

THE SOCIALIST REPUBLIC OF VIETNAM

Independence – Liberty – Happiness

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Hanoi, 15<sup>th</sup> March 2018

**SUPERVISORY REPORT**  
**VIETNAM BLUE-CHIPS FUND (VFMVF4)**  
**YEAR 2017**

**To:**

- **The General Meeting of Investors of Vietnam Blue-Chips Fund**
- **The Board of Representatives**
- **Vietnam Investment Fund Management Joint Stock Company**

Standard Chartered Bank (Vietnam) Ltd would like to report to the General meeting of Investors of the Vietnam Blue-Chips Fund (“VFMVF4” or “the Fund”) in terms of our provision of custody and supervisory services to the Fund as below:

**1. General information of the Fund:**

Fund name : Vietnam Blue-Chips Fund (VFMVF4)  
 Abbreviation name : VFMVF4  
 Fund license : 06/GCN-UBCK issued by the State Securities Commission dated 16 December 2013 and the Decree No.384/QĐ-UBCK dated 27 April 2015 about the amendment of the Fund’s Registration Certificate  
 Head office : Room 1701-04, 17th Floor, Me Linh Point  
 2 Ngo Duc Ke Street, District 1  
 Ho Chi Minh City, Vietnam.

According to the audited report for the fiscal year from 01<sup>st</sup> January 2017 to 31<sup>st</sup> December 2017, the movements in the Fund’s capital equity are detailed as follows:

	Unit	As at 31/12/2016	Subscription /Redemption	As at 31/12/2017
<b>Issued capital</b>				
Number of Fund certificates (1)	CCQ	98,668,623.62	51,020,801.20	149,689,424.82
Subscribed capital at par value (2)	VND	986,686,236,200	510,208,012,000	1,496,894,248,200
Share premium of subscribed capital (3)	VND	33,399,079,440	312,858,100,175	346,257,179,615
Share premium of subscribed capital (4) = (2) + (3)	VND	1,020,085,315,640	823,066,112,175	1,843,151,427,815
<b>Redeemed capital</b>				
Number of Fund certificates (5)	CCQ	(70,799,867.42)	(38,000,389.71)	(108,800,257.13)
Redeem capital at par value (6)	VND	(707,998,674,200)	(380,003,897,100)	(1,088,002,571,300)
Share premium of redeemed capital (7)	VND	(9,927,204,892)	(210,371,541,147)	(220,298,746,039)

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	Unit	As at 31/12/2016	Subscription /Redemption	As at 31/12/2017
<b>Total redeemed capital (8) = (6) + (7)</b>	VND	(717,925,879,092)	(590,375,438,247)	(1,308,301,317,339)
<b>Number of outstanding fund certificates (9) = (1) + (5)</b>	CCQ	27,868,756.20	13,020,411.49	40,889,167.69
<b>Total contribution capital (10) = (2) + (6)</b>	VND	278,687,562,000	130,204,114,900	408,891,676,900
<b>Total share premium (11) = (3) + (7)</b>	VND	23,471,874,548	102,486,559,028	125,958,433,576
<b>Accumulated (losses)/gains (12)</b>	VND	46,920,830,743	167,009,449,879	213,930,280,622
<b>Net asset value (13) = (10) + (11) + (12)</b>	VND	349,080,267,291	399,700,123,807	748,780,391,098
<b>NAV per Fund unit (14) = (13)/(9)</b>	VND	12,525.86		18,312.43

For detailed information, please refer to the 2017 audited financial statement of the Fund.

## 2. Report on the management of the Vietnam Investment Fund Management Joint Stock Company (“VFM”) for the Vietnam Blue-Chips Fund (“VFMVF4”):

From 01<sup>st</sup> January 2017 to 31<sup>th</sup> December 2017, VFM had fulfilled all responsibilities in preparation of reports as required by State Securities Commission, as well as provided all supporting documents relating to the Fund’s transactions during the period to the Supervisory Bank.

As the Supervisory Bank of VFMVF4, we recognized the following matters:

- On 05<sup>th</sup> May 2017, VFM held Board of Representative (“BOR”) meeting for Quarter I 2017. In this meeting, the Fund’s BOR approved the following items:
  - Operation report of the Fund in Quarter I 2017;
  - Operation plan report of the Fund in Quarter II 2017;
  - Risk management operation report in Quarter I 2017;
  - The Fund’s valuation manual amendment.
- On 23<sup>rd</sup> June 2017, VFM held BOR meeting for Quarter II 2017. In this meeting, the Fund’s BOR approved the following items:
  - Operation report of the Fund in Quarter II 2017;
  - Operation plan of the Fund in Quarter III 2017;
  - Risk management operation report in Quarter II 2017;
  - The put-through mechanism of securities (bonds and equities) transactions until the end of July 2018;
  - The appointment of KPMG as auditor.
- On 19<sup>th</sup> October 2017, VFM held BOR meeting for Quarter III 2017. In this meeting, the Fund’s BOR approved the following items:
  - Operation report of the Fund in Quarter III 2017;
  - Operation plan of the Fund in Quarter IV 2017;
  - Risk management operation report in Quarter III 2017;

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- The budget expense for VFMVF4's Annual General Meeting and annual reports in 2017.
  - On 05<sup>th</sup> February 2018, VFM held BOR meeting for Quarter IV 2017. In this meeting, the Fund's BOR approved the following items:
    - Operation report of the Fund in Quarter IV 2017 and for the whole year 2017;
    - Operation plan of the fund in 2018;
    - Risk management operation report in quarter IV;
    - Reports of the Fund's BOR's expenses in 2017 and BOR's budget for 2018;
- Update the budget and report on the implementation of the Annual report and organize the Annual General Meeting for investors and approve AGM voting in written form.

## 2.2. Investment activities of the Fund

(i) According to Article 1, Circular 15/2016/TT-BTC ("Circular 15") amending and supplementing several articles in Circular 183/2011/TT-BTC dated 16<sup>th</sup> December 2011 ("Circular 183") and Article 11, Fund Charter, "the total value of major investment items in the fund's investment portfolio shall not exceed forty percent (40%) of the fund's total asset value".

Circular 15 and Article 11, Fund Charter regulate the investment structure of the open-ended fund may be deviant due to the following reasons:

- Fluctuations in market prices of assets in the fund's investment portfolio;
- Execution of eligible payments of the fund;
- Implementation of transaction orders of investors ;
- Merge, consolidation and acquisition activities of issuers;
- 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;
- The fund is under dissolution process.

At some valuation dates in 2017, the Fund's investment in major investment incurred deviation against the limit of 40% of the fund's total asset value due to the fluctuation of the Fund's investment portfolio market prices and the Fund's eligible payments. Details are in Appendix (I)

(ii) According to Circular 15/2016/TT-BTC ("Circular 15") amending and supplementing several articles in Circular 183/2011/TT-BTC dated 16<sup>th</sup> December 2011 and Article 11, Fund Charter: "the Fund should not invest more than ten percents (10%) of the total asset value of the fund in Shares, bonds to be listed or registered by the issuers that operate as per Vietnam's law; corporate bonds issued by listed organizations for which payment security is provided by credit institutions or which issuing organizations undertake to repurchase". At some valuation dates in 2017, the Fund's investment in unlisted securities incurred deviation against the limit of 10% of the fund's total asset value because the Fund processed eligible payments and executed investors' trading orders. Details are in Appendix (II)

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**APPENDIX I: TOTAL INVESTMENT IN MAJOR INVESTMENTS / TOTAL ASSETS**

Valuation date	Total investment in major investments/Total Asset	Remedy deadline	Remedy date
21/2/2017	47.23%	21/5/2017	24/2/2017
22/2/2017	41.75%	21/5/2017	24/2/2017
23/2/2017	41.76%	21/5/2017	24/2/2017
17/3/2017	41.44%	17/6/2017	29/3/2017
20/3/2017	41.43%	17/6/2017	29/3/2017
21/3/2017	46.24%	17/6/2017	29/3/2017
22/3/2017	45.76%	17/6/2017	29/3/2017
23/3/2017	40.05%	17/6/2017	29/3/2017
24/3/2017	40.16%	17/6/2017	29/3/2017
27/3/2017	40.38%	17/6/2017	29/3/2017
28/3/2017	40.28%	17/6/2017	29/3/2017
30/3/2017	40.23%	30/6/2017	10/4/2017
31/3/2017	41.22%	30/6/2017	10/4/2017
31/3/2017(*)	40.68%	30/6/2017	10/4/2017
3/4/2017	40.68%	30/6/2017	10/4/2017
4/4/2017	40.68%	30/6/2017	10/4/2017
5/4/2017	40.82%	30/6/2017	10/4/2017
7/4/2017	40.55%	30/6/2017	10/4/2017
14/6/2017	41.54%	14/9/2017	15/6/2017
21/6/2017	43.80%	21/9/2017	26/6/2017
22/6/2017	44.09%	21/9/2017	26/6/2017
23/6/2017	44.22%	21/9/2017	26/6/2017
17/07/2017	43.07%	17/10/2017	26/07/2017
18/07/2017	42.72%	17/10/2017	26/07/2017
19/07/2017	43.63%	17/10/2017	26/07/2017
20/07/2017	43.01%	17/10/2017	26/07/2017
21/07/2017	42.94%	17/10/2017	26/07/2017
24/07/2017	41.71%	17/10/2017	26/07/2017
25/07/2017	40.59%	17/10/2017	26/07/2017
27/07/2017	40.67%	27/10/2017	10/08/2017
28/07/2017	41.26%	27/10/2017	10/08/2017
31/07/2017	41.57%	27/10/2017	10/08/2017
31/07/2017(*)	41.45%	27/10/2017	10/08/2017
02/08/2017	41.03%	27/10/2017	10/08/2017
03/08/2017	40.60%	27/10/2017	10/08/2017
04/08/2017	40.29%	27/10/2017	10/08/2017
07/08/2017	40.67%	27/10/2017	10/08/2017
08/08/2017	41.01%	27/10/2017	10/08/2017
09/08/2017	40.18%	27/10/2017	10/08/2017

(\*) Tại ngày

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**APPENDIX II: TOTAL INVESTMENT IN UNLISTED SECURITIES/ TOTAL ASSET**

Valuation date	Total investment in unlisted securities / Total asset	Remedy deadline	Remedy date
19/07/2017	10.16%	19/10/2017	24/07/2017
20/07/2017	10.02%	19/10/2017	24/07/2017
21/07/2017	10.03%	19/10/2017	24/07/2017
08/12/2017	10.46%	08/03/2018	19/12/2017
11/12/2017	10.55%	08/03/2018	19/12/2017
12/12/2017	10.87%	08/03/2018	19/12/2017
13/12/2017	10.93%	08/03/2018	19/12/2017
14/12/2017	10.97%	08/03/2018	19/12/2017
15/12/2017	10.30%	08/03/2018	19/12/2017
18/12/2017	10.30%	08/03/2018	19/12/2017



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