

## Translation Accuracy Disclaimer

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**VIETNAM EQUITIES INVESTMENT FUND  
(VFMVEI)**

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

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No.: Số: 02.21/NQĐH-VEI-2021

*Ho Chi Minh City, 01 April 2021*

### **RESOLUTION VOTING ISSUES OF THE ANNUAL MEETING OF FINANCIAL YEAR 2020 VIETNAM SELECT EQUITIES INVESTMENT FUND (VFMVSF)**

- Pursuant to Law No. 54/2021/QH14 on Securities Law dated 26 November 2021 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 Select Equities Investment Fund;
- Pursuant to the result of Voting Issues Of The Annual Meeting Of Financial Year 2020 dated 01 April 2021.

### **RESOLUTES**

*The Voting Issues Of The Annual Meeting Of Financial Year 2020 ("The Voting") unanimously passed the Resolution as follows:*

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

The Voting unanimously agreed Reports on operation result of the Fund in 2020 as follow:

VSF's net asset value per share rose by 18.1% in 2020, vs a 14.9% gain by the VN Index. As of 31 Dec 2020, VSF held 24 stocks. Its Top-10 holdings accounted for 62.4% of NAV. The largest holdings by sector were banks (23.1%), real estate (16.6%), retail (15.9%), materials (12.9%) and software & services (8.6%).

The banking sector accounted for an average of 21.4% NAV – the highest proportion in VSF's portfolio. Banks contributed 10.4% to VSF's overall performance, driven by strong performances by ACB, VPB, TCB, MBB, VIB and CTG. Asia Commercial Bank (ACB) was the Fund's top performer in 2020. The bank had a credit growth rate of +15.7% yoy, higher than the average growth of the banking sector and it has the financial capacity to continue growing steadily into the future. Its NPAT rose by 27.8% yoy in 2020 to VND 7,683bn, while NIM and ROE increased by 3.5% and 24.3%, respectively. Asset quality improved, with an NPL ratio at just 0.6%. ACB will start booking a prepaid fee of VND 8,500bn for exclusive insurance (Bancassurance) from 2021 over a 15-year plan. We expect ACB to be added to some index baskets, including the VNDiamond in April 2021, the VN30 in June 2021, and some other indexes.

The second largest sector in VSF's portfolio was real estate, which accounted for an average of 18.7% of NAV. The sector contributed just 1.0% to the Fund's results due to the negative impact from

COVID-19, which caused difficulties for companies in residential and commercial real estate for which very few projects were licensed.

Retailing accounted for an average of 14.7% of the Fund's NAV, making it the third-largest sector in VSF's portfolio. The sector contributed -2.4% to VSF's performance as the Fund invested in Mobile World Investment Corporation (MWG) and Phu Nhuan Jewelry (PNJ), while the sector faced strong headwinds in 2020 due to COVID-19. Despite this unprecedented event, MWG recorded revenue growth of 6.2% yoy to VND 108,546bn while profit after tax increased 2.2% yoy to VND 3,918bn thanks to cost optimization and an improvement in gross margin to 22.1% - the highest level ever, thanks to (a) diversifying its product portfolio (b) focusing on boosting sales of high-margin products and (c) improving commercial terms with suppliers due to the advantage of large-scale buying.

Software & services were VSF's fourth-largest sector at an average of 8.0% of NAV. The sector contributed 1.9% to VSF's performance for the year. FPT Group (FPT) was the Fund's only holding in the sector. Due to the worldwide impact of COVID-19, FPT had difficulties in signing new contracts, which directly affected the growth of its technology orders. However, FPT still maintained positive revenue growth of 7.6% yoy to VND 29,830bn. Profit after tax in 2020 also increased by 12.8% yoy to VND 3,538bn. We believe that technology is becoming more important to the viability and growth of businesses. Meanwhile, COVID-19 has accelerated the wave of digital transformation and technology investment in many enterprises, creating opportunities for sustainable development for pioneering technology companies, of which FPT is the leader.

Materials accounted for an average of 6.7% of VSF's NAV and contributed 7.2% to the Fund's gain vs 5.6% for the sector to the VN Index. Hoa Phat Group (HPG) was the Fund's only holding in the sector. In 2020, HPG recorded net revenue of VND 90,119 bn, +41.6% yoy, and earnings after tax of VND 13,439bn (+78.5% yoy). We believe that HPG's revenue and profit after tax will continue to soar in 2021 thanks to: (a) strong HRC output, (b) construction steel volume estimated to reach 4.5m tons, (c) increased market share, and (d) HRC selling price and construction steel gradually rising, helping improve profit margins.

Other sectors and stocks with outstanding profitability in VSF's portfolio include transportation (Viettel Post - VTP, Airports Corporation of Vietnam - ACV) and insurance (Bao Viet Holdings - BVH). Meanwhile, the utilities and energy sectors did not do well compared to the market average

Net profit VND bn	2020	2019
Gains/(Losses) on disposals of investments	144.4	(2.7)
Gains/(Losses) on securities investments revaluation	501.5	6.7
Dividends	14.3	1.0
<b>Gains/(Losses) from investment activities</b>	<b>660.2</b>	<b>5.0</b>
Interest income	0.3	0.0
Total expense	(14.8)	(1.9)
<b>Net profit</b>	<b>645.7</b>	<b>3.0</b>

  

Sectors	Weight in portfolio as of 12/31/2020 (%)	Weight in VN-Index as of 12/31/2020 (%)	Return (%)	Return in VN-Index (%)	Contribution to profit (%)	Attribution to return (%)
Banks	23.1	27.1	48.5	22.8	0.3	10.4
Real Estate	16.6	26.8	24.0	5.1	0.2	1.0
Retailing	15.9	2.1	6.6	6.5	0.1	(2.4)
Materials	12.9	6.0	125.3	93.1	0.2	7.2
Software & Services	8.6	1.3	25.0	20.5	0.1	1.9
Transportation	7.4	4.7	29.5	(2.1)	0.0	1.1
Cash	7.0	0.0	-	-	-	-
Food, Beverage & Tobacco	6.4	15.3	17.4	15.8	0.0	0.5
Insurance	2.1	1.4	47.5	(0.4)	0.0	1.2
Technology Hardware & Equipment	0.0	0.1	-	281.7	-	-
Capital Goods	0.0	2.8	(5.9)	22.4	(0.0)	(0.5)
Consumer Durables & Apparel	0.0	0.3	-	52.6	-	-
Energy	0.0	2.4	(11.3)	4.6	0.0	(0.7)
Utilities	0.0	7.0	(23.3)	0.8	(0.0)	(1.2)
Pharmaceuticals, Biotechnology & Life Sci	0.0	1.0	14.8	19.7	0.0	0.1
Diversified Financials	0.0	1.1	(17.2)	90.5	(0.0)	(0.2)
Automobiles & Components	0.0	0.2	-	20.1	-	-
Consumer Services	0.0	0.2	-	(25.2)	-	-

Index	VFMVSF	VN Index
PER	14.0	18.6
PBV	2.3	2.4
ROE (%)	19.9	17.4
Dividend yield (%)	1.2	1.5
Numer of stock	24	392
Beta	1.0	1.0
Annualized standard deviation (%)	24.7	22.7
Sharpe ratio	0.5	0.4

**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: VFMVSF 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:

2020 was a difficult and challenging year for economies throughout the world. Still, Vietnam's economy managed to grow by 2.9% yoy, making it one of the fastest growing countries in the world. Low interest rates, stimulus packages and infrastructure development should give strong support to economic growth in general and to the stock market and real estate in particular.

In 2021, VSF continues looking for investment opportunities in companies with solid fundamentals whose stock prices do not yet fully reflect their long-term growth potential. Regarding asset allocation, VSF intends to focus on the real estate, banking, materials, retail, and software & services sectors.

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

The Voting unanimously authorized the Board of Representatives ("BOR") to select the auditing company for auditing financial statements of the Fund in 2021.

Fund	NAV @ 31/12/2020	Auditor fee for 2020	Audit fee for 2021 (mil VND)		
	(bil VND)	(mil VND)	PwC	KPMG	E&Y
VSF	2,636.23	91	150	130	70
% change			65%	43%	-23%

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 2021 as follow:

6.1. Proposal of BoR budget in 2021:

Name of cost	Budget in 2021	Actual in 2020	% increase
Remuneration	260,000,000	260,000,000	0%

#### 6.2. 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:

The remuneration of Board of representatives in 2021 is planned for 1 chairman, 2 members and 1 secretary and for 13 months and detailed as follows:

- Chairman: 10 million dong/ month
- Member: 4 million dong/ month
- Secretary: 2 million dong/ month

#### **Article 7: Amendment, supplement to the Fund Charter**

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

#### **Article 8: New BOR 2021 – 2026**

1. Mr. Tran Dac Sinh- Chairman
2. Ms. Vuong Thi Hoang Yen- Member
3. Mr. Nguyen Hoang Khanh- Member

#### **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**

*(signed & sealed)*

**BEAT SCHURCH**  
**CEO**