or canceling any trade, fee for registering nonlisted stock to listed stock or convertible bond to stock etc.
- The monthly payable fee is the total fee calculated (accrued) at valuation cycles in a month.

#### 10.1.2.3 *Fees related to transaction of fund assets*

- Transaction fee
  - The maximum of transaction fee is VND160,000 per trade and maximum fee is 0.06% of NAV per year.
  - The Registered fee :
    - From unlisted to listed share : VND 3,150,000 per trade
    - From convertible bond to share : VND 6,300,000 per trade
  - The monthly payable fee is the total fee calculated (accrued) for trades done in the month.
- Other transaction fees

Including fees paid to security companies, law firm, quotation firm and other service company that is related to investment of the fund.

#### 10.1.2.4 *FA fee*

- FA fee is the fee paid to FA provider for providing FA service.
- The maximum of FA fee is 0.04% of NAV per year and paid every month.
- The monthly payable fee is the total fee calculated (accrued) at valuation cycles in a month.

#### 10.1.2.5 *TA fee*

- TA fee is the fee paid to TA provider for providing TA service. TA fee paid for services listed at item 6.1.4 of this document.
  - Maintenance fee is 10 million per month calculated (accrued) at valuation cycles in a month and paid every month.

- Subscription, Redemption and Switching fee is 0,01% of value of Subscription, Redemption and Switching and this fee will be paid every month.
- The maximum of total TA fee is 0.03% of NAV per year.
- ❖ Fee rates and payment terms will be defined in related agreements between FMC and TA service provider.
- ❖ Minimum fees:
  - Custodian fee is 10.5 million per month
  - FA fee is 10.5 million per month
  - Supervising fee is 16.8 million per month

#### 10.1.2.6 Other fees and expenses

Other expenses of the fund include:

1. Expenses and fees relating to auditing services for the Fund;
2. Legal advisory fee, quotation fee and other reasonable fees for the Fund;
3. Expenses relating to printing, publication, and information of the Fund's activities, issuance of prospectus, simplified prospectus, financial reports, annual reports, trading confirmation statements, account statements, and other documents for investors, expenses for fund public announcement; expenses for organizing and convening of General Meeting of Investors and Board of Representatives;
4. Reasonable fee relating to the transactions of the Fund's assets;
5. Expenses for engaging independent organizations to provide valuation, asset valuation services for the Fund;
6. Expenses for amending the Charter for the benefit of Investors;
7. Remuneration for the Board of Representatives;
8. Other reasonable, valid fees and expenses as decided by the Board of Representatives;
9. Insurance expenses (if applicable)
10. Administration fee (fee for issuance certificate);
11. Tax, cost, and fee payable in accordance with the laws;
12. Interest payable from loans incurred by the Fund in accordance with the laws and the Charter;
13. Other reasonable, valid fees and expenses in accordance with the laws

## 10.2 Compare expenses of OEF and CEF

Below is the fee comparing table of Fund before and after being transferred (Fee after being transferred will be calculated based on Audited Financial Reports in 2012 and the quotation of Service providers, NAV at as 31 Dec, 2012 is 534 billions.)

No.	Item	Before	After
		(Audited Financed Reports)	(Deutsche Bank 's quotation)
<b>I</b>	<b>The basic fee for two fund form</b>	<b>12.969.130.712</b>	<b>13.089.711.367</b>
1	Management fee paid to FMC	10.409.349.877	10.332.900.000
2	Custodian fee	430.198.396	278.117.899
3	Supervisory fee	114.502.849	205.590.000
4	Meeting expense	288.062.934	330.747.379
5	Audit fee	312.512.473	259.325.000
5	Other fees and expenses	1.414.504.183	1.683.031.089
<b>II</b>	<b>Fee for OEF only</b>		<b>422.730.000</b>

6	Trade fee	Free of charge	40.920.000
7	FA fee	N/A	205.590.000
8	TA fee	N/A	176.220.000
	<b>Total (I+II)</b>	<b>12.969.130.712</b>	<b>13.512.441.367</b>
	% NAV	2,43%	2,53%
	Fee per unit	160,82	167.55

Note:

- Fee calculated based on NAV are management fee, custody fee, supervisory fee, FA
- The fixed expenses meeting expense, audit fee, other fees will be calculated based on the audited financial reports in 2012
- The quotation of Deutsche Bank is used to calculate related fees.

### CHAPTER III: PROCEDURE AND DURATION OF CONVERSION PROCESS

#### 11. Expected duration of conversion process and the 1<sup>st</sup> trading day of open-ended fund

List of activities and expected duration of conversion are as following:

##### **Step 1. Preparing the conversion plan and other related activities before the extraordinary Investors' General Meeting**

From 20/5/2013 to 11/8/2013, including these major contents:

1. Investment strategy, investment structure of converted fund;
2. Audited financial statement of the 1<sup>st</sup> 6 months of 2013;
3. Changing of Custodian bank;
4. Selection of TA, FA service providers, Distribution agents and finalizing of workflows and fees with related service providers;
5. Delisting/ cancellation of depository of fund certificates to implement the conversion;
6. Charter of converted fund.

##### **Step 2. Provide documents of extraordinary Investors' General Meeting to investors**

Finish not later than 16/8/2013 (according to regulations, documents of General Meeting need to be provided to investors at least 15 days prior the General Meeting).

##### **Step 3. FMC disclosure the time, agenda and expected contents of Investors' General Meeting on website and report to SSC, HOSE**

Finish not later than 30/8/2013 (according to regulations, the information of extraordinary General Meeting must be disclosed minimum 5 days prior the General Meeting).

##### **Step 4. Extraordinary General Meeting – date 6/9/2013**

Extraordinary General Meeting will be hold to approve following issues:

- Approve Conversion plan;
- Approve delisting of VFMVF4;
- Approve cancellation of depository of fund certificates;
- Approve to change Custodian bank of the fund.

##### **Step 5. Information disclosure on FMC's website, report to SSC and HOSE**

Finish not later than 7/9/2013 (according to regulations, the resolution of extraordinary General Meeting must be disclosed within 24 hours after issuing).

##### **Step 6. Submit delisting application/cancellation of depository of fund certificates**

Finish not later than 21/9/2013 (according to regulations, FMC have to submit delisting application within 15 days after General Meeting approved the conversion plan).

##### **Step 7. HOSE review the application and approve for VFMVF4's delisting/cancellation of depository of fund certificates**

Approval for VFMVF4 fund certificates' delisting proposed to be issued on 1/11/2013 (according to regulations, HOSE will approve within a maximum of 30 days from the date of receiving valid application).

According to guidance of HOSE on delisting application, the approval is expected to take effect after about 30 days from the date of signing, means the last trading day of investors is 26/11/2013, and the delisting day is 27/11/2013.

**Step 8. Submit application on cancellation of depository of fund certificates**

Finish within 3 working days from the date receiving Approval for VFMVF4 fund certificates' delisting from HOSE, not later than 6/11/2013.

**Step 9. VSD review the application and approve for VFMVF4 fund certificates' depository cancellation**

According to regulations, VSD will issue a Notification approval for VFMVF4 fund certificates' depository cancellation within a maximum of 7 days from the date of receiving valid application.

**Step 10. Fill an application with SSC to revise Fund Establishing Certificate of the fund**

Finish not later than 10/11/2013 (According to regulations, FMC have to fill the application with SSC within a maximum of 7 days from the date of delisting).

According to guidance of SSC on conversion, the fund will conduct audits of the portfolio, the net asset value of the fund at the date of the last transaction of the fund as at the last day that the funds to purchase / sell the portfolio of the Fund before the conversion. The last transaction of the fund is expected on 17/10/2013.

**Step 11. SSC issue the revised VFMVF4 Fund Establishing Certificate**

The revised Fund Establishing Certificate is expected to be issued on 10/12/2013 (according to regulations, SSC will issue the revised Fund Establishing certificate within 15 days from the date of receiving valid application)

**Step 12. FMC or authorized organizations provide information on trading day, NAV, list of distribution agents, time to conduct open-ended fund certificates' trading... to investors**

Finish not later than 13/12/2013 (according to regulations, FMC have to inform to investors within 3 days from the conversion day)

**Step 13. Transfer Register of investors, complete adjustment procedures to register property information of the Fund's assets**

Finish not later than 25/12/2013 (according to regulations, FMC have to finish within 15 days from the conversion day)

**Step 14. FMC holds open-ended fund certificates' trading day**

Not later than **22/1/2014** (according to regulations, FMC have to hold the 1<sup>st</sup> trading day within 10 days from the conversion day)

*"Day" mentioned in this document are "working days" in accordance with relevant regulations. The projected timeline is based on the legal provisions involved, the guidance of authorities and assumption of FMC that all application on delisting, fund certificates' depository cancellation, conversion...are completed and valid from the 1<sup>st</sup> submit. The timeline in fact can be varied depending on the legal events arising, or additional request on documentation of authorized bodies.*

**Summary of duration of conversion**

No.	Contents	Expected timeline
1	Preparing the conversion plan	11/08/2013
2	<b>Extraordinary General Meeting</b>	<b>06/09/2013</b>
3	Information disclosure on General Meeting's Resolution	07/09/2013
4	Application on delisting	21/09/2013
5	HOSE review and approve the application	01/11/2013
6	Application of depository cancellation	06/11/2013
7	Application to revised the Fund Establishing Certificate	10/11/2013
8	<b>Last trading day of VFMVF4 close-ended fund certificates</b>	<b>26/11/2013</b>
9	SSC revise the Fund Establishing Certificate	10/12/2013
10	Inform investors on trading day, NAV, list of distribution agents, time of 1 <sup>st</sup> trading day...	13/12/2013
11	Transfer Register of investors, complete adjustment procedures to register property information of the Fund's assets	25/12/2013

No.	Contents	Expected timeline
12	1 <sup>st</sup> trading day of VFMVF4 open-ended fund certificates	22/01/2014

## 12. Conversion procedures to current investors

### 12.1 Proposals on fund operations during the conversion process

VFMVF4 will impose an investment halt during the conversion to have its assets audited and to submit the legal documents to the authorities in accordance with regulations. In order to limit market risks and optimize its net asset value, in consideration of investors who either hold up or withdraw money, the Fund will hold approximately 85-90% NAV in stocks and 10-15% NAV in cash, from the beginning of investment halt to the re-enacting of fund operating. Cash of VF4 during the frozen period will be kept as short-term deposits or demand deposits at banks in the list of banks approved by the Board of Presentatives of close-ended-fund VF4.

Unless SSC reject this action, during the frozen period, if there is occurrence of Right to Buy derived from stocks holding by VF4, and if the right is in the money at this time, VFM will have a permission to exercise the right for benefit of investors.

### 12.2 Conversion ratio

- One for one (1 for 1), or one close-ended fund unit to be exchanged for one open-ended fund unit.

### 12.3 Investor's asset value after conversion

Total investors' asset value, after conversion, will be equal to total outstanding open-ended fund units multiplied by NAV per unit at the most recent day of post-conversion time.

## 13. The responsibility of FMC to NAV of the portfolio in the conversion process

The FMC is exempted from any responsibility relating to the change of NAV of VF4 due to market movement during the period from the starting date of the suspension of the Fund's investment activities to the date the Fund is allowed to perform investing activities after the Fund is converted to open-ended fund.

## 14. Settlement for investor's rights

In fact, to achieve the approval of General Meeting for delisting a security deposited at VSD, a company has to submit a reasonable plan of settlement for investors' rights. Under the provisions of the Enterprise Law, for a joint-stock company, shareholders voting against the decision of the company to reorganize or change the rights and obligations of shareholders stipulated in the charter of the company may require the company to redeem their shares. However, according to Article 6 Clause 31 of the Securities Law no. 70/2006, "Close-ended fund is a public fund that the fund certificates were offered to the public shall not be redeemed at the request of investors". Therefore, the settlement for investors' rights protested the General Meeting's decision on conversion plan will be implemented after the conversion is completed, namely:

*"VF4 fund certificate's holders will convert all close-ended fund certificates which he owns to open-ended fund certificates in accordance with the Fund's conversion rate and time as specified in the conversion plan approved by Investors' General Meeting. For investors who protest conversion policy or conversion plan approved by General Meeting shall have the right to require the fund management company to redeem their fund certificates after receiving approval from SSC for the conversion from closed-end fund to open-end funds. The method of redemption, valuation mechanism, purchasing volume determined under the provisions of Circular No. 183/2011/TT-BTC issued by the Ministry of Finance dated 16 Dec, 2011".*

## CHAPTER IV: RISKS ASSOCIATING WITH CONVERSION PROCESS

### 15. Risks associating with conversion process investors need to know

#### 15.1 Timeline risk

Circular 183/2011/TT-BTC is the main guidance on the conversion process from closed - end fund to open-ended fund. However, there may be unprecedented events beyond VFM's expectation and conversion process, as a result, may lengthen.

## **15.2 Risk of market value volatility during the trading halt in the conversion process**

During conversion process, investors could not trade fund units from the time that close-ended fund delisted to the open-ended fund's first trading day. The equity portfolio accounting for 85-90% of the Fund's NAV may expose to market risk and hence affect to investor's assets during the investment and trading halt.

## **CHAPTER V: TRADING FUND CERTIFICATES AT THE NEXT SUBSEQUENT TRADING CYCLES**

### **16. Trading fund certificates in open-ended fund model**

#### **16.1 Transferring VF4 investor account management after the conversion**

After VF4 is officially canceled the listing and depository at Ho Chi Minh Depository Center, VF4 shall be delisted in the investor's trading account at securities company. Investors shall open the VF4 trading account for open-ended fund according to VFM announcement as VFMVF4 is officially converted to open-ended fund. The number of VF4 certificates owned by the investors shall be recorded in the new trading account for open-ended fund.

#### **16.2 General principles for trading orders at the trading cycles**

##### **16.2.1 Trading time for the trading cycles after the conversion**

The first trading day shall be organized within 30 (thirty) days from the effective date of certificate for VFMVF4 fund conversion to open-ended fund. Trading frequency shall be arranged periodically twice a month. The 1<sup>st</sup> trading day can be changed in comparison with the periodically trading day. If the trading day falls in a holiday or to be changed in comparison with the periodically trading day, The Fund management company shall announce to investors, distribution agents and other related service providers about details of the trading schedule and the Cut-off time on our website or emails.

##### **16.2.2 Cut-off time**

Is the latest time that distribution agents receive any Subscription/Redemption/Switching orders and confirmation on the subscription money transfer to the Fund account on the trading day.

##### **16.2.3 Trading principles:**

- With the investors at first time trading, investors shall open the trading account for open-ended fund;
- Investors directly register to trade VFMVF4 fund certificates at distribution agents appointed by the Fund management;
- Trading orders must be filled fully and sent to distribution agents before the Cut-off time. The subscription order shall be sent together with the confirmation of subscription money transfer to the Fund account or the confirmation of subscription money transfer from the Custodian Bank;
- Subscription/Redemption payments shall be executed by the form of transferring from the investor's account to the Fund account and vice versa;
- The Redemption orders shall be executed as the Transfer Agent or Distribution agents confirm the available redeemed quantity from the investors;
- Investors shall have the right to switch between different funds if the Fund Management company has more than two open - ended funds;
- Number of allotted fund units can be rounded down to two decimal places;
- Investors shall comply with all the tax obligations (if any) for the redemption orders per current legal regulations.



#### 16.2.4 Cancelling orders

All investors shall have the right to cancel the trading orders (subscription, redemption, switching) before Cut - off time. If the cancellation request arrives **after the Cut - Off time**, the cancellation request is considered as an invalid order.

#### 16.3 Valuation method of the net asset value

- Trading value of VFMVF4 fund unit is the net asset value (NAV) per unit which is determined at Trading/Valuation date (T day) and announced to investors according to regulations of law.
- Trading value of a fund unit is determined as follows:
  - Subscription price at the next subsequent trading cycles: is a price that investors must pay fund management company. The subscription price shall be determined by the net asset value per a fund unit as of the fund certificate trading day plus subscription fee.
  - Redemption price: Redemption price is the price of a fund unit, that Fund Management company must pay investors, is determined by the net asset value per a fund unit as of the fund certificate Trading day minus redemption fee as the Fund Charter.
- The net asset value of the Fund shall be determined every week and announced to investors according to regulations of law.

#### 16.4 Partial redemption, suspension of trading of open-ended fund transactions

**16.4.1** The fund management company shall be allowed to satisfy part of an investor's subscription, redemption or switching orders under the following circumstances:

- The total value of redemption orders (including redemption orders for switch) **minus the total value of subscription orders (including subscription orders for switch)** on the trading day of fund certificates exceeds ten percent (10%) of the net asset value of that fund; or
- The implementation of all of the investors' redemption orders shall lead to the fact that:  
The net asset value of the fund is lower than VND fifty (50) billion.
- The selling of securities in the portfolio for cash to satisfy the redemption orders cannot be executed due to the following circumstances:
  - The lack of market liquidity which cannot satisfy the redemption orders;
  - One (or more) securities in the VFMVF4 portfolio is suspended trading due to the Decision from the Securities Exchanges.

**16.4.2** For the remaining part of redemption/switching orders that were partly executed as mentioned in Point 16.4.1 and 16.4.2 above, the fund management shall apply the pro-rata principle for fund certificates allotment.

**16.4.3** Open-ended fund certificate transactions may be suspended in where one of following events happens:

- Force majeure condition;
- It is impossible to determine the net asset value of the fund at the Trading day due to the Securities Exchange suspense securities trading in the fund's portfolio.
- Other cases as prescribed in the fund's charter or the State Securities Commission deems necessary.

Duration for suspension of fund certificate trading shall be set out in the fund's charter, but shall not exceed ninety (90) days from the last fund certificate trading day.

Within maximum period of thirty (30) days, from the end of suspension of fund certificate trading period as provided above, the Fund management company shall organize an investors' general meeting to consult investors of the dissolution, segregation of the fund or the extension of the suspension duration.

Within the time frame to convene the investors' general meeting, if the reasons for such suspension of fund certificate trading end, the fund management company may cancel the convention of the investors' general meeting.

### 16.5 Trading confirmation

Investors' trading confirmation at each trading cycle shall be announced after the trading day.

### 16.6 Distributors

VFMVF4's fund certificates shall be distributed through designated agents as listed in the new Prospectus of VFMVF4 (converted Fund).

### 16.7 Differences in trading between closed-ended vs open-ended fund

	Open-ended Fund	Closed-ended Fund
<b>Fund Trading</b>	Trading directly with the Fund management Company after issuance	Trading through the trading floor after issuance
<b>Placing order</b>	Placing trading order through appointed Distributors by the Fund Management Company	Placing trading order through securities companies that investors obtained their securities trading account
<b>Depository</b>	Depository at Transfer Agency	Depository at Vietnam securities Depository Center
<b>Subscription</b>	Daily	At fund launch
<b>Redemption</b>	Daily	At fund maturity
<b>Switches</b>	Allowed	Not allowed
<b>Subscription order</b>	Subscribe by money	Subscribe by quantity
<b>Redemption order</b>	Redeem by quantity	Redeem by quantity
<b>Trading price</b>	<ul style="list-style-type: none"> <li>o Trading at NAV</li> <li>o At the trading time, NAV shall not be announced</li> </ul>	<ul style="list-style-type: none"> <li>o Trading at market value</li> <li>o The trading price is listed in the stock exchange (real time)</li> </ul>
<b>NAV Calculation / Portfolio Valuation</b>	<ul style="list-style-type: none"> <li>o Daily for the purpose of subscriptions and redemptions</li> </ul>	<ul style="list-style-type: none"> <li>o Periodically for disclosure</li> </ul>
<b>Listing</b>	Non-listed	Listed in the stock exchange
<b>Discount from NAV</b>	No discount	May be a big discount
<b>Liquidity</b>	Trading with the fund management company at any time	Cannot trade in case the market lacks of liquidity

### 16.8 Details of the Prospectus

Other details on trading will be preferred to VFMVF4 Prospectus (converted fund).

## CHAPTER VI: CONCLUSION

With careful analysis of the market opportunity and the current capacity, the VF4's conversion is fully complied with current regulations and creates new incentives to the growth of the fund, continues to have new contributions to the development of Vietnam stock market.

**Article 3: VFMVF4 fund certificates' delisting and the settlement for investors' rights**

The General Meeting unanimously agreed VFMVF4 fund certificates' delisting and the settlement for investors' rights stated in Article 14 of Conversion plan and appoint VFM to implement the application with authorities.

**Article 4: Cancellation of depository of VFMVF4 fund certificates**

The General Meeting unanimously agreed the cancellation of depository of VFMVF4 fund certificates.

**Article 5: Change of Custodian and supervisory bank and Custodian, supervisory contract**

The General Meeting unanimously agreed the changes of Custodian and supervisory bank and Custodian, supervisory contract.

**Article 6: Charter of Converted fund**

The General Meeting unanimously agreed the Fund Charter of converted fund includes 16 chapters, 72 articles and 3 appendixes, and takes effect as the date when SSC revised the VFMVF4 Fund Establishing Certificate.

**Article 7: Amendment and supplement of Fund Charter during the process of reviewing conversion application of the Fund of SSC**

During the process of reviewing conversion application of the Fund of SSC, the General Meeting unanimously agreed trusted the BOR approve the amendment and supplements of Fund charter arising (if any) in line with regulations of law as requested by SSC to finalize the application on fund conversion. The General Meeting agreed to appoint VFM to implement the amendment and supplements approved by BOR for the application.

VFM has to disclose the amendment and supplement of fund charter according to law and report to investor at nearest AGM. The amendment and supplement of fund charter takes effect as the date when SSC revised the VFMVF4 Fund Establishing Certificate.

**Article 8: BOR of converted fund for the term 2013 – 2016**

The General Meeting unanimously agreed to keep the current BOR for BOR term from 2013 – 2016 of VF4 open-ended fund.

List of BOR of converted fund for the term 2013 – 2016, như sau:

- |                    |                       |
|--------------------|-----------------------|
| 1. Chairman        | : Mr Đặng Thái Nguyên |
| 2. Vice Chairwoman | : Mrs Đỗ Thị Đức Minh |
| 3. Vice Chairman   | : Mr Trần Thiên Hà    |
| 4. Member          | : Mr Huỳnh Văn Thòn   |
| 5. Member          | : Mr Lê Trung Thành   |
| 6. Member          | : Mr Hoàng Kiên       |
| 7. Member          | : Mr Nguyễn Kim Long  |

BOR of the fund term 2013 – 2016 will inherit all rights and obligations from the predecessor before the conversion.

**Article 9: Effectiveness of the Resolution**

The resolution is effective from its signing date.

**On behalf of The General Meeting**

*(signed*

**DANG THAI NGUYEN**

**Chairman of the BOR**

**On behalf of Fund Management Company**

**TRẦN THANH TÂN**

**CEO**

