

## Translation Accuracy Disclaimer

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**VIETNAM SECURITIES INVESTMENT FUND  
(VFMVF1)**

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No.: 04.21/NQĐH-VF1-2020

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

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*Ho Chi Minh City, 28 April 2021*

## **RESOLUTION THE ANNUAL MEETING OF FINANCIAL YEAR 2020 VIETNAM SECURITIES INVESTMENT FUND (VFMVF1)- THE SECOND TIME**

- Pursuant to Law No. 54/2019/QH14 on Securities Law dated 26 November 2019 by the National Assembly;
- Pursuant to Decree No 155/2020/NĐ-CP dated 31 December 2020 by the Government, guiding the implementation of a number of articles of the Securities Law;
- Pursuant to Circular 99/2020/TT-BTC dated 16 November 2020 by the Ministry of Finance guiding the establishment, organization and operation of the fund management company;
- Pursuant to Circular 98/2020/TT-BTC dated 16 December 2020 by the Ministry of Finance guiding the establishment and management of the securities Fund;
- Pursuant to current Charter of Vietnam Securities Investment Fund;
- Pursuant to the result of Annual General Meeting Of Financial Year 2020 – the first time, dated 05 April 2021.
- Pursuant to the result Of The Annual Meeting Of Financial Year 2020 dated 28 April 2021.

### **RESOLUTES**

*The Annual Meeting Of Financial Year 2020 unanimously passed the Resolution as follows:*

#### **Article 1: Reports on operation result of the Fund in 2020.**

There was a time when VF1's net asset value per share lost by 1/3 in tandem with the falling of VN-Index (it hit 4-year low level at 662 points). Despite of this unprecedented event, at the end of fiscal year 2020, VF1 recorded a remarkable growth of +25.2% compared to the beginning of the year, higher than the increase of its benchmark and the VN-Index of +12.7% and +14.9%, respectively.

There are two main drivers for the outstanding achievement of VF1 in 2020. First, the Fund was very flexible in allocating assets between fixed-income and equities. Specifically, when the stock market plummeted due to Covid-19, VF1 reduced the proportion of stocks significantly to limit market risk. On the contrary, when the market showed signs of rebound, the Fund promptly lifted the proportion of equities based on positive analysis on the of recovery Vietnam's economy. At the end of 2020, VF1 allocated 83.4% of its assets in stocks and 16.6% in fixed-income, cash, and cash equivalents. However, at different points of time during the year, the amplitude of stock proportion fluctuated from 70% to 90% of total assets.

The second driver contributing significantly to the overall growth of VF1 was the sector restructuring and excellent stock picking. The Fund has continuously evaluated and analyzed to find out industries and companies that were not affected but even benefited from Covid-19's influence. Specifically, with an aim to recover the economy after the pandemic, the Government of Vietnam as well as other countries' have implemented easing monetary and fiscal policies. The sharp reduction of interest rate has supported the rise of financial assets such as stocks and real estate. Public investments were boosted which supported Infrastructure and Construction Materials sectors. In addition, the wave of FDI and shifting production to

Vietnam were not decreased, but actually accelerated more rapidly as Vietnam was one of the few countries that had done well in pandemic control and maintain positive economic growth. Industrial Real Estate, therefore has been a bright sector in gloomy days, contributing good investment return for VF1.

Top holdings, which VF1 actively increased proportion bringing high profit in 2020, include: HPG (+117%), NTC (+184.1%), SIP (+114.1%) and KSB (+124.7%). These are all leading companies in Construction Materials and Industrial Real Estate sector, which were rarely affected by the pandemic.

VF1 increased proportion of Banks, Real Estate and Materials sector. The Banking sector has been affected in general but not severely by the pandemic. On the bright side, proper risk management, higher-than-expected provision and especially lower cost of funds are the main factors supporting industry growth. Some banks had their own story such as exchange switching, M&A, bancassurance exclusive deals that made their valuations more attractive. Real Estate and Materials sector benefited greatly from domestic and foreign public investment policy, especially China. These were the sectors that contributed the most to the overall growth of VF1 in 2020.

Net profit VND billion	2020	2019
Gains/(Losses) on disposals of investments	12.0	5.5
Gains/(Losses) on securities investments revaluation	63.1	87.0
Dividends	11.3	24.3
<b>Gains/(Losses) from investment activities</b>	<b>86.4</b>	<b>116.8</b>
Interest income	5.8	7.7
Total expense	(14.5)	(22.4)
<b>Net profit</b>	<b>77.6</b>	<b>102.1</b>

Sectors	Weight in portfolio as of 12/31/2020 (%NAV)	Weight in VN-Index as of 12/31/2020 (%)	Return (%)	Return in VN-Index (%)	Contribution to profit (%)	Attribution to return (%)
Banks	22.8	27.1	26.4	23.5	0.2	5.3
Real Estate	20.3	26.8	41.1	4.7	0.3	8.0
Cash	16.6	0.0	7.9	3.4	0.1	1.6
Materials	14.1	6.0	96.0	106.3	0.5	10.0
Retailing	10.2	2.1	5.5	6.5	(0.1)	(0.3)
Software & Services	6.0	1.3	22.7	20.4	0.1	1.8
Food, Beverage & Tobacco	4.5	15.3	19.7	16.1	(0.0)	0.7
Automobiles & Components	2.2	0.2	14.4	20.8	0.0	0.1
Transportation	1.5	4.7	6.5	-2.2	(0.0)	0.1
Utilities	1.0	7.0	0.1	1.4	(0.0)	(0.2)
Telecommunication Services	0.6	0.0	19.0	75.5	0.0	0.1
Consumer Durables & Apparel	0.4	0.3	49.3	52.8	0.0	0.2
Capital Goods	0.0	2.8	24.3	22.0	(0.0)	-
Technology Hardware & Equipment	0.0	0.1	0.0	281.7	-	-
Consumer Services	0.0	0.2	0.0	-24.1	-	-
Pharmaceuticals, Biotechnology & Life Sciences	0.0	1.0	47.8	19.7	0.0	-
Diversified Financials	0.0	1.1	77.5	90.7	(0.0)	-
Insurance	0.0	1.4	-5.3	-0.2	(0.0)	(0.3)
Energy	0.0	2.4	5.4	3.3	(0.0)	(0.1)

Index	VF1	VN Index
E	14.2	18.6
P/B	2.5	2.4
ROE (%)	20.9	17.4
Dividend yield (%)	1.5	1.5
Number of stocks	37	392
Beta	0.9	1.0
Annualised standard deviation (%)	21.1	22.7
Sharpe ratio	1.0	0.4

Net Asset Value of VFMVF1	2020	2019
NAV (VND billion)	537.3	832.3
Outstanding shares (million)	10.5	20.4

NAV/unit (VND)	51,031.62	40,750.14
NAV/unit 52 weeks high (VND)	51,031.62	42,537.26
NAV/unit 52 weeks low (VND)	29,764.95	35,866.30
Operation expense ratio (%)	2.2	2.2
Asset turnover ratio (%)	76.3	60.6
Annual growth (%)	25.2	10.6
Market growth (%):		
<i>VN-Index</i>	14.9	7.7
<i>HNX -Index</i>	98.1	-1.7

**Article 2: Audited Annual financial statement of the Fund in 2020.**

The Voting unanimously agreed Audited Annual financial statement of the Fund in 2020.

**Article 3: Profit distribution plan of the Fund in 2020.**

The Voting unanimously agreed Profit distribution plan of the Fund in 2020 as follow: VFMVF1 not to pay dividends for 2020 and reinvest all dividends.

**Article 4: Operational plan of the Fund in 2021**

The Voting unanimously agreed Operational plan of the Fund in 2021 as follow:

In 2021, Vietnam's GDP is expected to return to a high growth rate level of 7%. Optimistic macroeconomics, loosened monetary policies and boosted public investment will become supportive factors for the stock market. Therefore, if there is nothing unexpectedly happen, VF1 will allocate over 80% of total assets in stocks and the rest in bonds and monetary instruments. However, because it is impossible to accurately foresee the market, the Fund will flexibly allocate assets depending on market movements. Above all, VF1 will focus on seeking and investing in stocks with solid fundamentals, healthy financial status and attractive valuation.

In terms of sector allocation, Industrial Real Estate will be the main investment in 2021 due to the shift of production out of China and FDI continues to flow in Vietnam. VF1 will also focus on looking for investment opportunities in Residential Real Estate sector. Stocks in this industry are starting to show positive signs when legal issues are cleared. Domestic capital remain cheap and generous infrastructure investments are strong supportive drivers for the housing market.

The Fund will continue to selectively invest in leading companies having advantages of scale in the following industries: Banks, Technology, Materials, and Retail. In addition, VF1 will continuously monitor and seek investment opportunities in other special cases such as M&A, State divestment, exchange listing, and restructuring portfolio of passive funds.

**Article 5: Auditor selection for the Fund in 2021**

The Voting unanimously authorized the Board of Representatives (“BOR”) to select the auditing

Fund	NAV @ 31 Dec 2020 (bil VNĐ)	Audit fee for 2020 (mil VND)	Audit fee proposals for 2021 (mil VND)		
			PwC	KPMG	E&Y
VFMVF1	537.32	165	165	180	135
<b>% change</b>			0%	9%	-18%

Note: The above fees exclude VAT.

- The selection of the audit firm will base on the followings :
  - Reasonable fee.
  - Continuity of the audit firm .
  - Professional.
  - Capability to meet fund’s requirements

**Article 6: Total operating budget for BOR in 2021.**

The Voting unanimously agreed Total operating budget for BOR in 2020 as follow:

1. Proposal of BoR budget in 2021:

No.	Name of cost	Budget in 2020	Actual in 2020	% increase
1	Remuneration	221,000,000	221,000,000	0%

2. Activities of Board of representatives:

All meetings of Board of representatives will be in form of tele-conference or via papers hence meeting costs will be very small.

Therefore, DCVFM will not propose the budget of meeting costs of BoR and also will not accrue this cost in periodic NAVs of the Fund.

Instead, DCVFM will account for this cost in relevant NAV when it actually incurs.

The actual cost regarding meetings of BoR's in 2021 will be reported to the BoR and the next AGM.

**Remarks:**

Remuneration of Board of representatives will be planned for one Chairman, one Vice Chairman, 2 members and 1 secretary and for 13 months and detailed as follows:

- o Chairman: 5 million dong/ month
- o Vice chairman: 4 million dong/ month
- o Member 3 million dong/ month
- o Secretary 2 million dong/ month

**Article 7: Change the name of fund**

The Voting unanimously agreed **change the name of the fund** and authorize DCVFM to carry out all the procedures related to the revocation of the fund's name in accordance with current law. The changes in the name of the fund will take effect when The adjusted certificate of registration for establishment of the fund is issued by a competent state agency, specifically the name of the fund to be changed as follows::

No.	Content	Former Name	New Name	Note
1	Vietnamese Name	Quỹ Đầu tư Chứng khoán Việt Nam	Quỹ Đầu tư Chứng khoán Năng động DC	Change
2	English Name	Vietnam Securities Investment Fund	DC Dynamic Securities Fund	Change
3	Abbreviation	Quỹ VFMVF1	DCDS	Change

**Article 8: Amendment, supplement to the Fund Charter**

The Voting unanimously agreed **all content of** Amendment, supplement to the Fund Charter

**Article 9: Change Of The Term Of Bor**

The Voting unanimously agreed to change the term of the Board of Representatives from three (03) years to (05) years as follows:

No.	Content	Current term	Term of change	Note
1	The term of the Board of Representatives	2019-2022	2019-2024	Change

**Article 10: Effectiveness of the Resolution**

The resolution is effective from its signing date.

**On behalf of The General Meeting**

*(signed)*

**LUU DUC KHANH**  
Chairman of the BOR

**On behalf of Fund Management Company**

*(signed & sealed)*

**BEAT SCHURCH**  
CEO