



# VNX<sub>INDEXES</sub> Rules





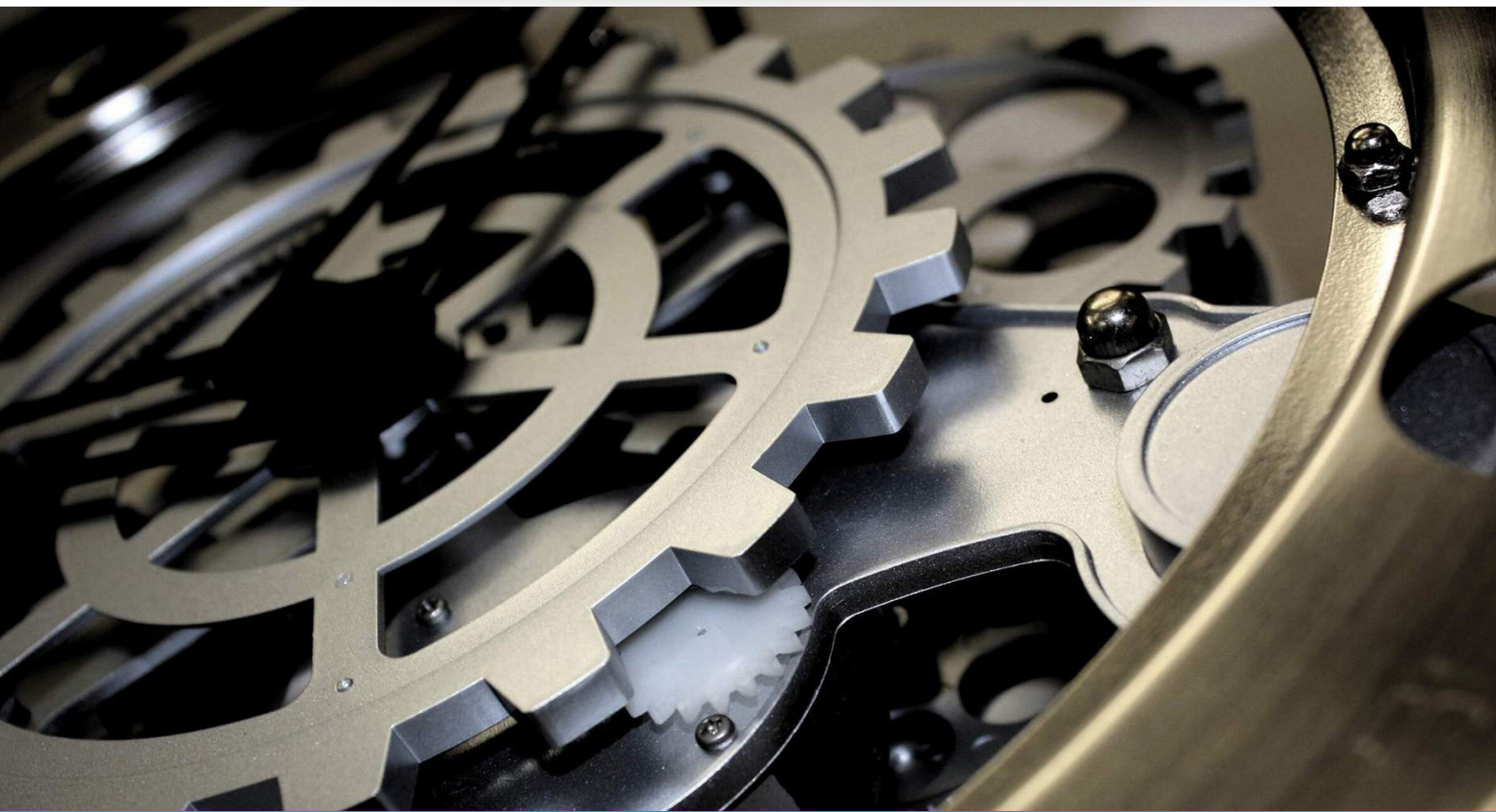


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# VNX Indexes

## Overview



## IFRC AND THE EQUITY INDEXES

IFRC is a dynamic company specialized in the design, development and management of new indexes. Officially present in Vietnam in 2010, we aim to approach the Viet Nam stock market by creating a new indexes branch VN stocks called VNX Indexes that supplies to investors a trusting performance measure for this lively emerging stock market.

# VNX indexes Family

## VNX INDEXES FAMILY BRINGS TO INVESTOR

A measure A coherent measure international standards that reflects Vietnam index performance

- Information with high transparency about how the index family is designed selected and managed day to day
- Complete index data available for the investors' research
- Tradable indexes that can serve as basis for structured products and other index-linked investment vehicles as response to the development of the Vietnam market

## INDEXES OVERVIEW

400 VNX Indexes classified into 2 groups:

- **Benchmark indexes** : These indexes track almost the whole market, size group, a specific economic industry, or theme evolution.
- **Blue chips and Strategy indexes**: These indexes are UCITS III compliant and designed following international standards and to be potential underlying of funds and structured products. Constituents are in the liquidity criteria to make the trading basket easier and cheaper. Management costs for users are minimized to the lowest possible by reducing unnecessary changes and concentrating them at the periodical reviews.

For some treatments, specific adjustment will be applied for each group.

The family proposes Benchmark indexes for giving a good measure of the total market evolution, Size indexes to track large, mid and small caps separately, Sectors indexes for specialized industries, Thematic indexes capture the impacts of various investment themes, Blue Chips and Strategy indexes for building products and trading the basket easily.

The primary indexes are calculated in the Prices and Total Return versions.

Each index is available in four currencies: EUR, JPY, USD and VND.

## 1. BENCHMARKS INDEXES

### 1.1. Market indexes

VNX 300 index is designed in order to have the global performance of the Viet Nam stocks, and in each particular market: Ho Chi Minh stock exchange- HSX, and the Hanoi Stock Exchange- HNX and serves as universe for other following indexes selection of the family.

#### VNX 300

- **Universe :** All shares listed on the two markets HSX and HNX (about 700 stocks)
- **Exclusion criteria :**
  - Trading ratio: < 50% or
  - Velocity: < 5% or
  - Number of listed days < 3 months
- **Selection :** 300 largest companies in term of the capitalization will compose the VNX 300 index

#### VNX HSX

- **Universe :** VNX 300
- **Selection :** All HSX stocks in the VNX 300 sample constitute the **VNX HSX index**

#### VNX HNX

- **Universe :** VNX 300
- **Selection :** All HNX stocks in the VNX 300 sample constitute the **VNX HNX index**

Also the VNX 300 index will have 3 sub indices that divide the market in three groups in term of capitalization: Large, Mid and Small capitalizations.

### 1.2. Size indexes

#### VNX Large 50

- From the sample of the 300 constituents of VNX 300 index, the 50 leading stocks in term of capitalization are selected and will represent the VNX Large 50 index.

#### VNX Mid 100

- The VNX Mid 100 index comprises the 100 next-largest capitalizations after the 50 largest stocks that make up the VNX Large 50 index.

#### VNX Small 150

- The VNX Small 150 index is made up of the remaining 150 smallest capitalizations in the VNX 300 index.

#### VNX Large & Mid 150

- The VNX Large & Mid 150 index is composed by the stocks belonging to the VNX Large 50 and VNX Mid 100 indexes.

#### VNX Mid & Small 250

- The VNX Mid & Small 250 index is composed by the stocks belonging to the VNX Mid 100 and VNX Small 150 indexes.

### 1.3. Sector indexes

The VietNam stock market has now about 700 listed stocks present in different industries and sectors.

Taking VNX300 as universe, VNX Industries indexes comprehend 10 main industries:

- VNX Basic Materials,
- VNX Banks,
- VNX Consumer Goods,
- VNX Consumer Service,
- VNX Financials,
- VNX Health Care,
- VNX Industrials,
- VNX Oil & Gas,
- VNX Technology,
- VNX Utilities.

In addition, 1 Super sector is calculated:

- VNX Real Estate.

### 1.4. Thematic indexes

Thematic indexes covers different potential investment areas, and are developed following certain identified social/economic/geographic/environmental trends.

#### VNX Women CEO

- **Universe:** All companies listed in HSX and HNX markets
- **Selection:** Listed companies in HSX and HNX markets in which the CEO is a woman

#### VNX Coal & Mineral Group

- **Universe:** All companies listed in HSX and HNX markets
- **Selection:** Listed companies in HSX and HNX markets belong to Viet Nam Coal & Mineral Group (Tập đoàn Công Nghiệp Than- Khoáng Sản Việt Nam)

#### VNX Electricity Group

- **Universe:** All companies listed in HSX and HNX markets
- **Selection:** Listed companies in HSX and HNX markets belong to Viet Nam Electricity Group (Tập đoàn Điện Lực Việt Nam)

#### VNX Telecom Group

- **Universe:** All companies listed in HSX and HNX markets
- **Selection:** Listed companies in HSX and HNX markets belong to Viet Nam Posts and Telecommunications Group (Tập đoàn Bưu Chính Viễn Thông Việt Nam)

#### VNX Oil & Gas Group

- **Universe:** All companies listed in HSX and HNX markets
- **Selection:** Listed companies in HSX and HNX markets belong to Viet Nam National Petroleum Group (Tập đoàn Xăng Dầu Việt Nam)

#### VNX High Quality Goods

- **Universe:** All companies listed in HSX and HNX markets
- **Selection:** Listed companies in HSX and HNX markets which are receiving Annual Vietnam High Quality Goods Award



## 2. BLUE CHIPS & STRATEGY INDEXES

### 2.1. Blue Chips indexes

Blue Chips are created respecting all the necessary international standards in purpose of serving underlying instruments for the derivatives and other structured products, as :

- Stocks are weighted according to their free float market capitalization with a maximum weight of 15% per stock.
- Stability measure in index composition review – Rule of 10%
- Stability measure in share review – While the share number is reviewed quarterly, Share change can be effective immediately in daily calculation only when the share variation is superior to 10%

#### VNX 25

The Blue chips VNX 25 index consists of 25 highest ranking stocks in term of free float capitalization and turnover of market.

- **Universe:** The VNX Large 50 index
- **Exclusion criteria :**
  - Quotation ratio: < 95% or
  - Velocity: < 10%
- **Selection:** These 50 stocks are ranked by the turnover average over the last 12 months and the free float adjusted capitalization. The first 25 combined ranked companies become the components of the VNX 25 index.

#### VNX 50

The Blue chips VNX 50 index consists of 50 highest ranking stocks in term of free float capitalization and daily turnover average. The index reflects in the performance of the most representative stocks of the two markets HSX and HNX.

- **Universe :** The VNX Large & Mid 150 index
- **Exclusion criteria :**
  - Quotation ratio: < 95% or
  - Velocity: < 10%
- **Selection :** These 150 stocks are ranked by the turnover average over the last 12 months and the free float adjusted capitalization. The first 50 combined ranked companies become the components of the VNX 50 index.

#### VNX Leaders 10

The Blue chips VNX Leaders 10 index consists of 10 highest ranking stocks of each sector in term of free float capitalization and turnover of market.

- **Universe:** The VNX 300 index
- **Exclusion criteria :**
  - Quotation ratio: < 95% or
  - Velocity: < 10%
- **Selection:** The best stock of 10 industries in term of free float capitalization and daily turnover average constitute the components of the VNX Leaders 10.

#### VNX Top 25 Women CEO

- **Universe:** VNX Women CEO composition
- **Exclusion criteria :**



- Quotation ratio: < 50% or
- Velocity: < 5%
- **Selection:** Top 25 in term of free float capitalization and daily turnover average

#### **VNX Top 10 Women CEO**

- **Universe:** VNX Women CEO composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

#### **VNX Top 10 Electricity Group**

- **Universe:** VNX Electricity group composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

#### **VNX Top 10 Oil Group**

- **Universe:** VNX Oil group composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

#### **VNX Top 10 Telecom Group**

- **Universe:** VNX Telecom group composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

#### **VNX Top 10 Basic Materials**

- **Universe:** VNX Basic Materials composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

#### **VNX Top 10 Consumer Goods**

- **Universe:** VNX Basic Materials composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

### **VNX Top 10 Finance**

- **Universe:** VNX Finance composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

### **VNX Top 10 Healthcare**

- **Universe:** VNX Healthcare composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

### **VNX Top 10 Industrials**

- **Universe:** VNX Industrials composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

### **VNX Top 10 Utilities**

- **Universe:** VNX Utilities composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

### **VNX Top 10 Real Estate**

- **Universe:** VNX Real Estate composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 5%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

### **VNX Top 10 HNX**

- **Universe:** VNX Large & Mid 150 composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 20%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.

### **VNX Top 10 HSX**

- **Universe:** VNX Large 50 composition
- **Exclusion criteria :**
  - Quotation ratio: < 50% or
  - Velocity: < 20%
- **Selection:** Top10 in term of free float capitalization and daily turnover average.
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## 2.2. Strategy indexes

strategy indexes are developed adapting some portfolio strategies in purpose of serving as underlying instrument for the derivatives and other structured products.

### VNX 25 High Dividend

- **Universe:** VNX Large 50 index
- **Selection:** Companies of the VNX 50 index are ranked following the annual dividend yield. The top 25 companies constitute the composition of the VNX 25 High Dividend index.
- **Weighting:** Stock are weighted by past year dividend yield.

### VNX 25 Low Volatility

- **Universe:** VNX Large 50 index
- **Selection:** Companies of the VNX 50 index are ranked following current annualized historical volatility. The last 25 companies in the ranking list are constituents of the VNX 25 Low Volatility index.
- **Weighting:** Stocks are weighted inversely by the past year historical volatility.

### VNX 25 Equal Weighted

- VNX 25 Equal Weighted index components are the same as those of the VNX 25 index, the difference consist in the weighting methodology. Weight of components is equal in the VNX 25 Equal index.

### VNX 50 Equal Weighted

- VNX 50 Equal Weighted index components are the same as those of the VNX 50 index, the difference consist in the weighting methodology. Weight of components is equal in the VNX 50 Equal index.

### 3. GOVERNANCE AND DISCLAIMER

#### 3.1. Rulebook

The VNX Indexes are rules based indexes completely.

#### 3.2. Liability

The information contained in this document is given without warranty, implying no obligation of any kind on the part of IFRC Indexes and may be changed by IFRC Indexes at any time without further notice. IFRC Indexes accepts no liability for any loss resulting from supplementing, amending, revising or withdrawing from the Rules.

Although it is in the responsibility of IFRC Indexes to maintain the VNX Indexes in the accuracy, IFRC Indexes accepts no liability for any loss resulting from any inaccuracy in calculation, publication of the index, information on which the indexes adjustment and periodic review are based.

#### 3.3. Announcement Policy

Changes to the index resulting from periodical review and extra correction due to extraordinary event will be normally distributed via email and/or the website of VNX Indexes two to five days before the effective date.

The daily corporate action treatment of which rules are fixed in the document requires no further public announcement. Exceptional treatment cases will be, however, publicly informed via email and/or the website of IFRC Indexes.

### 4. INDEX CALCULATION

#### 4.1. Formula

##### Price indexes

The Price index (PI) level formula is used to calculate real-time index levels:

$$PI_t = BASE * \frac{[\sum_{i=1}^n N_{it} F_{it} k_{it} M_i X_{it} P_{it}]}{CAPI_0 * K_t}$$

where

- BASE Base value of the index at the start date (or base date)
- n Number of instruments composing the index
- $N_{it}$  Number of outstanding shares of an instrument in the sample
- $F_{it}$  Free float of an instrument in the sample
- $k_{it}$  Capping factor applied to the instrument
- $M_i$  Price Multiplication ( $M = 1$  as the expression is in 1 VND)
- $P_{it}$  Last Traded Price of an instrument in the sample (if there is no trade for the current day, it is replaced by the last traded price of the previous days, eventually adjusted by corporate events)
- $X_{it}$  Currency rate to convert the dividend into the index currency
- $CAPI_0$  Base capitalization (Capitalization of the index at the base date)
- $K_t$  Adjustment factor on the index



For convenience, the index level could be expressed by a simple formula:

$$PI_t = BASE * \frac{CAPI_t}{DIVISOR_t}$$

Where

$$CAPI_t = \sum_{i=1}^n N_{it} F_{it} k_{it} M_i X_{it} P_{it}$$

$$DIVISOR_t = CAPI_0 * K_t$$

### Total return indexes

The Total Return index (TRI) formula is used to calculate the return on equity indexes, and provides the profitability of the index.

$$TRI_t = \frac{TRI_{d-1}}{PI_{d-1}} \times \left( PI_t + BASE \frac{GD_t}{DIVISOR_t} \right)$$

Where

- $TRI_t$  Total Return Index at time t
- $TRI_{d-1}$  Total Return Index at the close of the previous day
- $PI_t$  Price Index level, at time t
- $PI_{d-1}$  Index level at the close of the previous day
- $DIVISOR_d$  Divisor of the index of the day
- $BASE$  Base value of the index
- $GD_d$  Gross Dividend capitalization of the index of the day

The base date is defined as the date that the index is created. Starting point of the index at the base date is called base level.

- The base date of all VNX Indexes is 31/12/2008
- The base level of all VNX Indexes is 1,000

## 4.2. Factors

### Number of shares

Outstanding shares are used in the weighting of the VNX Indexes .

### Price

In calculating the index, the last traded price is taken into account. If no price has been traded on the day of calculation, the previous day's price is used (eventually adjusted by the corporate events).

### Free-Float

Free-Float concerns only **Blue Chips Indexes**.

The free float factor is the percentage of shares remaining after the block ownership and restricted shares adjustments have been applied to the total number of shares. The final free float factor will be rounded up to the nearest 10% at the periodical review.

Block ownership and restricted shares adjustment are applied if blocks or shares account for at least 5% of a company's total stock.

Blocks are held in:

- Company ownership: stock owned either by the company itself, in the form of treasury shares, or owned by other companies.
- Government ownership: stock owned by either governments or their agencies.
- Private ownership: stock owned by individuals, directors/founders or families.

Restricted shares are those that cannot be traded during a certain period or those that have a foreign ownership restriction.

For clarification, shares held by mutual funds, investment companies with short-term investment strategies and pension funds are considered as free float, irrespective of the size.

Example for free float calculations

- Company X has the following shareholders:
- Vietnam Government: 15% (non free-float)
- Family Members: 9% (non free-float)
- Vietnam company A: 4% (free-float)
- Foreign company B: 15% (non free-float)
- Foreign company C: 4% (free-float)
- Foreign investment limit: 49%
- Calculation
- Sum of non free float as definition:  $15\% + 9\% + 15\% = 39\%$
- Free-float:  $100\% - 39\% = 61\%$
- Final Free-float =  $\text{Min}(\text{Free-float}, \text{Foreign investment limit}) = \text{Min}(61\%, 49\%) = 49\%$
- Rounding Free-float = 50%

## Currency rates

All VNX Indexes are calculated with the stock price in VND, and converted to three other common currencies: EUR, USD and JPY.

The currency conversion is based on the foreign exchange reference rates as published daily by REUTERS/BLOOMBERG.

## Weighting

- Full Market capitalization weighting applies to **Benchmark Indexes, Size, Sectors, and Thematic Indexes**. In this case, free float and capping factors are set to 100%.
- Capped Free-float market capitalization weighting applies to **Blue Chips Indexes**
- Factor weighting applies to some **Strategy Indexes**:
- Low/High Dividend indexes use Dividend as weighting factor
- Volatility weighting is applied to the Low/High Volatility indexes

## Capping

Capping concerns only **Blue Chips Indexes and Strategy Indexes**

The maximum weight of each constituent in indexes is capped at 15% to respect the UCITS III Directives. At the quarterly capping review, if any constituent weighting that is higher than 15%, a capping factor is then calculated and applied to reduce it to 15%. Several calculation steps could be necessary to have all constituents' weight inferior or equal to 15%.

In some case that the index composition number is inferior to 10, a sequence of capping value is applied as following:

- Index of 9 constituents : 15%
- Index of 8 constituents : 18%
- Index of 7 constituents : 20%
- Index of 6 constituents : 25%
- Index of 5 constituents : 30%

### **Dividend treatment**

Dividend payments are included in the appropriate indices as gross dividends (see Indexes formula and Corporate actions).

### **Calculation interval and publication**

For the first period (End of day), all VNX Indexes are calculated and published daily. IFRC Indexes plans to calculate VNX Indexes in real time in the next step. Index history (from 31 December 2008) and daily level are available on IFRC indexes website: [www.ifrcindex.com](http://www.ifrcindex.com) (or on [www.ifrcindex.com.vn](http://www.ifrcindex.com.vn))

## **5. INDEX REVIEW**

### **5.1. Composition**

#### **Thematic indexes:**

- VNX Women CEO Index
- VNX Coal & Mineral Group Index
- VNX Electricity Group Index
- VNX Telecom Group Index
- VNX Oil& Gas Group Index

The composition is reviewed every **quarter** at the 3rd Friday of March, June, September, and December, after the market close and effective for the next trading day.

#### **Benchmark, Blue chip and Strategies Indexes:**

- Market Index
- Size Index
- Sector Index
- VNX 50 Index
- VNX 25 Index
- VNX Top 10 HNX Index
- VNX Top 10 HSX Index
- VNX Leaders 10 Index
- VNX 25 Equal Weighted Index
- VNX 50 Equal Weighted Index
- VNX Top 10 Basic Materials Index
- VNX Top 10 Consumer Goods Index
- VNX Top 10 Finance Index
- VNX Top 10 Healthcare Index
- VNX Top 10 Industrials Index
- VNX Top 10 Utilities Index
- VNX Top 10 Real Estate Index

The composition is reviewed every **semester** at the 3rd Friday of March, September.

- VNX Top 25 Women CEO Index
- VNX Top 10 Women CEO Index
- VNX Top 10 Electricity Group Index
- VNX Top 10 Oil Group Index
- VNX Top 10 Telecom Group Index

The composition is reviewed every **quarterly** at the 3rd Friday of March, June, September, December.

In order to increase stability for **Blue chip Indexes** composition, stability rule of 10% is applied in the composition review. The rule can be explained, taking VNX 25 Index as example:

A company already in VNX 25 falls below the 28th position (result of  $25 + 10\%$ ) in the ranking list will be moved out of the index and replaced by a new company ranked the highest.

Also, a new company is selected in the index if only it rises above the 23rd (result of  $25 - 10\%$ ) in the ranking list to replace the company that ranks the lowest.

### Other Strategy indexes

- VNX 25 High Dividend
- VNX 25 Low Volatility

The composition is reviewed every **year** at the 3rd Friday of March.

The selection is based on the market figures over the last 12 months ending, the last trading day of previous month of the review. For example, for the March review, statistics are calculated over the period from March of the previous year to February of the current year.

The decision of the IFRC Indexes is published at least 2 days before the changes effective date.

## 5.2. Number of shares

The number of shares in all **Indexes** is only updated once a quarter (at the **quarterly** review), except special circumstances:

In the case the change of the number of shares is higher than 10% in absolute value, the number of shares will be effective immediately with in principle 2 days of pre-announcement by IFRC indexes.

The effective date is the 3rd Friday of March, June, September and December, after the market close.

The review information is published in principle 5 days before the changes effective date.

## 5.3. Free float

**The free float adjustment concerns Blue Chips indexes:**

- VNX 50 Index
- VNX 25 Index
- VNX Leaders 10 Index
- VNX Top 25 Women CEO Index
- VNX Top 10 Women CEO Index
- VNX Top 10 Electricity Group Index

The free-float is reviewed **semesterly**.

The free-float calculation is based on the available and public information at the end of February, and August. The effective date is the 3rd Friday of March, and September. The review information is published in principle 5 days before the changes effective date.



In the case the change of the free float rate is higher than 10% in absolute value; the new free float will be effective immediately with at least 2 days of pre-announcement by the IFRC indexes.

## 5.4. Capping factor

**The capping factor adjustment concerns Blue Chips and Strategy Indexes only.**

- VNX 50 Index
- VNX 25 Index
- VNX Leaders 10 Index
- VNX Top 10 HNX Index
- VNX Top 10 HSX Index
- VNX Top 10 Basic Materials Index
- VNX Top 10 Consumer Goods Index
- VNX Top 10 Finance Index
- VNX Top 10 Healthcare Index
- VNX Top 10 Industrials Index
- VNX Top 10 Utilities Index
- VNX Top 10 Real Estate Index
- VNX Top 25 Women CEO Index
- VNX Top 10 Women CEO Index
- VNX Top 10 Electricity Group Index
- VNX Top 10 Oil Group Index
- VNX Top 10 Telecom Group Index

### Strategy indexes

- VNX 25 High Dividend
- VNX 25 Low Volatility
- VNX 25 Equal Weighted
- VNX 50 Equal Weighted

The capping factor is reviewed **quarterly** at the same time than the number of share review, barring exceptional circumstances.

Capping factor is used to limit the maximum weight of a company in the Blue Chips index or to modify the weighting of the company in the Strategy indexes to follow the target weighting (dividend yield for the High Dividend and Historical Volatility for the Low Volatility indexes)

The effective date is the 3rd Friday of the review quarter. At the close of the 3rd Friday of the review, the capping factor is calculated and based on the last traded prices of constituents and published immediately for the index adjustment.

In the case the change of the weight is higher than 2% in absolute value or when index turnover is higher than 10%, the capping will be reviewed and effective immediately for the next trading date.

## 6. INDEX ADJUSTMENTS

The following section shows how the price is adjusted following the corporate actions type.

Assume

- Y is new received shared for every X hold share
- DIV is the dividend announced by the company
- CL is the closing price

### 6.1. Regular Cash dividend

While regular cash dividend is not taken account of in Price index, it is fully taken account of in Total return index.

- Adjusted price            Unchanged
- Adjusted share            Unchanged
- Divisor                    Unchanged

### 6.2. Special (or Extraordinary) cash dividend

Special cash dividend is determined as any cash dividend distributed out of usual dividend policy. Special cash dividend is taken account either in Price index or Total return index

- Adjusted price             $CL - DIV * (1 - \text{withholding tax if applicable})$
- Adjusted share            Unchanged
- Divisor                    Decreases

### 6.3. Split

In a split event, company increases the number of outstanding shares. Share price decreases in the same proportion in order to maintain the same market capitalization.

- Adjusted price             $CL * X/Y$
- Adjusted share             $\text{Old number of shares} * Y/X$
- Divisor                    Unchanged

### 6.4. Stock Dividend

Shareholder receives payment of company dividend in the form of stock.

- Adjusted price             $CL * X / (X + Y)$
- Adjusted share             $\text{Old number of shares} * (X + Y) / X$
- Divisor                    Unchanged

### 6.5. Stock Dividend (from treasury)

Company distributes treasury stock to shareholders as stock dividend.

- Adjusted price             $CL - CL * Y / (X + Y)$
- Adjusted share            Unchanged
- Divisor                    Decreases

### 6.6. Stock Dividend (of another company)

- Adjusted price             $(CL * X - \text{price of the other company} * Y) / X$
- Adjusted share            Unchanged
- Divisor                    Decreases

## 6.7. Right issue

Shareholder purchases additional share at a discount to market price.

Out-of-the-money: If the subscription price  $\geq$  the stock closing price on the day before the ex-date, the rights offering is out-of-the-money, there's no adjustment on both price and shares for all VNX Index.

In-the-money: If the rights price  $<$  the stock closing price on the day before the ex-date, then the rights offering is in-the-money. Shares and price are adjusted as following:

- Adjusted price  $(CL * X + (\text{Subscription price} + \text{DIV}) * Y) / (X + Y)$
- Adjusted share  $\text{Old number of shares} * (X + Y) / X$
- Divisor Increases

For the effective date of the new share number:

- Blue Chips indexes The effective date is the ex-date
- Other indexes The effective date is the issue date of new shares

## 6.8. Return of capital

- Adjusted price  $[(CL - \text{capital return announced by company}) * (1 - \text{withholding tax})] * X / Y$
- Adjusted share  $\text{Old number of shares} * Y / X$
- Divisor Decreases

## 6.9. Share repurchase

- Adjusted price  $[(\text{Price before tender} * \text{old number of shares}) - (\text{tender price} * \text{number of tendered shares})] / (\text{old number of shares} - \text{number of tendered shares})$
- Adjusted share  $\text{Old number of shares} - \text{number of tendered shares}$
- Divisor Decreases

## 6.10. Spin - off

- Adjusted price  $(CL * X - \text{price of spin-off shares } Y) / X$
- Adjusted share Unchanged
- Divisor Decreases

## 6.11. Combination of stock distribution and rights offerings

- Adjusted price  $[CL * X + \text{subscription price} * Z] / [X + Y + Z]$
- Adjusted share  $\text{Old number of shares} * [X + Y + Z] / X$
- Divisor Increases

## 6.12. Exceptional treatment

IFRC Indexes reserves the right in certain appropriate cases to diverge from those treatments described from point 8.1 to point 8.12.

Any treatment classified as exceptional treatments will be announced publicly via email and/or the website of VNX Indexes as soon as possible.

## 7. CHANGES TO CONSTITUENT COMPANIES

### 7.1. Replacements

#### Blue Chips indexes

- In the case that a constituent of the index is deleted: there will be no further stock selected in order to maintain the fixed number of stocks in the index.
- Constituent number stays unchanged until the next periodical composition review. The deletion will be announced at least two days before the effective date.

#### Other indexes

- The constituent is removed from the index. There is no additional action.

### 7.2. Suspension

#### Blue Chips indexes

- The Index Committee can remove a stock that is suspended from trading. In this case, the stock is removed at the suspension price.
- The removed stock can be reintroduced in the index composition as soon as the suspension is taken off. The event will be announced at least two days before the effective date.

#### Other indexes

- Not applicable.

### 7.3. Mergers, Restructuring and Acquisitions

#### Blue Chips indexes

- When a constituent of this index is affected by an operation of mergers/restructuring or acquisition, the surviving stock or non-surviving stock that does not qualify for this index will be deleted immediately.
- A surviving stock that qualifies for this index is added to the indices as a replacement for the original stock. The event will be announced at least two days before the effective date.

#### Other indexes

- Not applicable.

### 7.4. New issues

#### Blue Chips indexes

- The integration of a new listed stock to the index depends on the decision of the VNX indexes Committee in function of the size and the expected liquidity of the stock following the Fast Entry Rules.
- In the case of new adding, the decision will take effect two weeks after the announcement.

#### Other indexes

- New IPO will be introduced automatically in the concerned indexes (market or sector indexes) in the next day following the first trading day.



## 7.5. Spin- offs

### Blue Chips indexes

- All spin-off stock will automatically be added to the index composition for one day trading. If the spin-off stock does not qualify the eligible criteria, it will be deleted from the index composition after the first trading day.
- The event will be announced at least two days before the effective date.

### Other indexes

- Not applicable.

## 7.6. Split-up

### Blue Chips indexes

- All new stocks issued from split-up operation will automatically be added to the index composition for one day trading. If the spin-off stock does not qualify the eligible criteria, it will be deleted from the index composition after the first trading day.
- The event will be announced at least two days before the effective date.

### Other indexes

- Not applicable.

## 7.7. Sector Changes

The indices are updated with the sector changes. The event will be announced at least two days before the effective date.

## 8. CONTACT

- Further information concerning the VNX indexes is available at
  - [www.ifrcindex.com](http://www.ifrcindex.com)
  - [www.vnxndex.com.vn](http://www.vnxndex.com.vn)
- Enquiry may be addressed to:
  - [contact@ifrc.fr](mailto:contact@ifrc.fr)

## 9. TICKERS

### 9.1. Price indexes

INDEX	CODE	VND	USD	EUR	JPY
<b>BENCHMARK</b>					
VNX 300	VNX300	VNX300PRVND	VNX300PRUSD	VNX300PREUR	VNX300PRJPY
VNX HSX	VNXHSX	VNXHSXPRVND	VNXHSXPRUSD	VNXHSXPREUR	VNXHSXPRJPY
VNX HNX	VNXHNX	VNXHNXPRVND	VNXHNXPRUSD	VNXHNXPREUR	VNXHNXPRJPY
<b>SIZE</b>					
VNX LARGE 50	VNXLG	VNXLGPRVND	VNXLGPRUSD	VNXLGPREUR	VNXLGPRJPY
VNX MID 100	VNXMD	VNXMDPRVND	VNXMDPRUSD	VNXMDPREUR	VNXMDPRJPY
VNX SMALL 150	VNXSM	VNXSMPRVND	VNXSMPRUSD	VNXSMPREUR	VNXSMPRJPY
VNX LARGE & MID 150	VNXLM	VNXLMPRVND	VNXLMPRUSD	VNXLMPREUR	VNXLMPRJPY
VNX MID & SMALL 250	VNXMS	VNXMSPRVND	VNXMSPRUSD	VNXMSPREUR	VNXMSPRJPY
<b>SECTOR</b>					
VNX BANKS	VNXBN	VNXBNPRVND	VNXBNPRUSD	VNXBNPREUR	VNXBNPRJPY
VNX BASIC MATERIALS	VNXBM	VNXBMPRVND	VNXBMPRUSD	VNXBMPREUR	VNXBMPRJPY
VNX CONSUMER GOODS	VNXCG	VNXCGPRVND	VNXCGPRUSD	VNXCGPREUR	VNXCGPRJPY
VNX CONSUMER SERVICES	VNXCS	VNXCSPRVND	VNXCSPRUSD	VNXCSPREUR	VNXCSPRJPY
VNX FINANCIALS	VNXFI	VNXFIPRVND	VNXFIPRUSD	VNXFIPREUR	VNXFIPRJPY
VNX HEALTHCARE	VNXHC	VNXHCPRVND	VNXHCPRUSD	VNXHCPREUR	VNXHCPRJPY
VNX INDUSTRIALS	VNXIN	VNXINPRVND	VNXINPRUSD	VNXINPREUR	VNXINPRJPY
VNX OIL & GAS	VNXOG	VNXOGPRVND	VNXOGPRUSD	VNXOGPREUR	VNXOGPRJPY
VNX TECHNOLOGY	VNXTE	VNXTEPRVND	VNXTEPRUSD	VNXTEPREUR	VNXTEPRJPY
VNX UTILITIES	VNXUT	VNXUTPRVND	VNXUTPRUSD	VNXUTPREUR	VNXUTPRJPY
<b>SUPER SECTOR</b>					
VNX REAL ESTATE	VNXRE	VNXREPRVND	VNXREPRUSD	VNXREPREUR	VNXREPRJPY
<b>THEME</b>					
VNX WOMEN CEO	VNXWM	VNXWMPRVND	VNXWMPRUSD	VNXWMPREUR	VNXWMPRJPY
VNX GROUP COAL & MINERAL	VNXGMN	VNXGMNPRVND	VNXGMNPRUSD	VNXGMNPREUR	VNXGMNPRJPY
VNX GROUP ELECTRICITY	VNXGEL	VNXGELPRVND	VNXGELPRUSD	VNXGELPREUR	VNXGELPRJPY
VNX GROUP TELECOM	VNXGTC	VNXGTCPRVND	VNXGTCPRUSD	VNXGTCPREUR	VNXGTCPRJPY
VNX GROUP OIL	VNXGOL	VNXGOLPRVND	VNXGOLPRUSD	VNXGOLPREUR	VNXGOLPRJPY
VNX HIGH QUALITY GOODS	VNXHQ	VNXHQPRVND	VNXHQPRUSD	VNXHQPREUR	VNXHQPRJPY
<b>BLUECHIPS</b>					
VNX TOP 25	VNX25	VNX25PRVND	VNX25PRUSD	VNX25PREUR	VNX25PRJPY
VNX TOP 50	VNX50	VNX50PRVND	VNX50PRUSD	VNX50PREUR	VNX50PRJPY
VNX TOP 10 HNX	VNXHN10	VNXHN10PRVND	VNXHN10PRUSD	VNXHN10PREUR	VNXHN10PRJPY
VNX TOP 10 HSX	VNXHS10	VNXHS10PRVND	VNXHS10PRUSD	VNXHS10PREUR	VNXHS10PRJPY
VNX LEADERS 10	VNXLDR10	VNXLDR10PRVND	VNXLDR10PRUSD	VNXLDR10PREUR	VNXLDR10PRJPY
VNX TOP 10 WOMEN CEO	VNXWM10	VNXWM10PRVND	VNXWM10PRUSD	VNXWM10PREUR	VNXWM10PRJPY
VNX TOP 25 WOMEN CEO	VNXWM25	VNXWM25PRVND	VNXWM25PRUSD	VNXWM25PREUR	VNXWM25PRJPY
VNX TOP 10 ELECTRICITY	VNXGELT	VNXGELTPRVND	VNXGELTPRUSD	VNXGELTPREUR	VNXGELTPRJPY
VNX TOP 10 GROUP OIL	VNXGOLT	VNXGOLTPRVND	VNXGOLTPRUSD	VNXGOLTPREUR	VNXGOLTPRJPY
VNX TOP 10 GROUP TELECOM	VNXGTCT	VNXGTCTPRVND	VNXGTCTPRUSD	VNXGTCTPREUR	VNXGTCTPRJPY
VNX TOP 10 BASIC MATERIALS	VNXBM10	VNXBM10PRVND	VNXBM10PRUSD	VNXBM10PREUR	VNXBM10PRJPY
VNX TOP 10 CONSUMER GOODS	VNXCG10	VNXCG10PRVND	VNXCG10PRUSD	VNXCG10PREUR	VNXCG10PRJPY

VNX TOP 10 FINANCE	VNXFI10	VNXFI10PRVND	VNXFI10PRUSD	VNXFI10PREUR	VNXFI10PRJPY
VNX TOP 10 HEALTHCARE	VNXHC10	VNXHC10PRVND	VNXHC10PRUSD	VNXHC10PREUR	VNXHC10PRJPY
VNX TOP 10 INDUSTRIALS	VNXIN10	VNXIN10PRVND	VNXIN10PRUSD	VNXIN10PREUR	VNXIN10PRJPY
VNX TOP 10 UTILITIES	VNXUT10	VNXUT10PRVND	VNXUT10PRUSD	VNXUT10PREUR	VNXUT10PRJPY
VNX TOP 10 REAL ESTATE	VNXRE10	VNXRE10PRVND	VNXRE10PRUSD	VNXRE10PREUR	VNXRE10PRJPY
<b>STRATEGY</b>					
VNX TOP 25 HIGH DIVIDEND	VNX25HD	VNX25HDPRVND	VNX25HDPRUSD	VNX25HDPREUR	VNX25HDPRJPY
VNX TOP 25 LOW VOLATILITY	VNX25LV	VNX25LVPRVND	VNX25LVPRUSD	VNX25LVPREUR	VNX25LVPRJPY
VNX TOP 25 EW	VNX25EW	VNX25EWPRVND	VNX25EWPRUSD	VNX25EWPREUR	VNX25EWPRJPY
VNX TOP 50 EW	VNX50EW	VNX50EWPRVND	VNX50EWPRUSD	VNX50EWPREUR	VNX50EWPRJPY

## 9.2. Total return indexes

INDEX	CODE	VND	USD	EUR	JPY
<b>BENCHMARK</b>					
VNX 300	VNX300	VNX300TRVND	VNX300TRUSD	VNX300TREUR	VNX300TRJPY
VNX HSX	VNXHSX	VNXHSXTRVND	VNXHSXTRUSD	VNXHSXTREUR	VNXHSXTRJPY
VNX HNX	VNXHNX	VNXHNXTRVND	VNXHNXTRUSD	VNXHNXTREUR	VNXHNXTRJPY
<b>SIZE</b>					
VNX LARGE 50	VNXLG	VNXLGTRVND	VNXLGTRUSD	VNXLGTREUR	VNXLGTRJPY
VNX MID 100	VNXMD	VNXMDTRVND	VNXMDTRUSD	VNXMDTREUR	VNXMDTRJPY
VNX SMALL 150	VNXSM	VNXSMTRVND	VNXSMTRUSD	VNXSMTREUR	VNXSMTRJPY
VNX LARGE & MID 150	VNXLM	VNXLMTRVND	VNXLMTRUSD	VNXLMTREUR	VNXLMTRJPY
VNX MID & SMALL 250	VNXMS	VNXMSTRVND	VNXMSTRUSD	VNXMSTREUR	VNXMSTRJPY
<b>SECTOR</b>					
VNX BANKS	VNXBN	VNXBNTRVND	VNXBNTRUSD	VNXBNTREUR	VNXBNTRJPY
VNX BASIC MATERIALS	VNXBM	VNXBMTRVND	VNXBMTRUSD	VNXBMTREUR	VNXBMTRJPY
VNX CONSUMER GOODS	VNXCG	VNXCGTRVND	VNXCGTRUSD	VNXCGTREUR	VNXCGTRJPY
VNX CONSUMER SERVICES	VNXCS	VNXCSTRVND	VNXCSTRUSD	VNXCSTREUR	VNXCSTRJPY
VNX FINANCIALS	VNXFI	VNXFITRVND	VNXFITRUSD	VNXFITREUR	VNXFITRJPY
VNX HEALTHCARE	VNXHC	VNXHCTRVND	VNXHCTRUSD	VNXHCTREUR	VNXHCTRJPY
VNX INDUSTRIALS	VNXIN	VNXINTRVND	VNXINTRUSD	VNXINTREUR	VNXINTRJPY
VNX OIL & GAS	VNXOG	VNXOGTRVND	VNXOGTRUSD	VNXOGTREUR	VNXOGTRJPY
VNX TECHNOLOGY	VNXTE	VNXTETRVND	VNXTETRUSD	VNXTETREUR	VNXTETRJPY
VNX UTILITIES	VNXUT	VNXUTTRVND	VNXUTTRUSD	VNXUTTREUR	VNXUTTRJPY
<b>SUPER SECTOR</b>					
VNX REAL ESTATE	VNXRE	VNXRETRVND	VNXRETRUSD	VNXRETREUR	VNXRETRJPY
<b>THEME</b>					
VNX WOMEN CEO	VNXWM	VNXWMTRVND	VNXWMTRUSD	VNXWMTREUR	VNXWMTRJPY
VNX GROUP COAL & MINERAL	VNXGMN	VNXGMNTRVND	VNXGMNTRUSD	VNXGMNTREUR	VNXGMNTRJPY
VNX GROUP ELECTRICITY	VNXGEL	VNXGELTRVND	VNXGELTRUSD	VNXGELTREUR	VNXGELTRJPY
VNX GROUP TELECOM	VNXGTC	VNXGTCTRVND	VNXGTCTRUSD	VNXGTCTREUR	VNXGTCTRJPY
VNX GROUP OIL	VNXGOL	VNXGOLTRVND	VNXGOLTRUSD	VNXGOLTREUR	VNXGOLTRJPY
VNX HIGH QUALITY GOODS	VNXHQ	VNXHQTRVND	VNXHQTRUSD	VNXHQTREUR	VNXHQTRJTY
<b>BLUECHIPS</b>					
VNX TOP 25	VNX25	VNX25TRVND	VNX25TRUSD	VNX25TREUR	VNX25TRJPY
VNX TOP 50	VNX50	VNX50TRVND	VNX50TRUSD	VNX50TREUR	VNX50TRJPY
VNX TOP 10 HNX	VNXHN10	VNXHN10TRVND	VNXHN10TRUSD	VNXHN10TREUR	VNXHN10TRJTY
VNX TOP 10 HSX	VNXHS10	VNXHS10TRVND	VNXHS10TRUSD	VNXHS10TREUR	VNXHS10TRJTY
VNX LEADERS 10	VNXLDR10	VNXLDR10TRVND	VNXLDR10TRUSD	VNXLDR10TREUR	VNXLDR10TRJPY
VNX TOP 10 WOMEN CEO	VNXWM10	VNXWM10TRVND	VNXWM10TRUSD	VNXWM10TREUR	VNXWM10TRJPY
VNX TOP 25 WOMEN CEO	VNXWM25	VNXWM25TRVND	VNXWM25TRUSD	VNXWM25TREUR	VNXWM25TRJPY
VNX TOP 10 ELECTRICITY	VNXGELT	VNXGELTTRVND	VNXGELTTRUSD	VNXGELTTREUR	VNXGELTTRJPY
VNX TOP 10 GROUP OIL	VNXGOLT	VNXGOLTTRVND	VNXGOLTTRUSD	VNXGOLTTREUR	VNXGOLTTRJTY
VNX TOP 10 GROUP TELECOM	VNXGTCT	VNXGTCTTRVND	VNXGTCTTRUSD	VNXGTCTTREUR	VNXGTCTTRJTY
VNX TOP 10 BASIC MATERIALS	VNXBM10	VNXBM10TRVND	VNXBM10TRUSD	VNXBM10TREUR	VNXBM10TRJTY
VNX TOP 10 CONSUMER GOODS	VNXCG10	VNXCG10TRVND	VNXCG10TRUSD	VNXCG10TREUR	VNXCG10TRJTY



VNX TOP 10 FINANCE	VNXFI10	VNXFI10TRVND	VNXFI10TRUSD	VNXFI10TREUR	VNXFI10TRJTY
VNX TOP 10 HEALTHCARE	VNXHC10	VNXHC10TRVND	VNXHC10TRUSD	VNXHC10TREUR	VNXHC10TRJTY
VNX TOP 10 INDUSTRIALS	VNXIN10	VNXIN10TRVND	VNXIN10TRUSD	VNXIN10TREUR	VNXIN10TRJTY
VNX TOP 10 UTILITIES	VNXUT10	VNXUT10TRVND	VNXUT10TRUSD	VNXUT10TREUR	VNXUT10TRJTY
VNX TOP 10 REAL ESTATE	VNXRE10	VNXRE10TRVND	VNXRE10TRUSD	VNXRE10TREUR	VNXRE10TRJTY
<b>STRATEGY</b>					
VNX TOP 25 HIGH DIVIDEND	VNX25HD	VNX25HDTRVND	VNX25HDTRUSD	VNX25HDTREUR	VNX25HDTRJPY
VNX TOP 25 LOW VOLATILITY	VNX25LV	VNX25LVTRVND	VNX25LVTRUSD	VNX25LVTREUR	VNX25LVTRJPY
VNX TOP 25 EW	VNX25EW	VNX25EWTRVND	VNX25EWTRUSD	VNX25EWTREUR	VNX25EWTRJPY
VNX TOP 50 EW	VNX50EW	VNX50EWTRVND	VNX50EWTRUSD	VNX50EWTREUR	VNX50EWTRJPY

## 10. DEFINITIONS

- **Velocity** The Ratio of trade volume by the total number of shares. These figures are then averaged over the last 12 moving months and annualized
- **Stock Turnover** Daily average of traded volume value over the last 12 moving months, expressed in VND
- **Index Turnover** Ratio of the value of buying and selling stocks in a portfolio in case of the composition review by the index capitalisation before adjustment
- **Volatility** Annualized standard deviation of logarithmic variations of consecutive close prices
- **Trading ratio** Annualized ratio of the traded days by the trading days

## 11. VNX INDEXES

### Market indexes

- VNX300
- VNX HSX
- VNX HNX

### Size indexes

- VNX Large 50
- VNX Mid 100
- VNX Small 150
- VNX Large & Mid 150
- VNX Mid & Small 250

### Sector indexes

- VNX Banks,
- VNX Basic Materials,
- VNX Consumer & Goods,
- VNX Consumer & Service,
- VNX Financials
- VNX Health Care,
- VNX Industrials,
- VNX Oil & Gas,
- VNX Technology,
- VNX Utilities.

### Super sectors indexes

- VNX Real Estate

### Theme indexes

- VNX Women CEO
- VNX Coal & Mineral Group
- VNX Electricity Group
- VNX Telecom Group
- VNX Oil Group
- VNX High Quality Goods

## **Blue Chips indexes**

- VNX Top 25
- VNX Top 50
- VNX Top 10 HNX
- VNX Top 10 HSX
- VNX Leaders 10
- VNX Top 10 Women CEO
- VNX Top 25 Women CEO
- VNX Top 10 Electricity Group
- VNX Top 10 Oil Group
- VNX Top 10 Telecom Group
- VNX Top 10 Basic Materials
- VNX Top 10 Consumer Goods
- VNX Top 10 Finance
- VNX Top 10 Healthcare
- VNX Top 10 Industrials
- VNX Top 10 Utilities
- VNX Top 10 Real Estate

## **Strategy indexes**

- VNX 25 High Dividend
- VNX 25 Low Volatility
- VNX 25 Equal Weighted
- VNX 50 Equal Weighted

## **Weighting**

- Full market capitalisation
- Capped free float capitalisation
- Equal Weighting
- Factor Weighting (dividend yield, volatility)

## **Currencies**

- EUR
- JPY
- USD
- VND

## **Calculation**

- Price
- Total Return

# VNX INDEXES RULES

Thien Son Plaza Office 3.12,  
800 Nguyen Van Linh St,  
Dist 7, HCMC, VIETNAM

Phone +84 (08) 54 17 13 28  
Fax +84 (08) 54 17 13 65

[www.ifrcindex.com](http://www.ifrcindex.com)  
[www.vnxindex.com](http://www.vnxindex.com)