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# PROSPECTUS

## SSIAM VNFIN LEAD ETF

(IPO Licence Number: 150/GCN-UBCK issued by State Securities Commission of Vietnam dated 19/12/2019)

**This Prospectus is effective from 19/12/2019**

### 1. ISSUING ORGANIZATION

#### **SSI Asset Management CO., LTD**

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### 2. INFORMATION DISCLOSURE

Ms. To Thuy Linh

Position: COO – SSI Asset Management Co., Ltd

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### 3. DISTRIBUTION OF THE PROSPECTUS

The Prospectus together with other Fund materials (Fund Charter, periodic reports, financial statements and other documents) are public in the website of SSI Asset Management Co., Ltd. (<https://www.ssi.com.vn/ssiam/san-pham-va-dich-vu-ssiam>), at offices of SSI Asset Management Co., Ltd and the Authorized Participants/Fund's Distributors.

The SSIAM VNFIN LEAD ETF, described in this Prospectus, is an Exchange Traded Fund established under the Securities Law No. 70/2006/QH11 of the National Assembly of the Socialist Republic of Vietnam approved on 29 May 2006, the Law amending and supplementing a number of articles of the Securities Law approved on 24 November 2011 and its implementing documents.

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# PROSPECTUS

## I. RESPONSIBLE PERSONS FOR CONTENTS OF THE PROSPECTUS

### 1. ISSUING ORGANISATION

#### SSI ASSET MANAGEMENT CO., LTD

Mr. Nguyen Duy Hung	Designation: Chairman
Ms. Le Thi Le Hang	Designation: CEO
Ms. Mai Huyen Ngoc	Designation: Acting Chief Accountant
Ms. Le Cam Binh	Designation: Supervisory Officer

SSI Asset Management Co., Ltd (SSIAM) ensures that all the information and data in the Prospectus are accurate, truthful and our commitment to the truthfulness and accuracy of such information and figures is in accordance with the fact that the company knows, or has investigated, collected in a reasonable manner.

### 2. SUPERVISORY BANK

#### Joint stock Commercial Bank for Foreign Trade of Vietnam

Authorized representative: Ms. Hoang Minh Ngoc

Position: Deputy Head of Financial Institutions Department

Authorization letter No. 561/UQ-VCB-DCTC dated 12 Jun.2018 of General Director of Joint stock Commercial Bank for Foreign Trade of Vietnam

As the Supervisory Bank of SSIAM VNFIN LEAD ETF, we will have responsibility within the clauses of the supervisory service contract between us and SSI Asset Management Co., Ltd (SSIAM), and in accordance with the legal regulations. By signing this contract, we will only confirm information relating to Supervisory Bank.

## II. TERMS/DEFINITIONS

“Prospectus”	The documents or electronic data publicizing objective, truthful and accurate information about the offer for sale or listing of Fund Certificates.
“Board of Fund Representatives”	Representatives of Investors elected by the General Investors’ Meeting to act on their behalf to supervise the operation of the Fund, the Fund Management Company and the Supervisory Bank.
“E-voting”	An election method allows investors to exercise their voting rights over the Internet, through computers and mobile devices.
“Fund Management Company” or “SSIAM”	SSI Asset Management Co., Ltd (SSIAM) which is incorporated under the License No. 19/UBCK-GP issued by the SSC dated August 03, 2007 and the Adjusted License No 12/GPĐC-UBCK issued by the SSC dated July 27, 2011. SSIAM is the authorized Fund Management Company of SSIAM VNFIN LEAD ETF and has the rights and obligations as per the Fund Charter.

“Auditing Company”	An independent auditing company which is in the list of auditing companies approved by the SSC, performing the annual audit of ETF’s assets. The auditing company appointed by the General Meeting of Investors or the General Meeting of Investors authorizes the Representative Board to select the auditing company.
“Tracking Index”/ “VNFIN LEAD INDEX”	<p>VNFIN LEAD index is the index that includes at least 10 securities listed on the Ho Chi Minh City Stock Exchange belonging to the composition of component stocks of the VNAllShare Financials index (abbreviated to VNFIN), having the eligibility to participate in the index creation basket and satisfying the index criteria.</p> <p>VNFIN LEAD index meets the provisions of Clause 4, Article 3 of Circular 229/2012/TT-BTC dated 27/12/2012 guiding the establishment and management of exchange traded fund.</p>
“Fund Certificate”/ “ETF Certificate”	A type of securities certifying that Investors own a contribution portion in the ETF. Par value of a Fund Certificate is VND10,000.
“ETF Creation Unit”	An ETF Creation Unit comprises one hundred thousand (100,000) Fund Units. A Creation Unit is a transaction unit in Creation/ Redemption transaction between the ETF and the Authorized Participants/Investors.
“Component Securities”	The securities constituting the basket of securities of the Tracking Index.
“Basket of Component Securities”	The basket comprises of Component Securities which is designed to replicate the Tracking Index and is approved by Fund Management Company during the creation of the Fund.
“Transfer Agent”	Is Fund Management Company or a service provider authorized by the Fund Management Company to manage the Fund’s Register.
“Distributors”	Securities companies which provide securities brokerage services having signed distribution agreement of Fund Certificate with Fund Management Company and Authorized Participants.
“Fund Charter”	The Fund Charter of SSIAM VNFIN LEAD ETF, including the Fund Charter and the accompanied appendices and lawful amendments (if any).
“Investment Portfolio”	Is the Fund’s Investment Portfolio as prescribed in Point 3, Article 9 of the Fund Charter.
“General Investors’ Meeting”	Defined as a periodic or extraordinary general meeting of Investors where Investors are entitled to vote, to pass important issues relating to SSIAM VNFIN LEAD ETF. General Investors’ Meeting is the highest authority body of the ETF.
“Net Asset Value of the Fund/NAV”	The total market value of assets and investments in the portfolio minus liabilities of the Fund at the time of valuation. Liabilities of the Fund

	comprise liabilities or payable obligations of the Fund calculated up to the day prior to the Valuation Date.
“Indicative Net Asset Value per Fund Certificate (iNAV)”	Net Asset Value of an ETF Certificate determined in the trading session.
“Supervisory Contract”	Agreement signed by Fund Management Company and Supervisory Bank and approved in Investor General Meeting.
“Fund’s Profit”	The remaining profit of the Fund after deducting all eligible expenses and is approved by General Investors’ Meeting to be distributed to Investors based on Investors’ holding ratios.
“Fiscal Year”	Commences on the beginning of the 1st of January and ends on the 31st of December of the calendar year. The first fiscal year of the ETF is calculated from the day on which it is officially issued a license by the SSC until the end of the 31st of December of the same year. In case that the period from the day the Fund is issued a license by the SSC to the end of the 31st of December of the same year is less than 90 days, the first accounting period will be calculated from the day on which it is officially issued a license by the SSC until the end of the 31st of December of the next year.
"Investor(s)"	Any domestic and foreign individuals or organizations holding the Fund’s certificates.
“Supervisory Bank”	Joint Stock Commercial Bank For Foreign Trade of Vietnam, a commercial bank established under Business registration certificate No. 0100112437, issued by the Hanoi Department of Planning and Investment, first registration on June 2, 2008; registration for changes for the 13th time on January 16, 2019 and is issued the registration certificate No. 14/DKHDLK for securities depository activities by the State Securities Commission, dated July 7, 2016, undertaking following services (i) preservation and depository of securities, documents attesting the title to the Fund’s legal assets; economic contracts, documents in relation to the Fund’s assets and at the same time supervise the Fund’s operations; (ii) oversees fund asset management activities of the Fund Management Company.
“Valuation Date”	The day the Fund Management Company determines the Net Asset Value of the Fund according to current applicable regulations.
“Dealing Date”	A Valuation Date on which SSIAM VNFIN LEAD ETF, via SSIAM, creates and redeems Creation Units at the request of Authorized Participants/ Investors in accordance with the creation/redemption procedures.
“Creation/Redemption Order”	Include buying orders in which Authorized Participants/Investors request the Fund to receive a basket of component securities and issue Creation Units and selling orders in which the Authorized

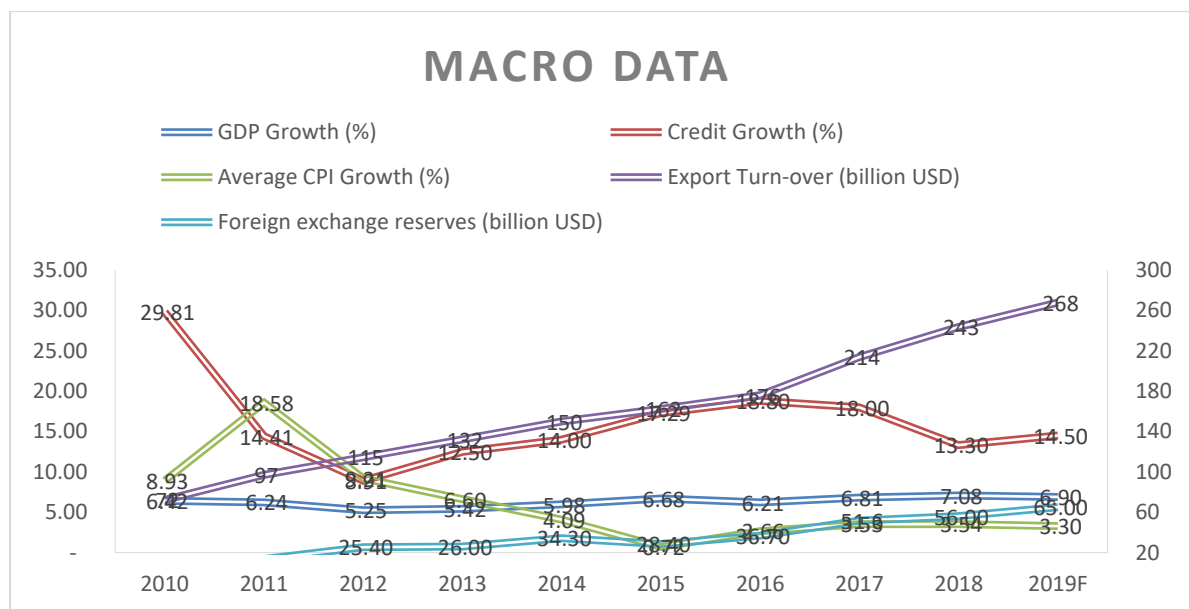
	Participants/Investors request the Fund to receive Creation Units in return for basket of component securities.
“Related Party”	Prescribed in Point 34 Article 6 of Securities Law.
“Creation Fee”	The fee that Authorized Participants/Investors must pay the Fund Management Company when performing Creation Order in an IPO or exchanging Component Securities for Fund Creation Units.
“Redemption Fee”	The fee that Authorized Participants/Investors must pay the Fund Management Company when performing a Redemption Order exchanging Fund Creation Units for Component Securities.
“Exchange-Traded Fund”/ “SSIAM VNFIN LEAD ETF”/ “the Fund”	SSIAM VNFIN LEAD ETF, an open-ended fund that is founded from the creation and exchange of Basket of Component Securities for Fund Certificates. The Fund Certificates are listed and traded on Ho Chi Minh City Stock Exchange (HOSE).
“Stock Exchange”	Stock Exchange on which the Fund Certificate is listed.
“HSX”	Ho Chi Minh City Stock Exchange
“HNX”	Hanoi Stock Exchange
“Authorized Participant”/“AP”	Securities companies providing brokerage services and proprietary trading or Custodian bank which have signed the contract with SSIAM for establishing the SSIAM VNFIN LEAD ETF.
“Cut-Off Time”	The latest time that Distributors or Authorized Participants receive Creation/Redemption Order from Investors for implementation on the Dealing Date. Cut-off time is disclosed in Fund Charter, Prospectus and Summary Prospectus and will not be later than the market closing time of the Stock Exchange.
“Market Maker”	Is an Authorized Participant selected by the Fund Management Company to sign a contract to provide market making service to the ETF.
“VSD”	Vietnam Securities Depository Centre
“Fund’s Charter Capital”	The total capital in cash received during initial public offering period, as recorded in the Fund Charter.
Other definitions	Other definitions (if any) will be construed as set forth in the Securities Law and other relevant documents.

### III. INVESTMENT OPPOTURNITIES

#### **Macroeconomic: Current conditions and prospects**

Vietnam is one of the fastest growing economies in the world in 2018 with a growth rate of 7.08%. Its main growth drivers export of manufacturing, processing and mining industries. These industry sectors would have much benefited from the situation when the global economy is put under pressure of a trade war between the US and China starting from 2018 till 2019 and does not seem to have an end. In spite of being a substitute for China after many exporting enterprises has been moving out from this country for a new destination, Vietnam with a foreign trade turnover of nearly

200% of GDP in 2018 and possibly over 200% in 2019 would still be affected by the current decelerating global economy due to this trade war. After first 6 months of 2019, though the disbursed FDI was USD9.1 billion among the USD18.5-billion registered capital, up 8.1% compared with the same period, GDP still grew by 6.76% only and the consumer price index experienced slight rise of 2.64%. Index of Industrial Production (IIP) was 9.13%, which is nearly the same as 2018's figure of 9.28%. In the first 6 months, credit growth reached 7.33% which was higher than 6.14% of 2018. However, this high growth of credit only appeared in the second half of June 2019 when the State Bank of Vietnam (SBV) realized that credit growth and inflation were very low in the first 5 months. In the context of such prudent monetary policy, fiscal policy is entangled when the disbursement of public investment increased by only 3%, compared with 10.3% increase in the disbursed investment of the whole country with VND823 trillion of value. Slow disbursement of public investment or the lack of a potent fiscal policy is also a reason for the low GDP growth in the last 6 months. Delay in allocation of public investment as the reciprocal source for ODA projects caused ODA disbursement to slow down. In May 2019, ODA disbursement was only VND133 trillion, attaining 37% adjusted target for this year.



## Stock market and ETF

ETF is an investment product that has strong development in the global stock market as well as in Vietnam stock market. ETF is a type of fund replicating a benchmark (or tracking) index to track performance of that index. The Tracking Index can be a stock index, a bond index or other asset related indexes. Equity Tracking Index normally represents a stock market, an industry or a field. Investing in an ETF is the fastest and easiest way to invest in a stock market, or an industry, a sector.

## Benefits of investing in ETF

As an open-ended fund, ETF owns benefits of an open-ended fund e.g. portfolio diversification, high liquidity and professional management by a Fund Management Company. Besides, benefits of investing in an ETF include low Fund operating cost and transparency:

- **Low operation costs:** As ETF is a type of passive investment tracking an index, its annual operation cost is often lower than other active investment funds in which fund managers are



active in choosing stocks with a specified investment strategy. Low operation cost of the fund results in higher rate of returns to Investors.

- **Investment in a stock basket with reasonable costs:** Instead of investing in multiple securities with higher costs, Investors can indirectly invest in a diversified portfolio of listed companies in the Tracking Index with reasonable costs. Investors can also trade the ETF Certificates on the Stock Exchange (via secondary market) in just one convenient transaction with a small investment capital.
- **Transparency:** The Investment Portfolio and NAV of an ETF will be published transparently and frequently. Investors know what the ETF is holding before making any investment decisions and would be able to make suitable investment decisions.
- **Professional management:** Instead of self-investing, Investor can have access to professional investment specialists with their in-depth understanding and expertise, experiences and resources to effectively manage assets, especially in volatile market conditions.
- **Liquidity:** Investors can redeem the ETF Certificates directly with the Fund Management Company (primary trading) or also directly sell the ETF Certificates on the Stock Exchange (secondary trading) with a price close to the NAV per ETF Certificate (thanks to the arbitrage activities of Authorized Participants).

#### **IV. INTRODUCTION TO VNFIN LEAD INDEX**

VIETNAM LEADING FINANCIAL INDEX (VNFIN LEAD) is the index that captures the stock price movements of listed companies in the VNAlIShare Financials Index (VNFIN) which are eligible to participate in creation basket and index criteria. VNFIN LEAD index includes at least 10 stocks that meet the selection criteria with a 15% weight limit for individual stocks.

##### **1. Methodology for component stock selection of the Index basket**

###### **a. Selection of VNAlIShare Financials Index (VNFIN) basket**

Qualified component stocks are stocks of financial sector – VNAlIShare Financials Index (VNFIN in short) basket and of issuing company with positive profit-after-tax in latest public consolidated audit reports.

###### **b. Selection of component stocks in VNFIN LEAD basket**

Stocks in Part 1.a. with trading volume from VND 10 billion and turnover ratio from 0.1% (trading volume and turnover ratio are guided in Part 3 of HOSE-Index Construction and Management Principles) are selected into VNFIN LEAD basket.

In case there is not enough 10 stocks in the basket, qualified stocks are prioritized by volume from largest to smallest for selection.

Component stocks must meet the criteria in Part 1.a. to be maintained in the index. In case a stock is removed from VNFIN basket, it will be removed from VNFIN LEAD from the same base date.

##### **2. Calculation method of Index**

VNFIN LEAD is calculated based on free float adjusted market capitalization ratio multiplied by liquidity adjusted weight.

Formula:

$$\text{Price index} = \frac{\text{CMV}}{\text{Denominator}}$$

In which:

CMV (Current Market Value):

$$\text{CMV} = \sum_{i=1}^n (p_i \times s_i \times f_i \times c_i \times w_i)$$

$i = 1, 2, 3 \dots n$

$n$ : number of stocks in the basket

$p_i$ : closing price of stock  $i$  in the basket at calculation time

$s_i$ : trading volume of stock  $i$  in the basket at calculation time

$f_i$ : rounded free-float of stock  $i$  in the basket at calculation time (referred to rounding rule in Part 3.2.5 of HOSE-Index Construction and Management Principles)

$c_i$ : Capitalization threshold of stock  $i$  in the basket at calculation time (referred to Capitalization threshold in Part 6 of HOSE-Index Construction and Management Principles)

$w_i$ : liquidity-adjusted weight of stock  $i$  equal to trading volume of stock  $i$  divided by total trading volume of the basket

Denominator: On base date, denominator is equal to market value at closing divided by par value of index. In case of increasing/decreasing CMV not due to market fluctuation, Denominator is adjusted to ensure Index continuity.

Referred in details Part 5 HOSE-Index Construction and Management Principles.

### 3. Calculating Return Index

Formula to calculate the index:

$$\text{TRI}_t = \text{TRI}_{t-1} \times (1 + \text{PriceReturn}_t + \text{DividendYield}_t)$$

In which:

\*  $\text{TRI}_t$  = total income index at day  $t$

\*  $\text{TRI}_{t-1}$  = total income index at day  $t-1$

\* Price Return: price index growth on day  $t$  vs day  $t-1$

$$\text{* Price Return}_t = \frac{\text{IA}_t - \text{IA}_{t-1}}{\text{IA}_{t-1}}$$

- $\text{IA}_t$  = index A at day  $t$
- $\text{IA}_{t-1}$  = index A at day  $t-1$
- 

\*  $\text{Dividend Yield}_t = \frac{\text{IndexDividend}_t}{\text{IA}_{t-1}}$ : Dividend Yield

- Index Dividend is calculated on the total cash dividend of the stocks included in basket of price index A at day  $t$

$$\text{Index Dividend}_t = \frac{\sum_{i=1}^n \text{DPS}_i \times s_i \times f_i \times c_i}{\text{Division Factor}_t} \times 100$$

In which:

- $\text{DPS}_i$  = Cash dividends per stock of stock  $i$  belongs to the index on day  $t$
- $s_i$  = at day  $t-1$  outstanding volume calculates the index of stock  $i$  at day  $t-1$
- $f_i$  = rounded float free ratio of stock  $i$  at day  $t$

- $c_i$  = weight of stock  $i$  at day  $t$
- Division factor  $t$  = Division Factor of price index  $A$  at day  $t$

The total return index is calculated based on the original index which is the VNFIN LEAD price index.

The method of calculating the total return index is referenced in detail in Section 6 of the Rules of construction and management of HOSE-Index.

## **V. INFORMATION OF SSIAM VNFIN LEAD ETF**

### **1. GENERAL INFORMATION OF THE FUND**

#### **1.1. Name and address of the Fund**

- Name of Fund: SSIAM VNFIN LEAD ETF
- Abbreviated name: SSIAM VNFIN LEAD
- Fund type: Exchange-traded fund
- Par value of Fund Certificate: VND10,000 (VND ten thousand)
- Contact address: SSI Asset Management Co., Ltd.  
5<sup>th</sup> floor, 1C Ngo Quyen Building, Hoan Kiem District, Hanoi
- Phone: 024 3936 6321 Fax: 024 3936 6337
- Website: <https://www.ssi.com.vn/en/ssiam/products-and-services-ssiam>

#### **1.2. IPO license and size of the Fund**

SSIAM VNFIN LEAD ETF's initial public offering was authorized by the State Securities Commission under the IPO License No. 150/GCN-UBCK dated 19/12/2019.

In the Fund's IPO, the minimum mobilized capital required is expected to be VND50,000,000,000 (fifty billion) equivalent to 50 (fifty) Creation Units. The par value of each Fund Certificate is VND10,000 (ten thousand).

### **1.3. Fund's type and operation term**

SSIAM VNFIN LEAD ETF is an exchange-traded fund, an open-ended fund which is formed and operates according to Vietnamese Law. Throughout its duration, it is obliged to issue and repurchase Creation Unit(s) at the demand of Authorized Participants and Investors. The ETF is listed and traded on HSX.

The operation term of the Fund is indefinite.

### **1.4. Board of Representatives**

The Fund's Board of Representatives will be elected in the first General Meeting of SSIAM VNFIN LEAD ETF.

### **1.5. Fund Managers**

#### **Mr. Nguyen Minh Hanh – Portfolio Manager**

- Joined SSIAM since 2014, Mr. Hanh is currently a portfolio manager of SSIAM.
- Mr. Hanh has many years of experience in the financial industry. He acted as Finance Manager for several manufacturing companies, Head of Research cum Head of Securities Index Development Department of Petrovietnam Securities Incorporation (PSI). He has several years of experience in corporate restructuring consulting for large corporates in Vietnam including Mobifone, Viet Nam Agribank Gold Corporation, Nam Kim Steel Corporation.
- Mr. Hanh holds a bachelor's degree in economics from National Economics University, Hanoi.

#### **Mr. Nguyen Ba Huy, CFA – Associate Portfolio Manager**

- Mr. Huy has over 10 years of experience in analysis and investment area, with positions of Associate Portfolio Manager (SSIAM), Head of Research (VNDIRECT), Head of Investment Advisory (KIS), and Research Analyst (TVSI).
- Mr. Huy holds a bachelor's degree of Business English from Hanoi Foreign Trade University and CFA Charter holder of CFA Institute, USA.

## **2. FUND CHARTER**

Fund Charter is summarized in Annex 3 of the Prospectus. Investors need to notice that the content of Annex 3 is only the summary of the Fund Charter. For complete information, Investors should consult the full version of Fund Charter of SSIAM VNFIN LEAD ETF. In case there is any discrepancies between the Prospectus and the Fund Charter, the Fund Charter will prevail. If Investors are in doubt of their investments, Investors should seek for more information or consult experts' recommendations to more appropriate investment decisions.

## **3. INVESTMENT OBJECTIVES AND INVESTMENT STRATEGY OF THE FUND**

### **3.1. Investment objective**

The investment objective of SSIAM VNFIN LEAD ETF is to replicate as closely as possible performance of VIETNAM LEADING FINANCIAL INDEX (VNFIN LEAD). The VNFIN LEAD is

calculated based on the price index method, representing the price movement of stocks of listed companies under VNFIN index having the eligibility to participate in creation basket and satisfying index criteria.

### **3.2. Investment strategy**

The Fund adopts a passive investment strategy with the goal of replicating VNFIN LEAD-performance in all periods. The Fund does neither actively seek higher return than the Tracking Index nor use defensive measures when the stock market declines.

With passive investment strategy, the Fund can maintain a lower turnover ratio than other funds with active investment strategies, thereby reducing operational costs of the Fund.

### **3.3. ETF Portfolio**

The ETF's Portfolio must conform to the portfolio of the Tracking Index in terms of structure and weight of assets, including at least 50% of the Component Securities that form the Tracking Index (securities portfolio of Tracking Index) and the value of the basket of Component Securities are not less than 95% of the value of the corresponding securities portfolio of the Tracking Index. The Portfolio has a tracking error from the Tracking Index that does not exceed the maximum tracking error in accordance with the Fund Charter, the regulations of the Stock Exchange and the regulations of the law.

The ETF Portfolio includes Component Securities in the portfolio of the Tracking Index and the following financial assets in Vietnam:

- Deposits at commercial banks under the provisions of banking laws; money market instruments including valuable papers, transferrable instruments under the provisions of the banking sector. The Fund Management Company is only allowed to deposit and invest in money market instruments at the credit institutions that have been approved by the Board of Fund Representatives;
- Government bonds, bonds guaranteed by the Government, municipal bonds; State Treasury bills;
- Listed stocks, stocks registered for trading, listed bonds of issuing organizations operating under the laws of Vietnam;
- Derivative securities listed and traded on the Stock Exchange of Vietnam. Investing in the derivative securities is only for the purpose of hedging or minimizing the Fund's tracking error;
- Other assets derived from the ownership of securities in the portfolio of SSIAM VNFIN LEAD ETF.

### **3.4. Stock selection principle of the Fund**

To replicate the Tracking Index, the Fund invests in the component stocks of the VNFIN LEAD index in their corresponding proportions in the VNFIN LEAD index, ensuring that the tracking error from the Fund's Tracking Index does not exceed maximum tracking error as prescribed by regulation. At periodical or unusual review of the Tracking Index, the Fund will rebalance the investment portfolio to match the change in the Tracking Index.

### **3.5. Strategy to minimize the Fund's tracking error**

At the Index's periodical or unusual reviews, the Fund will rebalance its Investment Portfolio to match the change in the composition and weighting of the Component Securities in the index. The

rebalance may include a number of activities such as increasing/decreasing weighting of stocks, selling or buying new stocks into the Fund's portfolio.

#### **4. INVESTMENT RESTRICTIONS**

##### **4.1. The Fund must:**

- a) Not invest in more than fifteen percent (15%) of the total outstanding shares of an issuing organization, except for the Government bonds;
- b) Not invest more than twenty percent (20%) of the total assets value of the Fund in securities issued by a same organization, except for the Government bonds;
- c) Not invest more than thirty percent (30%) of the total assets value of the Fund into a group of related companies, unless they are Component Securities of the Tracking Index;
- d) Not invest in the Fund, or in other securities investment funds or securities investment companies which are established and operated in Vietnam;
- e) Not invest in real estates, unlisted stocks, stocks unregistered for trading of a public company, contribution shares of a limited liability company, or private issue of bonds; except when they are assets arisen from ownership of the Fund's investments;
- f) Not invest in securities issued by the Fund Management Company, Related Person of the Fund Management Company, Authorized Participant except when they are Component Securities of the Tracking Index;
- g) At any time, the total committed value of derivative securities contracts and the outstanding balance of the Fund's payable amounts will not exceed the Net Asset Value of the Fund.

##### **4.2. The Fund Management Company is not permitted to borrow money in order to finance the ETF's operation, except for short-term loan to cover necessary expenses of the Fund. The total value of the Fund's short-term loans must not exceed five percent (5%) of the Fund's NAV at any time and the maximum loan term is thirty (30) days.**

##### **4.3. Investment allocation of the ETF stipulated in points a, b, c in section 4.1 is allowed to have discrepancy but will not exceed fifteen percent (15%) of the above stipulated investment restrictions and will only due to the following reasons:**

- a) The fluctuation of market price of stocks in the Fund's Investment Portfolio;
- b) Stock split, merger, acquisition, liquidation, bankruptcy, takeover bid of issuing organizations;
- c) Change/Rebalance of the Component Securities of the Tracking Index;
- d) The Fund performs lawful payments; undertakes Creation/Redemption Orders from Investors as stipulated in Article 12 of Circular 229/2012/TT-BTC by the Ministry of Finance, guiding the establishment and management of exchange-traded fund;
- e) The Fund is in the period of liquidation or dissolution, or the Fund's duration of operation from the granting date of Fund establishment license is less than ninety (90) days.

##### **4.4. Within three (03) months, from the date that discrepancy arises due to causes specified in points a, b, c, and d in section 4.3 above, the Fund Management Company must complete the adjustment of Investment Portfolio, ensuring compliance with the provisions of Fund Charter.**

##### **4.5. If discrepancy arises because the Fund Management Company does not comply with investment restrictions as stipulated by law or the Fund Charter, the company must adjust the Investment Portfolio within fifteen (15) days, from the date that the discrepancy arises. The Fund Management Company must pay damages to the Fund (if any) and pay all expenses incurred in relation to the adjustment of the Investment Portfolio. If profit arises, the company must immediately record all profits to the Fund.**

##### **4.6. Within five (05) days, from the date completing the Investment Portfolio's adjustment, the Fund Management Company must disclose information as prescribed in Clause 6, Article 3 of Circular 229, at the same time, inform the State Securities Commission about the discrepancy of Investment Portfolio, its causes, time the discrepancy was arisen or discovered, the extent of damages caused**

to the Fund (if any) or profits for the Fund (if any), remedies, time and results of the remedies. The notice to State Securities Commission must include confirmation from the Supervisory Bank.

## **VI. INFORMATION ABOUT FUND MANAGEMENT COMPANY**

### **1. Overview of the Fund Management Company**

Company name	SSI Asset Management Co., Ltd.
Abbreviated name	SSIAM
Business License	Business License No. 19/UBCK-GP issued by the SSC dated August 03, 2007 and the Adjusted License No 12/GPĐC-UBCK issued by the SSC dated July 27, 2011
Head office	5th Floor, 1C Ngo Quyen, Ly Thai To Ward, Hoan Kiem District, Hanoi
Phone	024 – 3936 6321
Fax	024 – 3936 6337
Charter capital	VND Thirty billion (30,000,000,000)

SSI Asset Management Co., Ltd. was established in 2007 and is a 100% subsidiary of SSI Securities Corporation (SSI). SSIAM provides investment management services and offer investment products across all major asset classes to a diverse set of institutional and individual clients.

#### **Overview of SSI Securities Corporation**

SSI Securities Corporation (SSI), previously named Saigon Securities Inc, was established at the end of 1999. It was one of the first three securities companies in Vietnam as well as the first and only private securities companies in Vietnam at the time. SSI's initial capital was VND 6 billion and it provided only three main business services including investment advisory, brokerage and custody service. SSI now provides a full range of services of a securities company. SSI's charter capital was over VND 5,100 billion, total asset was over VND 26,887 billion as of 30 June 2019 and SSI is currently the largest securities company by market capitalization. SSI is also one of securities companies that manage the largest number of client accounts and managing the largest clients' asset.

SSI's main business units:

- Securities Services
- Investment Banking
- Treasury
- Asset Management

As a financial intermediary, SSI not only operates effectively its shareholder's capital, SSI also manages domestic and international investor's capital safely and effectively.

### **2. Business activities of SSIAM**

Established in 2007, SSIAM is a 100% subsidiary of SSI Securities Corporation (SSI). SSIAM's vision is to be Vietnam's leading asset management company, providing excellent returns to clients and to be the most reliable destination for international and regional Investors. To achieve this vision, over the last years, SSIAM has focused on building the highest international standards of

professionalism and corporate governance. The firm applies a rigorous investment process, strictly follows regulations and commitment to clients, and uses international standard of risk management.

SSIAM has built a team of experienced and knowledgeable staff, who are active and whole-hearted, working upon cooperation and sharing. SSIAM values long-term relationship with clients and transparency in management of client's assets.

**SSIAM's operating result in the recent 5years and until June 2019:**

Unit: VND billion	2013	2014	2015	2016	2017	2018	06/2019
Total revenue	30	74	80.8	119.1	151.7	90.8	42.5
Profit before tax	15	54.2	56.0	78.0	104.9	44.6	24.3
Charter capital	30	30	30	30	30	30	30

With continuous effort to improve investment efficiency and service quality, SSIAM is the only Fund Management Company in Vietnam continuously receiving many awards from international prestigious financial institutions:

- “Best Fund House in Vietnam” in 2012, 2013, 2016  
 “CEO of the Year” in 2012, 2013, 2014, 2015, 2016  
 “CIO of the Year” in 2013, 2014, 2015  
 by *Asia Asset Management*
- “Fund Management Company of the Year” in 2012, 2014, 2015, 2016, 2017, 2018  
 by *The Asset*
- “Best Vietnam onshore Fund House” in 2010 and “Best Asset Management Company in Vietnam” in 2015, 2016, 2017, 2018  
 by *Asian Investor*

**Funds and investment portfolios under SSIAM's management**

▪ **DAIWA-SSIAM Vietnam Growth Fund II**

The fund was established in July 2015, with current size of VND39.4 billion, investing in private equities in Vietnam.

▪ **SSI Investment Member Fund (SSIIMF)**

The fund was established in July 2010, investing in securities and other assets. The initial mobilized capital of the fund is VND360 billion. In May 2012, fund size increased to VND 390 billion. In July 2018, the fund size decreased to VND 343 billion.

▪ **SSI Sustainable Competitive Advantage Fund (SSI-SCA)**

SSI-SCA is an open-ended fund with investment objectives of pursuing long-term capital appreciation and regular return through investment in companies with sustainable competitive advantages and fixed income assets. The fund started operating from 26 September of 2014 and has chartered capital of VND 111.9 billion.

▪ **SSIAM VNX50 ETF**

SSIAM VNX50 ETF (formerly known as SSIAM HNX30 ETF) is an exchange-traded fund with investment object is to achieve investment efficiency in line with the actual profitability of the VNX50 Index in all periods. From 10 December 2014 to August 2017, the Fund operated with a tracking index of HNX30. After obtaining the approval from the State Securities Commission



on 21 August 2017, the Fund officially converted the tracking index to VNX50. The charter capital of the fund (mobilized capital in the first issuance of fund certificates) is VND101 billion.

- **SSI Bond Fund (SSI-BF)**

SSIBF is an open-ended fund with investment objective to optimize returns for investors on the basis of exploiting investment opportunities in fixed income instruments. The fund started operating from 30 August 2017 and has chartered capital of VND 68 billion.

- **SSIAM SIF – Vietnam Active Value Portfolio**

SSIAM SIF – Vietnam Active Value Portfolio is a special investment fund registered in Luxembourg targeting European institutional investors. The Fund was established in December 2015 and the portfolio is managed by SSIAM. The Fund invests mainly in listed stocks in Vietnam.

- **SSIAM UCITS – Vietnam Value Income and Growth Fund**

SSIAM UCITS – Vietnam Value Income and Growth Fund established in November 2016, is an open-ended investment fund with UCITS model, registered in Luxembourg, raising capital from institutional and individual investors in Europe, the portfolio is managed by SSIAM. The Fund invests mainly in listed stocks in Vietnam

- **Portfolio management services**

SSIAM provides discretionary and non-discretionary portfolio management services to domestic and international clients. Since 2011, SSIAM has introduced *SSI Prestige* product to high-net-worth clients. SSI Prestige is SSIAM's discretionary portfolio management service, providing clients with freedom from the intensive effort that wealth management requires. With this service, SSIAM will work with client to establish a tailor-made investment strategy that matches with client's investment goals and risk appetite. An investment portfolio will be built best-fitting client's investment strategy.

Information about SSIAM's operations in the past will not be implied to ensure its future operation results.

### **3. SSIAM's Management Team**

#### **Ms. Le Thi Le Hang – CEO**

- Ms. Le Thi Le Hang has been CEO of SSIAM since 2010.
- Ms. Hang has many years of working experience at SSIAM, SSI Securities JSC (SSI) and W.P.Stewart, an assets management company based in New York. At SSI, Ms. Hang held the position of Head of Investment Analysis and Investment Advisory Department, concurrently Assistant to the Chairman of the Board of Directors and Director of Organizational Customer Development.
- Ms. Hang is member of Board of Directors of some listed companies.
- Ms. Hang holds a Master's in Finance and BA in Accounting from American University, USA.

#### **Ms. To Thuy Linh - COO**

- Joined SSIAM since 2011, Ms. Linh is COO of SSIAM, in charge of SSIAM's operations. Prior to that, she was Director of Product Development of SSIAM.
- Ms. Linh holds a master's degree in Banking from New South Wales University and a bachelor's degree in Finance and Accounting from Sydney University, Australia. She is a member of the Beta Gamma Sigma program, USA.

## **Mr. Nguyen Phan Dung – Deputy CEO**

- Joined SSIAM since 2007, Mr. Nguyen Phan Dung has many years of experience in finance and investment in financial institutions such as ABN AMRO, Chicago Board of Trade and InterCall in USA.
- Mr. Dung is member of Board of Directors of some listed and unlisted companies.
- He holds a BA in Economics from Knox College, and an MBA from Loyola University, USA. He is a member of the school's Beta Gamma Sigma program and a member of the International Risk Management Association.

## **VII. SUPERVISORY BANK**

Name: Joint Stock Commercial Bank for Foreign Trade of Vietnam

Address: 198 Tran Quang Khai, Hoan Kiem District, Hanoi

Phone: (84-24) 3934 3137

Fax: (84-24) 3826 5548

Business license No. 0100112437, issued by the Hanoi Department of Planning and Investment, dated 02/06/2008 (amended for the 13<sup>th</sup> time on 16/01/2019)

Registration certificate No. 14/GPHĐLK for securities depository activities by the State Securities Commission, dated 02/05/2003 and Certificate of depository member No. 18/GCNTVLK issued by Vietnam Securities Depository Center on 07/07/2006

Services undertaken: Provide the following services for securities investment funds established in Viet Nam: depository; portfolio accounting; fund administration; supervisory service and other depository related services

## **VIII. AUDITING FIRM**

Annually SSIAM will propose auditing companies with reputation and international experience operating in Vietnam and on the list of auditing companies approved by the SSC. The proposal will be submitted to the General Meeting of Investors for selection or submitted to the Fund Representative Board for consideration and selection with authorization of the General Meeting of Investors.

SSIAM plans to propose audit companies belonging to the group of 04 biggest audit firms including KPMG, E&Y Vietnam (E&Y), PriceWaterhouseCooper (PwC), or Deloitte to audit the Fund.

## **IX. AUTHORIZED PARTICIPANTS, MARKET MAKERS AND DISTRIBUTORS**

List of appointed Authorized Participants, Market Makers and Distributors of SSIAM VNFIN LEAD ETF is stated in Appendix 1 of the Prospectus.

Any amendment (addition or removal) of Authorized Participants, Market Makers and Distributors will be announced and updated on website <https://www.ssi.com.vn/en/ssiam/products-and-services-ssiam>

## **X. AUTHORIZED SERVICE PROVIDERS**

### **1. Fund administration service provider**

Name: Joint Stock Commercial Bank for Foreign Trade of Vietnam

Address: 198 Tran Quang Khai, Hoan Kiem District, Hanoi

Business license No. 0100112437, issued by the Hanoi Department of Planning and Investment, dated 02/06/2008 (amended for the 13<sup>th</sup> time on 16/01/2019).

Registration certificate No. 14/GPHĐLK for securities depository activities by the State Securities Commission, dated 02/05/2003 and Certificate of depository member No. 18/GCNTVLK issued by Vietnam Securities Depository Center on 07/07/2006.

## 2. Transfer agent

Authorized service provider: Vietnam Securities Depository (VSD)

Head office: 112 Hoang Quoc Viet, Co Nhue 1 Ward, Bac Tu Liem District, Hanoi

Establishment Certificate: No. 171/2008/QĐ-TTG issued on December 18, 2008 by the Prime Minister based on the conversion and re-organization of the current Vietnam Securities Depository (VSD) into a wholly state-owned limited liability company in conformity with the Securities Law.

## XI. PRINCIPAL RISKS OF INVESTING IN THE FUND

Similar to any other type of investment, investing in the Fund also involves risks. Investors should be aware of these risks, their own risk appetite and consider carefully prior to making investment decisions in the Fund. Even though the Fund Management Company has applied risk management techniques to minimize risks, there still exists some risks. Investors should note the important risks below:

- **Market risk:** This type of risks occurs when the investment assets of the Fund decrease in value wholly or partially within a period of time. This risk may result in decrease in value of the whole market, LEAD to a sharp decline in the Index's value. NAV of the Fund will also decline in equivalent proportion. This systematic risk goes beyond the Fund Management Company's control.
- **Passive investment risk:** The Fund's investment objective is to replicate the performance of the Tracking Index in all periods. Instead of actively selecting stocks, the Fund Management Company will invest all or most of the Fund's assets in stocks in the Tracking Index. Investors who choose to invest in the Fund should note that the Fund Management Company will not take defensive actions when the market falls. Therefore, the decrease in the Tracking Index will lead to a decline in the Fund's value, regardless of the overall market conditions. Even when market is in a strong growth stage, the ETF may not achieve superior profits compared with the Tracking Index.
- **Index tracking risk:** The objective of the Fund is to replicate the performance of the Tracking Index as closely as possible. When the Tracking Index is reviewed periodically and unusually, the Fund Management Company will buy/sell shares accordingly to ensure tracking the Index. In reality, the division, separation and merge of organizations or corporate actions e.g. dividends, bonus shares... or the overall market liquidity may influence the Fund's tracking error. Besides, the Fund's operating expenses or expenses relating to the buy/sell of stocks during the index review periods may also affect the Fund's tracking error.
- **Market liquidity risk:** Although ETF Certificate is listed and traded in the Stock Exchanges, Investors should note that there is no guarantee that there will be a highly liquid ETF market. Besides, as ETF Certificate is only issued in size of a Creation Unit in the primary market, Investors who do not own minimum one Creation Unit can only trade on the Stock Exchanges and may face the risk of discount to the NAV of the Fund as mentioned below.

- **Risk of discount to NAV (secondary trade):** Being a listed share, similar to stocks, ETF Certificate price is influenced by the market supply and demand. When the demand for ETF Certificate increases quickly in short period or decreases significantly will results in a difference between the market price of an ETF Certificate and the NAV per ETF Certificate. Although the arbitrage activities of Authorized Participants/Investors will help reduce this difference, the risk is still a drawback to Investors.
- **Legal risk:** As Vietnam securities market as well as the legal framework are still young. The Government is still in the process of completing and adjusting the legal framework for securities operations and securities market. These adjustments may influence the Fund's operations or the Fund's asset value in the future.
- **Conflict of interest risk:** The Fund Management Company may face conflicts of interest between the investment funds and other financial products under the company's management. This risk can be managed by establishing separate management team for each product as well as an internal Chinese wall aimed at minimizing the risk.
- **Settlement risk in redemption transaction:** in case the redemption of Creation Units by Investors/Authorized Participants leads to the ownership rate of foreign investors exceed the limit imposed by relevant regulation, the Fund Management Company must sell the number of component securities exceeding the regulated maximum ownership ratio and refund cash to investors. The risk may arise when market price of those securities decreases. As a result, Investors will receive cash payment lower than the asset value on the Dealing Date.
- **Force Majeure risk:** This is the risk when unforeseeable events occur and go beyond the control of the Fund Management Company, these events may have critical and sudden impact on the value of all or some of the Fund's assets. These events may include:
  - Natural disasters (earthquakes, floods), fire, nuclear disaster;
  - Business environment such as the financial crisis, the banking system crisis, or loss of managing ability of key directors;
  - Crisis, computer and information system malfunction.
- Besides, like any investments into other types of funds, Investors of ETF also face other risks e.g. inflation risks, interest rate risk, exchange rate risk, settlement risk.

## **XII. INITIAL PUBLIC OFFERING AND SUBSEQUENT ETF TRADING**

### **1. GOVERNING LEGAL DOCUMENTS**

The establishment and operation of SSIAM VNFIN LEAD ETF and other related issues are governed by:

- Law on Securities by the National Assembly of the Socialist Republic of Vietnam, dated 29 June 2006, effective from 01 January 2007;
- Law No. 62/2010/QH12 dated 24 November 2010 by the National Assembly amending, supplementing a number of articles of Law on Securities, and effective from 01 July 2011;
- Decree No. 58/2012/ND-CP dated 20 July 2012 by the Government providing specific provisions for the implementation of a number of articles of the Law on Securities and the Law on amending and supplement a number of articles of the Law on Securities, effective from 15 September 2012;
- Decree No. 60/2015/ND-CP dated June 26, 2015 by the Government, amending and supplementing several articles of Decree No. 58/2012/ND-CP dated 20 July 2012 by the Government on providing specific provisions for the implementation of certain articles of the

- Law on Securities and the Law on amending and supplementing a number of articles of the Law on Securities, effective from 01 September 2015;
- Decree No. 86/2016/ND-CP dated 01 July 2016 by the Government prescribing the securities investment and trading conditions;
  - Decree No. 108/2013/ND-CP dated 23 September 2013 by the Government on administrative penalties for violations in securities and securities market area, effective from 15 November 2013;
  - Circular No. 217/2013/TT-BTC dated December 31, 2013 of the Ministry of Finance, guiding the implementation of administrative penalties for violations in securities and securities market area, effective from March 1, 2014;
  - Decree No. 145/2016/ND-CP dated 01 November 2016 amending and supplementing a number of articles of Decree No. 108/2013/ND-CP dated 23 September 2013 on administrative penalties for violations in securities and securities market area;
  - Circular No. 36/2017/TT-BTC dated 27 April 2017 amending and supplementing a number of articles of Circular No. 217/2013/TT-BTC on penalties for administrative violations in securities and securities market area, effective from March 1, 2014;
  - Circular No. 183/2011/TT-BTC dated 16 December 2011 by the Ministry of Finance guiding the establishment and management of open-ended fund, effective from 01 March 2012;
  - Circular No. 15/2016/TT-BTC dated January 20, 2016 of the Ministry of Finance amending and supplementing several articles of the Circular No. 183/2011/TT-BTC dated December 16, 2011 guiding establishment and management of the open-ended fund effective from March 15, 2016;
  - Circular No. 212/2012/TT-BTC dated 5 December 2012 by the Ministry of Finance guiding the establishment, organization and operation of the Fund Management Company, effective from 01 March 2013;
  - Circular No. 229/2012/TT-BTC dated December 27, 2012 of the Ministry of Finance, guiding the establishment and management of exchange-traded fund, effective from 01 September 2013;
  - Circular No. 125/2011/TT-BTC dated 05 September 2011 by the Ministry of Finance on accounting guidelines applied to the Fund Management Company, effective from 01 January 2013;
  - Circular No. 198/2012/TT-BTC dated 15 November 2012 by the Ministry of Finance promulgating the accounting standards applicable to the open-ended fund;
  - Circular No. 123/2015/TT-BTC dated 18 August 2015 by the Ministry of Finance guiding foreign investment activities in Vietnam stock market;
  - Decision No. 197/2015/TT-BTC dated 03 December 2015 by the Ministry of Finance providing the regulations on securities professional practice, effective from 25 January 2016;
  - Circular No. 155/2015/TT-BTC dated 06 October 2015 by the Ministry of Finance providing disclosure of information on the stock market, effective from 01 January 2016;
  - Circular No. 181/2015/TT-BTC dated 13 November 2015 by the Ministry of Finance providing accounting guidelines applied to exchange-traded fund, effective from 01 January 2016;
  - Circular No. 128/2018 /TT-BTC dated 27 December 2018 by the Ministry of Finance regulating prices of securities-related services applied to securities trading organizations and commercial banks participating in the Vietnam Stock Market;
  - Other relevant applicable regulations.

## **2. INITIAL PUBLIC OFFERING (IPO)**

### **2.1. Information on the issuing organization**

- Fund name SSIAM VNFIN LEAD ETF

- Investors of the fund	Authorized Participants, domestic and foreign individual and institutional investors
- Expected minimum charter capital	VND 50,000,000,000 (fifty billion)
- Currency	VND
- Issuing date	Issuing date will be provided in the IPO announcement document, published right after SSIAM VNFIN LEAD ETF is granted IPO license.
- IPO period	Minimum twenty (20) days and maximum ninety (90) days since the effective date of the IPO license. The distribution period of the Fund will be specified in IPO announcement document issued after SSIAM VNFIN LEAD ETF is granted IPO license.
- Extension of IPO period	Will be considered by SSC, but not exceeding (30) days from the end of the IPO period.
- Offering price of an ETF unit	VND 10,000
- Minimum number of Creation Units subscribed by Authorized Participant/Investor	01 (One) Creation Unit equivalent to 100,000 ETF Units
- Minimum number of Creation Units offered	Minimum 50 (fifty) Creation Units
- Form of ownership	Book entry or electronic record
- Issuance location	SSI Asset Management Company Limited 5th floor, 1C Ngo Quyen, Ly Thai To Ward, Hoan Kiem District, Hanoi
- Issuance fee	None

## 2.2. Related parties to the IPO

- Issuing organization	SSIAM VNFIN LEAD ETF
- Issuance representative	SSI Asset Management Company
- Authorized Participants	SSI Securities Corporation (SSI) Mirae Asset Securities (Vietnam) Limited Liability Company (MAS)
- Supervisory bank	Joint Stock Commercial Bank for Foreign Trade of Vietnam
- Proposed auditing firm	One in the group of 04 largest auditing firms in Vietnam including KPMG, Ernst & Young (E&Y), PriceWaterhouseCooper (PWC) and Deloitte.

### 2.3. Registration for Contribution Period

- **Registration for Contribution Period:**

Within seven (07) days from the effective date of the IPO license, SSIAM will publish an IPO Announcement document of SSIAM VNFIN LEAD ETF on its website, specifying the Registration for Contribution Period and tentative Basket of Component Securities to be exchanged for 01 Creation Unit in the IPO. The tentative Basket of Component Securities will be updated on SSIAM website if there are any changes during Registration for Contribution Period.

- **Capital contribution method:**

Authorized Participants/Investors contribute capital to establish the ETF using the Basket of Component Securities.

- **For Authorized Participants:**

- Component securities for contribution include securities that are available on Authorized Participants' trading account and securities borrowed from the securities lending and borrowing system of VSD in order to perform exchange transactions on the escrow depository account.

- **For Investors:**

- Component securities for contribution include securities that are available on the trading account of the Investor.

- **Contribution by Component Securities:**

Authorized Participants/Investors contribute capital using the Basket of Component Securities as announced by the Fund Management Company. In some of cases below, Authorized Participants/Investors are allowed to make capital contribution by cash/substitution cash:

- There is difference between the value of the Basket of Component Securities and the offering price of a Creation Unit (Cash Component);
- One or more of securities in the Basket of Component Securities is restricted from investment by Authorized Participants/Investors in accordance with relevant regulations, or are treasury shares of Authorized Participants/ Investors and Authorized Participants/ Investors have not completed registration procedure for treasury shares trading as required by relevant regulations.
- Foreign Authorized Participants/ foreign Investors cannot purchase Component Securities which have reached the foreign ownership limit.

Authorized Participants/Investors have responsibility to inform the Fund Management Company about the above securities. The Fund Management Company will inform Authorized Participants/Investors the substitution cash amount.

- **In case of corporate actions occurring from the end of Contribution Period to the date when the Component Securities are transferred to Fund's account:**

In case of corporate action occurring related to the Component Securities (cash dividend, stock dividend, bonus share, right to purchase additional shares, other actions), which were not

recorded to the Fund due to ownership transfer is not completed, Authorized Participants/Investors will make refund to the SSIAM VNFIN LEAD ETF with the value as below:

- Cash dividend: additional cash amount is equal to the total number of Component Securities that have corporate actions multiplied by cash dividend ratio.
- Stock dividend, bonus shares: additional cash amount is equal to the total number of stock dividend or bonus stocks multiplied by closing prices of stock at the working day before the date the Component Securities are transferred to the Fund's account.
- Right to buy additional shares (when its closing price at the working day before the day ownership of Component Securities are transferred to ETF account is higher than exercise price of right to buy): the additional cash amount per share will be number of shares which are eligible to buy per share multiplied by the difference between closing price at the working day before the date component securities are transferred to ETF account and exercise price.
- Other rights: the additional amount per share will be informed by SSIAM (if any).

SSIAM will notify Authorized Participants/Investors of the additional cash amount (if any). Authorized Participants/Investors must refund the Fund within three (3) working days after announcement of SSIAM.

▪ **Procedures to register for contribution in the IPO**

- Investors submit IPO Creation Request for SSIAM VNFIN LEAD ETF to Authorized Participants/Distributors which clearly states the number of Creation Units subscribed. Each Authorized Participant/Investor subscribes minimum one (01) Creation Unit lot (comprising of 100,000 funds units).
- The IPO Creation Request for SSIAM VNFIN LEAD ETF Units is submitted to Authorized Participants/Distributors from 08:00 to 17:00 on the working days within the Registration for Contribution Period. Authorized Participants/Distributors check the accuracy of the IPO Creation Request.
- Cut-off time that Authorized Participants/Distributors accept the Creation Order from Investors is 15:00 of the last working day of the Registration for Contribution Period.
- Amendment/Cancellation of IPO Creation Request: Authorized Participants/Investors are able to amend/cancel the IPO Creation Request by filling in the Amendment/Cancellation Order form and send to Authorized Participants/ Distributors, before the end of the Registration for Contribution Period.

**2.4. Contribution Period**

- **Contribution Period:** will be specified in the IPO announcement document of SSIAM VNFIN LEAD ETF issued by the Fund Management Company.
- **Announcement of Basket of Component Securities:**  
Before 9:00AM of the working day following the last trading date of the Registration for Contribution Period, the Fund Management Company will announce on its website and to



Authorized Participants/Distributors the official Basket of Component Securities which is based on the Tracking Index of the last trading date of Registration for Contribution Period; and the Cash Component which is the difference between the value of Basket of Component Securities and the offering price of a Creation Unit (if any).

▪ **During Contribution Period, Investors submit to Authorized Participants/Distributors the following documents:**

- Request for blocking and transferring the ownership of Component Securities
- List of Component Securities
- Securities balance confirmation signed and sealed by Depository Member where Investor's Component Securities are deposited
- Confirmation of depositing fund to the ETF's escrow account (if any).

In this case, Authorized Participants/Investors must ensure that Cash Component credited to ETF's account opened at the Supervisory Bank by 17:00 of the last day in the Contribution Period.

▪ **In case of cash contribution because the securities in the Basket of Component Securities is restricted from investment by Authorized Participants/Investors; or those Component Securities are treasury shares and Authorized Participants/Investors have not completed registration procedure for those treasury shares trading in accordance with relevant regulations; or foreign Investor/Authorized Participants cannot purchase stocks which have reached the maximum foreign ownership:** The substitution cash is equal to 110% of closing price of the stock in secondary market on the last trading date in Contribution Registration Period. Total substitution cash for each stock in Basket of Component Securities is equivalent to the above amount multiplied by the number of the stock in the official Basket.

Authorized Participants/Investors must ensure that the substitution cash is credited to ETF's account opened at the Supervisory Bank by 17:00 of the last day in the Contribution Period. The Fund Management Company will purchase such securities on behalf of Authorized Participants/ Investors after the Fund establishment and will settle with Authorized Participants/ Investors as stipulated in Section 3.2.1 Chapter XII of the Prospectus.

- In case of the corporate actions in form of cash dividends, stock splitting occurring from end of Contribution Period to the completion of purchasing stock on behalf of Authorized Participants/Investors, the number of each stock purchased will be increase according to the corporate actions. In case of the corporate action in form of cash dividends, rights arising from the end of Contribution Period to the completion of purchasing stock on behalf of Authorized Participants/Investors, the value of cash dividends or the positive difference between closing price at the ex-right date and exercise price of the rights multiplied by number of stocks are added into purchasing price of stocks in the final settlement with Authorized Participants/Investors.
- At valuation date, based on market price of the securities which are not yet purchased on behalf of Authorized Participants/Investors, the Fund will record the difference between

market price and closing price of those stocks on the last day in Contribution Registration Period as related income/expenses of the Fund and increase/decrease the payable amounts to Authorized Participants /Investors corresponding to this income/expense amount.

▪ **Determining valid capital contribution transaction**

- Within two (02) working days since the end of Contribution Period, VSD will check if the quantity of Component Securities contributed and the amount of Cash Component and substitution cash (if any) is matched with the number of ETF Creation Units that Authorized Participants/Investors subscribed or not.
- If the quantity of Component Securities contributed and the amount of Cash Component and substitution cash (if any) are matched with the number of ETF Creation Units subscribed, VSD will block the Component Securities and the Supervisory Bank will block Cash Component and substitution cash, and then send notice to the Fund Management Company to complete the IPO procedure.
- If the quantity of Component Securities and cash amount are insufficient compared to the number of ETF Creation Unit subscribed:
  - Authorized Participants/Investors can only subscribe the number of ETF Creation Units corresponding to the actual quantity of underlying Component Securities and actual cash amount.
  - The number of ETF Creation Units subscribed by the Authorized Participant/Investor will be adjusted down by VSD so that the number of ETF Creation Units corresponds to the actual quantity of Component Securities and actual cash amount. VSD will block the actual number of Component Securities corresponding to the adjusted ETF Creation Units and notify the Fund Management Company to complete the IPO procedure.
- Creation Request with insufficient Component Securities corresponding to one (01) Creation Unit or with insufficient cash component (if any) or do not have request for securities blocking will be considered invalid and not executed
- For invalid transactions, the securities will remain in Investor's account and cash will be transferred to their account within five (05) working days from the end of the Capital Contribution Period. Remittance fee will be deducted from this amount.

▪ **Blocking of the component securities:**

- The Basket of Component Securities of Authorized Participants/Investors will be blocked at the VSD corresponding to the valid Creation Units subscribed.
- Blocking time: Blocking starts from the time the VSD confirms blocking until the time when the securities are transferred to the ETF's depository account in case of successful IPO or until the securities are released as request of the Fund Management Company in case of unsuccessful IPO.

- **Registration to establish the Fund:** Within five (05) working days since the end of the IPO period, the Fund Management Company will submit the application to establish of the Fund to SSC.
- **Unsuccessful IPO**
  - If the Fund can not raise minimum VND fifty (50) billion in the IPO, such IPO is considered to be unsuccessful. The Fund Management Company will inform VSD of the unsuccessful IPO. VSD will unblock the Component Securities right after receiving written notice from the Fund Management Company. Authorized Participants do not need to send request for unblocking securities to VSD.
  - In case of unsuccessful IPO, within fifteen (15) working days since the end of IPO period, the Fund Management Company has responsibility to make announcement in accordance with relevant regulations; report to the SSC; and bear all cost and financial responsibilities arising from the IPO and refund to the Authorized Participants/Investors all contributed cash amounts, including on-demand interest rate (if any) from the date that cash amounts are deposited to the Fund's account at the Supervisory Bank. Authorized Participants/Investors share not bear fund transfer fee in this case.

## **2.5. Registration, depository of ETF certificates and transfer of ownership of Component Securities:**

- Within ten (10) days since the fund establishment license date, the Fund Management Company will register SSIAM VNFIN LEAD ETF certificate to VSD. The ETF units that Authorized Participants/Investors are allocated will be automatically deposited to the depository accounts of Authorized Participants/Investors. Investors/Authorized Participants' ownership of ETF units is established from the time VSD deposits ETF fund units to their depository account.
- The registration, depository of ETF certificates and ownership transfer of the Component Securities to ETF's account are executed following the Regulations of the VSD on the trading, exchanging, registering, depositing, clearing and settling activities of ETF certificates.
- Transferring ownership of the contributed Component Securities: The blocked Component Securities that Investors/Authorized Participants use to make capital contribution will be transferred from the depository account of Investors/Authorized Participants to SSIAM VNFIN LEAD ETF's depository account at the Supervisory Bank and VSD will send the notification of ownership transferring of Component Securities to the Fund Management Company and its related members.
- The ETF Creation Units in IPO are in form of book entry at VSD. Fund Management Company will not issue physical ETF certificate for Investors/Authorized Participants.

## **3. CREATION AND REDEMPTION ORDER AFTER IPO (PRIMARY TRADING)**

### **3.1. General regulations on Creation/Redemption Order**

- **Participants of the Creation/Redemption Order (Primary trading)**

All Investors/ Authorized Participants that meet the following criteria:

- For Creation Order: Own Component Securities satisfying the requirements on weighting and quantity of Component Securities equivalent to at least 01 ETF Creation Unit as announced by SSIAM; or
- For Redemption Order: Own at least one (01) Creation Unit.

Investor must submit Creation/Redemption Order at appointed Authorized Participants.

▪ **Minimum order quantity:**

1 (one) ETF Creation Unit equivalent to one hundred thousand (100,000) ETF units.

▪ **Frequency of Dealing (Day T):** Daily

▪ **Cut-Off Time**

- This is the latest time that Authorized Participants, Distributors will accept any Creation/ Redemption Order from Investors.
- The Cut-Off Time is 14:40 on the Dealing Date (Day T).
- If NAV Date (Day T-1) falls into working day: Investors submit the Creation/Redemption Order to Authorized Participants from 9:30 to 14:40 of Dealing Date (Day T).
- If NAV Date (Day T-1) falls into holidays: Investors submit the Creation/Redemption Order to Authorized Participants from 13:30 to 14:40 of Dealing Date (Day T).
- SSIAM will make announcement in detail if there are any changes of dealing frequency, dealing time and any other relevant points of time.

▪ **Announcement of Basket of Component Securities**

- If Valuation Date (Day T-1) falls in a working day, SSIAM will inform the Basket of Component Securities by 9.00 on Dealing Date (Day T).
- If Valuation Date (Day T-1) falls in a public holiday, SSIAM will inform the Basket of Component Securities by 13.00 on Dealing Date (Day T).
- This Basket of Component Securities is determined based on the closing price of securities at the end of the working day preceding the Dealing Day and includes information about ticker, quantity and weighting of securities in the basket.

▪ **Trading method**

- Investors complete and submit the "Creation/Redemption Order" form to Authorized Participants or appointed Distributors prior to the Cut-Off Time. Order acceptance points of each Authorized Participants/ Distributors are listed and updated by SSIAM in Appendix 1 of this Prospectus and will be updated in SSIAM website.
- In case the Distributors, Authorized Participants, Fund Management Company receive orders via internet, telephone, fax or other electronic devices, the transmission line must comply with regulations on electronic transactions. and securities, and must ensure:
  - Details of orders are recorded fully, accurately, promptly and clearly including the time when the order is accepted and the person who receives the order from Investors;
  - Prior to implementation, the Fund Management Company must reconfirm the order with the Authorized Participant and Authorized Participant with the Investor. The Authorized Participant and Investor must provide the Fund Management Company with the original order slip signed by the authorized

representative for archiving. The time for supplying the original order slip is stipulated by the Fund Management Company in the fund establishment contract.

▪ **Creation/Redemption price**

Creation/Redemption price will be determined as below:

- **Creation price:** is the price Investors must pay to buy one Creation Unit.

The Creation price will be determined by the Net Asset Value per Creation Unit at the end of the day prior to the Dealing Date plus Creation Fee (if any).

- **Redemption price:** is the price that the Fund Management Company must pay to Investors who redeem one Creation Unit.

Redemption price will be determined by the Net Asset Value per Creation Unit at the end of the day prior to the Dealing Date minus Redemption Fee (if any).

- **Date of transferring ownership of Component Securities/ ETF Certificate:** one (01) working day after the Dealing Day (Day T+1).

- **Settlement method:** Basket of Component Securities is used for settlement of creation/redemption transactions between the Fund and Authorized Participants/Investors. Exceptional cases for cash component and/or substitution cash in creation/redemption transactions as below:

- There is difference between the value of the Basket of Component Securities and the creation/redemption value of a Creation Unit.

In Redemption Order, if the Net Asset Value of a Creation Unit is higher than the value of Basket of Component Securities, the Fund will refund the difference in cash to the Investors/ Authorized Participants on the 3rd working day after the Dealing Date (Day T+3).

In Creation Order, if the value of Basket of Component Securities is higher than the Net Asset Value of a Creation Unit, the substitution cash is returned to the Investors/ Authorized Participants on the 3rd working day after the Dealing Date (Day T+3).

- a) One or more of the securities in the Basket of Component Securities is restricted from investment by the Authorized Participants/Investors in accordance with relevant regulations or, b) Authorized Participants/Investors have not completed the registration for Treasury shares trading in accordance with regulations, or c) Foreign Authorized Participants/Foreign Investors cannot buy component securities which have reached the foreign ownership limit to contribute capital.

For Creation Order, Authorized Participants/Investors have responsibility to inform SSIAM the securities mentioned in section a) and b) above prior to 12:00 of working day before Dealing Date so that SSIAM could calculate the equivalent substitution cash for contribution (use Fund Management Company's form). SSIAM will announce Component Securities which have reached the foreign ownership limit mentioned in section c) above. Foreign ownership limit is determined at the end of the last working day before Dealing Date.

For Redemption Order, Authorized Participants/Investors have responsibility to inform SSIAM the securities mentioned in section a) and b) above prior to 12:00 of working day before Dealing Date. SSIAM will sell the restricted Component securities and refund

Authorized Participants/Investors in cash. SSIAM will sell the Component Securities which have reached the foreign ownership limit and cannot be allocated directly to Authorized Participants'/Investors' depository account and refund Authorized Participants/Investors in cash.

- **Sources of Component Securities/ETF Units in the creation/redemption transaction:** Component Securities used for creation/redemption transactions are freely transferrable securities in the depository account of Authorized Participants/Investors and may be taken from the following sources:
  - **For Authorized Participants**
    - Component Securities/ ETF Units currently available in the depository account of Authorized Participants on the Dealing Date.
    - Component Securities/ ETF Units awaiting settlement from purchases that have been executed before the Dealing Date.
    - Component Securities/ ETF Units which Authorized Participants borrow from VSD's securities borrowing and lending system for the purpose of ETF creation/redemption in the temporary holding securities account.
  - **For Investors**
    - Component Securities/ ETF Units currently available in the depository account of Investors on the Dealing Date.

### **3.2. Procedures for Creation/Redemption Order**

#### **3.2.1. Creation Order to exchange Component Securities to ETF Units**

Prior to the stock market opening on the Dealing Date or at the end of the day prior to the Dealing Date, Fund Management Company is responsible for notifying the Authorized Participants and publishing on the website of Company, the Stock Exchange and VSD the Basket of Component Securities and the Cash Component equivalent to the difference between the value of the Component Securities and the Subscription Price of ETF Creation Unit (if any). The information includes list of Component Securities, weight and quantity of each component securities in this portfolio. The list of Component Securities is determined based on closing price of the last working date preceding the Dealing Date.

Investors submit the documents for Creation Order (in which Investors exchange Component Securities for ETF Units) before Cut-Off Time, including the following documents:

- Creation Order Slip;
- List of Component Securities;
- Securities Confirmation signed and sealed by Depository Member where Investors' Component Securities are deposited. Depository Member will have to confirm Investors have sufficient balance of securities for creation request and these securities have been blocked according to the request of Investor from the Dealing Date to the settlement day;
- Notice about cash contribution (if any) – refer to section 3.1.

Authorized Participants check the accuracy of Investors' documents. In case the documents are not complete, Authorized Participants will request Investors to amend or provide additional documents.

If Investors submit the documents for Creation Order at Distributors:

- Investors submit the documents for Creation Order prior to the Cut-Off Time (including the documents mentioned above) at Distributors.
- Distributors check the documents for Creation Order, if complete Distributors will submit the documents to Authorized Participants.

Authorized Participants/Investors need to inform the Fund Management Company of the securities that need to be substituted by cash as mentioned above (if any). In case Authorized Participants/Investors do not inform the Fund Management Company, the Fund Management Company will assume the same securities as previous creation/redemption transaction. The Fund Management Company then will notify Authorized Participants/ Investors the substitution cash. The cash substituted for each securities is equal to 110% of the closing price of the component securities on the last trading date prior to the Dealing Date. The total substitution cash equals the above cash amount multiplied by the number of such component securities in the basket.

Investors must transfer the cash component directly to the Fund's account at Supervisory Bank by 11:00 of the next working day after the Dealing Date (Day T+1).

The Fund will purchase the number of components substituted by cash on their behalf corresponding to the total number of ETF Creation Units that the Authorized Participant/Investor Investments are allocated.

- In case the Fund completes purchasing sufficient number of securities that Authorized Participants/Investors substituted by cash component within seven working days (07) from the date the Fund confirms the trading result to the Authorized Participants/Investors (T+1):  
The Fund will finalize and settle with Authorized Participants/Investors based on the actual purchasing cost (including brokerage fees paid to securities companies, securities transaction fees paid to Custodian Bank).

At each valuation period, based on market price of securities not yet purchased for Investors until the seventh working day (07) (from the time VSD confirms the dealing result for Authorized Participants/Investors), the Fund will record the difference between the market price and the purchase price of securities at the end of the day T-1 as the Fund's income or expenses and increase or decrease the amounts payable to Authorized Participants/Investors corresponding to these income and expenses.

In case of a corporate event that arises from the date of transaction (day T) to the date of completion of the purchase:

- + For stock dividend and bonus stocks: the number of Component Securities to be purchased will be increase according to the corporate actions.
- + For cash dividend: the value of cash dividend will be added into purchasing price of stocks in the final settlement with Authorized Participants/Investors.
- + For stock options: the positive difference between closing price at the ex-right date and exercise price of the rights multiplied by number of stocks is added into purchasing price of stocks in the final settlement with Authorized Participants/Investors.
- + For other arising rights: additional payment value in cash and will be notified by the Fund later (if any).

Within three (03) working days from the date of completion of the purchase of a sufficient number of these Component Securities, the Fund Management Company will notify the Authorized Participants/Investor of the surplus or deficit between:

- + The amount of cash that the Authorized Participants/Investors to substitute for securities;  
and

- + Actual amount paid by the Fund to buy a sufficient number of these securities plus the dividends in cash and other arising rights (if any).

The Fund will refund the surplus amount to Authorized Participants/Investors within three (03) days from the date SSIAM informs of this surplus. If the actual purchasing cost is higher than the cash substitution, Authorized Participants/Investors will refund the deficit to the Fund within three (03) working days from the date SSIAM informs this deficit.

- In case the Fund is unable to complete the purchase of sufficient number of securities that Authorized Participants/Investors contribute by cash within seven (07) working days from the date of the Fund confirms the trading result to the Authorized Participants/Investors (Day T+1):

The Fund will finalize and settle with Authorized Participants/Investors upon the actual purchasing cost (including brokerage fees paid to securities companies, securities transaction fees paid to Custodian Bank). The remaining securities that have not been purchased will be finalized based on the closing price of the stocks on the 7th business day from the date of the Fund confirms the trading result to the Authorized Participants/Investors (Day T+1) plus related expenses (including estimated brokerage fees, securities transaction fees paid to Custodian Bank) so that the Fund will purchase the remaining securities thereafter.

### **3.2.2. Redemption Order**

Investors submit the Redemption Order to exchange SSIAM VNFIN LEAD ETF Creation Units for Component Securities to the Authorized Participant/Distributors before the Cut-Off Time, including the following documents:

- Redemption Order;
- List of ETF Units;
- ETF confirmation signed and sealed by Depository Member where Investors' ETF units are deposited. Depository Member will have to confirm that Investors have sufficient balance of ETF Units for Redemption Order and these ETF Units have been blocked from the Dealing Date to settlement day.

Authorized Participants check the accuracy of Investors' documents. In case the documents are not complete, Authorized Participants will request Investors to amend or provide additional documents.

In case Investors submit Redemption Order at Distributors:

- Investors submit the documents for Redemption Order before Cut-Off Time (including the documents mentioned above) at Distributors.
- Distributors check the documents for Redemption Order, if complete Distributors will submit the documents to Authorized Participants.

In the event that the Net Asset Value of ETF Creation Units is lower than the value of Component Securities, Investors/ Authorized Participants need to transfer this difference directly to the Fund's account at Supervisory Bank by 11.00 of the next working day after the Dealing Date (Day T+1).

In the event the value of the Basket of Component Securities is lower than the Net Asset Value of the ETF Creation Units, such differences will be transferred by the ETF to the Investors/ Authorized Participants in cash on the 3rd working day after the Dealing Date (Day T+3).

The remaining number of Creation Units after redemption will not be less than the minimum number of Creation Units required for Authorized Participants/Investors as described in Authorized Participants' agreement signed with SSIAM.



In the event that the Fund has insufficient number of certain component securities to exchange with Authorized Participants/Investors, the following actions will be carried out:

- In case that total number of these Component Securities the Fund holds are greater than total number of securities payable to Investors/Authorized Participants but the number of freely-transferable securities in the Fund's account are insufficient then the Fund will use the freely transferable securities in its account to pay Investors/Authorized Participants on FIFO basis (applied to orders placed at different Dealing Dates) and on pro-rata basis (applied to many orders placed in the same Dealing Date). The remaining securities will be used to refund Authorized Participants/Investors when restricted securities are released in the Fund's account.
- If total number of securities held in the Fund' account is insufficient to exchange, then the Fund will use cash to pay Investors/Authorized Participants on the closing price of the securities at the previous working day prior to Dealing Date.

Investors will bear all the tax, fee obligation applied to Creation/Redemption Orders according to relevant regulations.

### **3.2.3. Trading confirmation, registration and deposit of ETF Certificates.**

On the first working day after the Dealing Date (Day T+1), VSD will check the Creation/Redemption Order from Investors/ Authorized Participants. Orders with insufficient Component Securities/ETF Certificates or insufficient Cash Component at the time VSD checks the balances are deemed invalid and will not be executed. Only valid Orders will be executed.

Within 3 working days from the Dealing Date, the Fund will receive form of refund to Investors/Authorized Participants the Cash Component (if any).

The creation/redemption transactions are executed in the form of book entry on the custodian accounts of Authorized Participants/Investors and SSIAM VNFIN LEAD ETF at VSD.

### **3.2.4. Invalid Creation/Redemption Order**

The following Creation/Redemption Order will be considered invalid:

- The Investors submit the Creation/Redemption Orders to Authorized Participants/Distributors after the Cut – Off Time or the Creation/Redemption Orders are submitted to VSD after the Cut-Off Time.
- The number of Component Securities or ETF Units is insufficient compared to the Creation/Redemption Orders submitted to VSD at the time VSD check the securities balance after the Dealing Date (Day T+1).
- The Cash component and other fees (if any) from Authorized Participants/Investors are not transferred on time.

All invalid orders will not be executed.

### **3.2.5. Ownership of Component Securities exceeding the regulated limit**

In case the execution of Creation/Redemption Order results in the following circumstances:

- a) Authorized Participant's/Investor's ownership ratio of Component Securities exceeding the foreign ownership limit for foreign Investors (at the Dealing Date);
- b) The ownership ratio of Authorized Participants/Investors exceeding twenty-five per cent (25%) of the outstanding shares in any one organization and Authorized Participants/Investors have not completed registration for public bidding of that securities;
- c) Authorized Participants/Investors receives its own shares and Authorized Participants/Investors have not completed registration for Treasury share trading in accordance with relevant regulations.

Then VSD must immediately notify SSIAM and request SSIAM, Authorized Participants and Investors to carry out the followings:

- If the Investor/Authorized Participant is a foreign Investor, SSIAM must sell the amount of Component Securities exceeding the foreign ownership limit and refund cash to the Investor/Authorized Participant;
- For circumstances b) and c) mentioned above, SSIAM must sell the amount of securities exceeding ratio for which a public bidding must be made or sell all the Treasury shares of the Authorized Participants or Investors and refund cash to such Authorized Participants or Investors.

The payment of cash to Authorized Participants/Investors prescribed above will depend on the sale schedule of the securities exceeding the foreign ownership limit or the ownership ratio for which a public bidding must be made or of Treasury shares. The cash payable to the Authorized Participants/Investors is the sales value after deducting tax and transaction fees related to selling those securities as stipulated by relevant regulations. SSIAM and Supervisory Bank carry out the calculation of cash return and inform Investors accordingly, on FIFO basis (applied to orders placed in different Dealing Dates) or pro-rata basis (applied to orders placed in the same Dealing Date).

If an Investor's ownership is restricted for any other reason prescribed by relevant regulations or because of a provision in the Investor's own charter, the Investor must sell the quantity of Component Securities exceeding such regulated ownership ratio on the next Trading Date immediately after settlement day. Not until the ownership ratio is adjusted to the regulated threshold, the Investor is not entitled to vote in the annual general meetings of those issuers of the securities.

If corporate action arises before the Fund Management Company sells the Component Securities exceeding rates mentioned in this point, the Fund Management Company will implement as follows:

- For cash dividends, Investors will be paid once the Fund receives this cash dividends.
- For stock dividends/bonus shares, Fund Management Company will refund cash to Investors/Authorized Participants after the Fund receives the stocks and successfully sell those stocks.
- For share in purchase right, Fund Management Company will use the cash from selling such shares to exercise the right of purchase in condition that the Purchase price/Cost is lower than the closing price on the day of right exercise. When the additional shares right are deposited into the Fund's account, the Fund will sell such shares and refund cash to the Investors.

All the payment regarding to the cash dividends/bonus shares/ stock dividends/ share purchase right as mentioned above will be done after three (03) working days from the time the Fund receives the cash from selling such shares successfully.

The payment to the Investors follows the below principles:

- First in first out (FIFO) principle: the first Redemption Order will be paid first in case there are many orders placed in different period; pro rata will apply in case there are many orders placed on one (01) period.
- The allocation ratio to Investors/Authorized Participants will depend on the Fund's current payment ability ratio and the amounts received from sale of securities via order matching transactions.
- If the Fund places both purchase and sale order of a securities in same day, the purchase order will be carried out before the sale one in redemption to Authorized Participants/Investors.

### **3.2.6. Amend/cancel the Creation/Redemption Order**

Investors can amend/cancel the Creation/Redemption Order before the Cut-Off Time which will be executed by Authorized Participants/Distributors.

Investors send an Amendment/Cancellation Order to Authorized Participants/Distributors.

Authorized Participants will check the initial Order of the Investor and the information on Amendment /Cancellation Order form, if the information in the forms is incomplete, the Authorized Participant will request Investors to submit sufficient information/documents.

In case Investor makes the Order through the Distributors, the Investor will submit the Amendment/Cancellation Order form to the Distributors. Distributors will check the information in the Amendment/Cancellation Order and transfer the Order to the Authorized Participants.

### **3.2.7. Suspension of Creation/Redemption Order**

The Fund Management Company has the right to suspend the Creation/Redemption Order in the following cases:

- When the Stock Exchange review and change the Component Securities of the Tracking Index;
- When an issuing organization of a Component Securities included in the Fund's Portfolio goes bankrupt or dissolved or suspended trading or delisting; or the Basket of Component Securities or NAV of the Fund cannot be determined on the day prior to the Dealing Date because the Stock Exchange has suspended trading of securities in the Basket of Component Securities;
- The Fund's Investment Portfolio is restructured to reduce tracking error;
- Fund Management Company/ the Supervisory Bank/ VSD/ is unable to execute Creation/Redemption Order due to unforeseeable event that goes beyond the parties' control;
- Other circumstances in accordance with relevant regulations or the Fund Charter.

The Fund Management Company must, within twenty-four (24) hours of the occurrence of any event prescribed above, notify the SSC and disclose information about such event on the website of the Stock Exchange. Immediately after such event ends, the Fund Management Company, Authorized Participants and Distributors must continue to accept and execute Creation/Redemption Order for Investors.

The duration of any suspension of Creation/Redemption Order will follow guidelines in the Fund Charter and must not exceed thirty (30) days from the most recent Dealing Date. In case of suspension of Creation/Redemption transactions due to the change of the structure of the Tracking Index portfolio by the Stock Exchange or the Securities Issuing Organizations included in the Fund's Portfolio goes bankrupt, suspend, delisting; or the Fund's List of Component Securities and Net Asset Value cannot be determined at the trading date immediately preceding the Dealing Date, which is decided by the Stock Exchange to suspend securities transactions in the Investment Portfolio. of the Fund; time limit for suspension of receipt; execute orders up to three (03) working days before and after the end of those events.

If within thirty (30) days after the end of the suspension period the causes of the suspension has not been remedied, the Fund Management Company must hold an extraordinary General Investors' Meeting or obtain written opinions from Investors on dissolution of the Fund, or on extension of the suspension period. If the causes of suspension terminate within the regulated period for convening the General Investors' Meeting, the Fund Management Company may cancel the convening of the meeting.

### **3.2.8. Non-commercial transactions (gift, present, inheritance...)**

Non-commercial transactions (such as gift, present, inheritance ...) of SSIAM VNFN LEAD ETF certificates are carried out similarly to the transfer of ownership of listed securities outside the Stock

Exchange trading system as stipulated in the Regulations on registration of securities issued by VSD.

#### **4. TRADING OF ETF CERTIFICATE ON STOCK EXCHANGE (SECONDARY TRADING)**

SSIAM VNFIN LEAD ETF Certificate is listed on HSX. Investors can trade listed ETF Certificates on the Stock Exchange system in accordance with the following principles:

- ETF Certificate is traded as a listed stock following the trading regulations for listed securities on the Ho Chi Minh Stock Exchange under Decision 66/QĐ-SGDHCM dated March 2, 2018 by The Chairman of the Ho Chi Minh Stock Exchange.
- Authorized Participants are only permitted to sell Fund Certificates (or sell Component Securities) on the Stock Exchange system if there are sufficient Fund Certificates (or Component Securities) on settlement date in accordance with regulations of VSD. The total number of Fund Certificates (or Component Securities) includes the number of Fund Certificates (or Component Securities) available on the Authorized Participants' account on Trading Date, plus the number of Fund Certificates (or Component Securities) received before or on the settlement date from Creation Order (Redemption Order) or successfully borrowed from VSD system previously.
- Authorized Participants/Investors must place a trading order from their own securities trading account. Trading and settlement must be implemented in accordance with the regulations on securities trading issued by the Ho Chi Minh City Stock Exchange and VSD;
- The trading unit will be as regulated by the Ho Chi Minh Stock Exchange where the SSIAM VNFIN LEAD ETF certificates are listed;
- SSIAM VNFIN LEAD ETF certificates may be used to lend for margin trading and for other activities in accordance with the law on securities.

#### **5. DETERMINATION OF NET ASSET VALUE OF THE FUND**

##### **5.1. Time determination of the Net Asset Value**

The Fund Management Company is responsible for determining the Net Asset Value of the Fund, Net Asset Value per Creation Unit, Net Asset Value per Fund Certificate on all working days of the Ho Chi Minh Stock Exchange.

The Net Asset Value per Creation Unit is equal to the Net Asset Value of the Fund divided by the total of outstanding Creation Units and rounded down to a digit. Net Asset Value of an ETF Certificate is equal to the Net Asset Value of the Fund divided by the total outstanding ETF Certificates and rounded down to two (2) decimal places. The discrepancy arises from rounding down of Net Asset Value will be recorded to the Fund.

The determining of the Net Asset Value will be carried out by the Fund Management Company or an authorized fund administration service provider and certified by the Supervisory Bank as regulated by relevant regulations and the Fund Charter. The confirmation of the value is made in writing or exported by electronic information system of the Supervisory Bank approved by the Fund Management Company. If the Net Asset Value is incorrect, the Supervisory Bank must notify and request the Fund Management Company to make adjustment within twenty-four (24) hours since notification.

## 5.2. Principles and method of Valuation of the Net Asset Value

**Valuation Date:** The Net Asset Value of the Fund will be determined on daily and monthly basis. In case the Valuation Date falls on a day-off or holiday, the valuation will be carried on the next working day.

For the monthly valuation term, the Net Asset Value of the Fund is determined as at the last day of the month and the Valuation Date will be the first working day of the next month and remains unchanged even when the Valuation Date falls on a day-off or holiday.

**Indicative Net Asset Value per Fund Certificate (iNAV):** iNAV will be determined based on the market price of the Basket of Component Securities from the nearest executed transaction. This value is calculated and provided by the Stock Exchange.

iNAV is just a benchmark value and will not determine trading price. iNAV is updated at least every 15 seconds (15s) and will be published on the website of SSIAM or on the Stock Exchange.

### Valuation method:

- Net Asset Value of the Fund is the total value of the Fund's assets less liabilities. The value of assets of the Fund are determined based on the market value or reasonable value of assets (in case no market price is available) on the day prior to the Valuation Date. The Fund's liability includes debt or payment obligation accrued to the day prior to Valuation Date.
- The Net Asset Value per Creation Unit is equal to the Net Asset Value of the Fund divided by the total of outstanding Creation Units and rounded down to a digit.
- Net Asset Value of an ETF Certificate is equal to the Net Asset value of the Fund divided by the total outstanding ETF Certificates and rounded down to two (2) decimal places.
- Net Asset Value is rounded in accordance with regulations on accounting and auditing.
- The discrepancy arises from rounding Net Asset Value will be recorded to the Fund.

The valuation method is detailed in "Valuation handbook" prepared by the Fund Management Company in accordance with relevant regulations and approved by the Board of Fund Representatives and specified in Appendix 4 of this Prospectus.

## 5.3. Announcement of the Net Asset Value of the Fund

Upon Supervisory Bank's confirmation, the Net Asset Values will be announced on the website of SSIAM, Stock Exchange, Distributors, and Authorized Participants in accordance with the regulation about information disclosing on the stock market. The announcement of the Net Asset Value to Investors will be done within the Dealing Date and not later than the next Dealing Date.

## 6. LISTING AND DELISTING OF ETF CERTIFICATE

### *ETF Certificate is delisted in the following circumstances:*

- a) The tracking error (TE) in the last three (03) months exceeding the caps prescribed by the Stock Exchange. The weekly tracking error is defined by the following formula:

$$TE_t = \sqrt{n} \sqrt{\frac{1}{n-1} \sum_{i=-n}^{-1} (R_i - \bar{R})^2}$$

Where:  $R_i$  is the difference between the changes in NAV of the Fund and the changes in the Tracking Index in week  $i$  backward, counted from the current week ( $t$ ), and calculated as below formula:

$$R_i = \ln \left[ \frac{NAV_i}{NAV_{i-1}} \right] - \ln \left[ \frac{Benchmark\ index_i}{Benchmark\ index_{i-1}} \right],$$

$$\bar{R} = \frac{1}{n} \sum_{i=-n}^{-1} R_i$$

$$n = 26$$

In case the time of operation of the Fund is less than six (06) months, n is the number of weeks, from the first week that the Fund establishment license is effective.

- b) The Tracking Index value cannot be determined due to unforeseeable events that have been specified in the index's ground rule; or
- c) The Fund is in liquidation as regulated in Article 20 of Circular 229;
- d) Other cases prescribed by the Stock Exchange and the Fund Charter.

In the event that the tracking error exceeds 80% of the maximum tracking error regulated by the Stock Exchange, the Fund Management Company will report to SSC, Stock Exchange and disclose this information as stipulated in Clause 6 Article 3 of Circular 229 within 24 hours from the occurrence of the event. Within three (03) months, the Fund Management Company will have responsibility to adjust its Investment Portfolio to ensure the tracking error fall below 80% of maximum level.

#### ***Tracking error***

The maximum tracking error of the ETF listed in accordance with the regulations of the Stock Exchange (HOSE) is 10%.

### **XIII. OPERATION OF THE FUND**

#### **1. Financial information**

Financial reports and the audited reports will be published annually by the Fund Management Company after being approved by General Investors' Meeting. Investors can refer to the financial reports published on the Fund Management Company's website or collect a copy of the latest annual financial reports at the Fund Management Company's head office.

#### **2. Fees and Charges and performance bonus**

##### **2.1. Fees paid by Authorized Participants/Investors**

###### **2.1.1. Creation Fee**

This is the fee that Authorized Participants/Investors have to pay for Creation Order after the Fund is established. This fee will be payable upon creation and calculated as percentage of the transaction value of a Creation Order. The Fund Management Company will announce on its website if there is any change of Creation Fee.

Creation Fee: **0.00%** on transaction value of the Creation Order.

###### **2.1.2. Redemption Fee**

This is the fee that Authorized Participants/Investors have to pay for Redemption Order after the Fund is established. This fee will be payable upon the redemption and calculated as percentage of the transaction value of the Redemption Order. The Fund Management Company will announce on its website if there is any change of Redemption Fee.

Such fee is subtracted from the Cash component (in case the value of Creation Unit is higher than the value of the Basket of Component Securities). If the Cash component is less than the

Redemption Fee, Investors/ Authorized Participant must transfer the different amount to the Fund's account at Supervisory Bank no later than 11:00 on T+1 (one (01) business day from Dealing Date).

Redemption Fee:

- For other investors: **0.10%** on transaction value of the Redemption Order.
- For Authorized Participants: **0.00%** on transaction value of the Redemption Order.

## **2.2. Fees paid by the Fund**

### **2.2.1. Fund Management Fee and service fee paid to service providers authorized by Fund Management Company to carry out services for ETF**

#### **a) Fund Management Fee**

Fund Management Fee is the fee paid to the Fund Management Company to carry out the fund management service for SSIAM VNFIN LEAD ETF. The Fund Management Fee is calculated as percentage of the Fund's NAV.

Fund Management Fee of SSIAM VNFIN LEAD ETF is 0.65% NAV per annum, or minimum of VND 30,000,000/month (exclusive of VAT (if any)).

The monthly fee is the total of accrued fees calculated on each valuation cycle in a month.

Fund Management Fee at each trading cycle is calculated as below:

- Fund Management Fee for the valuation cycle = the greater of [minimum fund management fee per month x actual number of days in the valuation period / number of days per month] and [% annual management fee (year) applied in the valuation period x NAV on Valuation Date x actual number of days of the valuation period / actual number of days in a year (365 or 366)].

#### **b) Fund administration fee**

The fund administration fee is the fee paid to the fund administration service provider.

**Fund administration fee:** 0.03% NAV per annum.

Minimum fund administration fee: VND 15,000,000 per month, exclusive of VAT (if any).

The monthly service fee is the total of accrued fees calculated on each valuation cycle in a month.

Fund administration fee at each valuation cycle is calculated as below:

Fund administration fee = the greater of [minimum fund administration fee per month x actual number of days in the valuation period / number of days per month] and [% fund administration fee (year) x NAV on the day preceding to Valuation Date x the actual number of days of the valuation period/ the actual number of days in a year (365 or 366)].

#### **c) Transfer agent fee**

Transfer agent fee is the fee the Fund pays to the transfer agency service provider.

Transfer agent fee: 5,000,000 per month (exclusive of VAT (if any)).

The monthly service fee is the total of accrued fees calculated on each valuation cycle in a month.

#### **d) Fee paid to iNAV, iINDEX and Tracking error (TE) calculation service provider**

Fee paid to iNAV calculation service provider is payable to Stock Exchange for providing the service of calculating iNAV, iINDEX and TE.

Fee paid to iNAV calculation service provider: 0.05% NAV/annum, minimum fee is VND 50,000,000/year (exclusive of VAT (if any)).

Fee paid to service provided in this section for each valuation cycle is calculated as below:

Fee paid to service provided in this section for the valuation period = the greater of [minimum service fee per month x actual number of days in the valuation period / number of days per year] and 0.05% of daily net asset value.

The time for calculating service fee is calculated from the first trading date of ETF certificate on HOSE. The year is interpreted as the year of the contract

The net asset value (NAV) used to calculate the Service fee is "NAV before service fee". NAV before service fee is NAV excluding fees calculated based on % of NAV.

In which NAV before service fee = Total assets - Total payable - Payables for fixed expenses (not depend on NAV value).

The NAV used to calculate the Service Fee of the ETF is the NAV calculated at each Valuation Date, including weekends and holidays.

For public holidays, NAV used to calculate Service Fee is the NAV of the immediately subsequent Valuation Date.

- e) The total management service fee, fund management service fee and service fee paid to services provider by Fund Management Company to carry our services for ETF will not exceed 2% of the Fund's NAV per year

### 2.2.2. Custody and supervision fee

- Custody fee and supervision fee will be paid to the Custodian and Supervisory Bank for providing the custody and supervisory services for the Fund. These fees are calculated as percentage of the Fund's NAV excluding Value Added Tax (VAT).
- **Custody fee:** 0.06% NAV per annum excluding VAT.  
Minimum Custody fee (Excluding the Stock Exchange Service fee and the Portfolio Service fee): VND 20,000,000/month.
- **Supervisory fee** (calculated on the frequency of daily dealing): 0.02% NAV per annum excluding VAT.  
Minimum supervisory fee (calculated on the frequency of daily dealing): VND 5,000,000 per month excluding VAT.

The total amount of custody fee and supervision fee will comply with relevant regulations.

The monthly fee is the total of accrued fees calculated on each valuation cycle in a month.

Custody and supervision fee at each valuation cycle are calculated as below:

Custody and supervision fee (not including securities transaction fee) = the greater of [minimum custody/supervisory fee per month x actual number of days in the valuation period / number of days per month] and [% Custody and supervision fee (year) x NAV on the Valuation Date x the actual number of days of the valuation period/ the actual number of days in a year (365 or 366)].

### 2.2.3. Fee paid to Tracking Index provider

The Tracking Index provider fee is payable to Stock Exchange for providing the VNFIN LEAD Index management and operation.

Fee for Managing and Operating the Tracking Index is prescribed in the table below:



Tracking Index	Minimum service fee/year  (VND)	Basic service fee (%/year)			
		Below 500 VND billion	From 500 to below 1,000 VND billion	From 1,000 to below 2,000 VND billion	From 2,000 VND billion and above
<b>VNFIN LEAD</b>	<b>195,000,000</b>	<b>0.065%</b>	<b>0.055%</b>	<b>0.040%</b>	<b>0.030%</b>

The above-mentioned fees are exclusive of VAT (if any).

Tracking Index provider Fee at each valuation cycle is calculated as below:

Tracking Index provider fee for the valuation period = the greater of [minimum service fee per month x actual number of days in the valuation period / number of days per year] and (%) daily net asset value.

The time for calculating the service fee is calculated from the first trading date of ETF certificates on the HOSE. The year is interpreted as the year of the contract.

In case of the ETF has not listed and traded on HOSE, the service fee is calculated on a daily basis from 01/01/2020 until the day preceding the first Trading Date on HOSE based on the the minimum service fee.

The net asset value (NAV) used to calculate the Service fee is "NAV before service fee". NAV before fee is NAV excluding fees calculated based on % of NAV.

In which NAV before service fee = Total assets - Total payable - Payables for fixed expenses (not dependent on NAV value).

The NAV used to calculate the Service Fee of the ETF is the NAV calculated at each Valuation Date, including weekends and holidays.

For public holidays, NAV used to calculate Service Fee is the NAV of the immediately subsequent Valuation Date.

#### **2.2.4. Other expenses and fees**

Other operating expenses of the Fund may include:

- Transaction fees including brokerage fee, transfer fees payable to securities companies;
- Expenses and fees relating to auditing services for the Fund;
- Legal advisory fee, quotation fee and other reasonable fees for the Fund;
- Expenses relating to printing, publication of the Prospectus, summary Prospectus, financial reports, annual reports, trade confirmations, account statements, and other documents for Investors, expenses for information disclosure; expenses for organizing General Investors' Meeting and Board of Fund Representatives;
- Fees relating to the transactions of the Fund's assets;
- Expenses for engaging independent organizations to provide valuation, asset evaluation services for the Fund;
- Remuneration for the Board of Fund Representatives;
- Other reasonable fees and expenses approved by the Board of Fund Representatives;
- Insurance expenses (if applicable);
- Taxes, fees and charges payable in accordance with applicable regulations;

- Interest payable from loans incurred by the Fund in accordance with applicable regulations and the Fund Charter;
- Other fees and expenses in accordance with the applicable regulations.

### 3. Operating ratios

Within forty five (45) days from the end of Q2 and Q4 every year, the Fund Management Company will disclose information about the Fund's operating cost ratio on the websites of the Fund Management Company, Authorized Participants and Distributors after these values have been verified by the Supervisory Bank and determined by the following formula

$$\text{Operating cost ratio (\%)} = \frac{\text{Total operating expense of the Fund in the latest 12 months} \times 100\%}{\text{Average Net Asset Value in the latest 12 months}}$$

In case the Fund has been operated under one year, the operating cost ratio will be determined as follows:

$$\text{Operating cost ratio (\%)} = \frac{\text{Total operating expenses} \times 365 \text{ days} \times 100\%}{\text{Average Net Asset Value of the Fund in the reporting period} \times \text{the number of days of operation of the Fund (from the effective date of Fund establishment license)}}$$

Average Net Asset Value of the Fund in reporting period is the total Net Asset Value of the Fund at the Valuation Dates in the period divided by number of Valuation Dates in the same reporting period.

### 4. Profit distribution policy

The Fund will distribute profit when

- In accordance with the profit distribution policy specified in the Fund Charter;
- Dividends can only be distributed after the Fund fulfills its taxation obligations and other financial obligations regulated by the applicable regulations and make reserve provisions in accordance with the Fund Charter (if any);
- After finishing profit distribution, the Fund is still able to fulfill its debts and other payment obligations that are due and ensures total Net Asset Value of the Fund does not fall below VND 50,000,000,000.
- If dividends are paid by ETF Certificates, the Fund will have the sufficient reciprocal capital from after-tax retained earnings based on the latest financial statements which have been audited or reviewed.

Profit distribution may be in cash or in ETF Certificates

Profit distribution will be carried out based on the proposal of the Fund Management Company and must be approved by the annual General Investors' Meeting or the Board of Fund Representatives (if authorized).

The Fund Management Company will deduct all tax, charge, fees as regulated by relevant regulations prior to distributing profit to Investors.

Authorized Participants/Investors included in the list of Investors on record date are eligible to receive distributed profit (“Closing Date”). In case the Authorized Participants/Investors have transferred some of their ETF units between the record date and the payment date, the transferors will receive distributed profit.

Supervisory Bank will transfer distributed profit to the account of Investors upon direction of the Fund Management Company. Bank transfer fee will be borne by the Investors.

After profit is distributed, the Fund Management Company must send the final report on the fund profit distribution to Investors, including the following:

- Form of profit distribution;
- Total profit for the period and accumulated profits, details of each profit category;
- Total profit distributed; the number of ETF Certificates issued for distribution (in the case of profit distribution in ETF Certificates);

## **5. Tax policy**

Investors may need to pay taxes for ETF Certificate trading. These tax obligations relate directly to Investors and are not reflected in the overall performance of the SSIAM VNFIN LEAD ETF.

## **6. Forecast of the Fund’s operating result**

The projections, estimations on the macroeconomic and stock market mentioned in this Prospectus do not imply guarantee of the Fund’s future performance.

## **7. Time and locations providing Fund’s operating reports**

- The Fund Management Company will, on a monthly, quarterly and yearly basis disclose information about creation/redemption transactions and report on change of Net Asset Value of the Fund. The company will provide requested information to Investors within five (05) days from the receipt of written request of Investors.
- Fund operating reports will be prepared periodically in accordance with applicable regulations.
- These reports will be published on the website of the Fund Management Company and provided to Investors at the head office of the Fund Management Company.

## **XIV. CONFLICT OF INTEREST**

1. To eliminate the conflict of interests between the Fund and other funds managed by the Fund Management Company, the conflict of interest between the Fund and the Fund Management Company, the Fund Management Company is obliged to ensure the segregation of the assets of the Fund Management Company with the assets of the funds managed by the Fund Management Company; assets of the Investors, assets of different funds managed by the Fund Management Company.
2. All securities transactions of the Company Owner (SSI Securities Inc. (SSI)), Fund Management Company’s Chairman, members of the Board of Management, Supervisor, Fund manager and Fund Management Company’s staff s must be reported and monitored appropriately in accordance with the Fund Charter and applicable regulations.
3. Internal control and risk management system has been established to monitor conflict of interests within the Fund Management Company.

## **XV. REPORTING AND INFORMATION DISCLOSURE TO INVESTORS**

The Fund’s information disclosure will be conducted via the following channels:

- Website of Fund Management Company, website of Authorized Participants; or

- Other mass media consistent with applicable regulations.

The Fund Management Company must, on a monthly, quarterly, semiannual or annual basis, disclose to Investors the creation/redemption statistics and reports on changes in NAV of the Fund. The company will provide requested information within five (05) days from the date of a written request from Investors.

The Fund Management Company will provide the following documents to Investors:

- Prospectus, summary Prospectus, Audited semiannual and annual reports,
- Semiannual and annual reports on overall activities of the Fund.
- Semiannual and annual statistical reports on trading fees
- Monthly, semiannual and annual reports on investment activities of the Fund.

SSIAM must disclose the following information on its website and on the Stock Exchange within twenty-four (24) hours of the end of a trading session on the Dealing Date:

- The Basket of Component Securities;
- The number of Creation Units issued to and/or redeemed from Authorized Participants/Investors; and the differences as compared with the previous Dealing Date;
- Information on the volume of listed ETF Certificates on the Stock Exchange, information on fluctuations in trading price of ETF Certificate, the closing price of ETF Certificate and the differences as compared with the previous Trading Date;
- The NAV of the Fund, the NAV of a Creation Unit, and the NAV of an ETF Certificate and the fluctuation in these values, fluctuation in the iNAV within a day; Tracking Index and fluctuation of the Tracking Index;
- Any suspension of Creation/Redemption Order (if applicable);
- Any tracking error and adjustment of the Basket of Component Securities (if applicable);
- Any incorrect determination of NAV of the Fund (if applicable);
- Dissolution of the Fund (if applicable);
- Replacement of Supervisory Bank (if applicable);
- Correction or cancellation of the transaction (if applicable);
- Any other relevant information (if applicable).

The Fund Management Company must disclose the Fund's tracking error in comparison with Tracking Index on its website on a weekly basis.

The Fund Management Company must disclose the following information on its website on a semiannual and annual basis:

- Information on the Tracking Index replication of the Fund (if applicable);
- Information about any distribution of profit (if applicable);
- The Fund's operation cost ratio. Information disclosure of the ratio of operational expenses determined within a period of forty-five (45) days after the end of the second and fourth quarter each year.

In securities trading activities, The Fund will comply with information disclosure obligations with regard to large shareholders, insider shareholders and affiliated parties following regulations on information disclosure in the stock market issued by the Ministry of Finance, excluding creation/redemption transactions with Authorized Participants/Investors.

**XVI. CONTACT ADDRESSES FOR INVESTORS' INQUIRIES**

Investor's queries and request will be dealt with at the office of SSIAM and/or Authorized Participants and/or Distributors during office hours.

SSIAM will respond to all questions of Investor via phone (84.24) 3936 6321 or Investors can email their questions to [ssiam@ssi.com.vn](mailto:ssiam@ssi.com.vn)

**XVII. COMMITMENT**

Fund Management Company will hereby undertake, in its good faith, to bear full liability for the accuracy and authenticity of the content in this Prospectus and other documents as attached herein.

**XVIII. APPENDICES**

1. List of the Authorized Participants and Appointed Distributors and points of distributing Prospectus of SSIAM VNFIN LEAD ETF.
2. Trading and Creation/Redemption Forms
3. Fund Charter Summary
4. Asset valuation handbook

**Authorized Representative  
of Supervisory Bank**

(Signed)

**Chairman of Fund Management Company**

(Signed)

**Chief Executive Officer of  
Fund Management Company**

(Signed)

## APPENDIX 1

### LIST OF AUTHORISED PARTICIPANTS CUM DISTRIBUTORS AND POINTS OF DISTRIBUTING PROSPECTUS OF SSIAM VNFIN LEAD ETF

(On the effective date of this prospectus)

#### **SSI SECURITIES CORPORATION (SSI)**

Head Office: 72 Nguyen Hue, District 1, HCM City

Tel: +84 28 38242897; Fax: +84 28 38242997

Points of receiving Creation/Redemption Orders of SSI Securities Corporation (SSI) include:

**Head Office:** 72 Nguyen Hue, District 1, HCM City

Tel: +84 28 38242897; Fax: +84 28 38242997

**Hanoi Branch:** 1C Ngo Quyen, Hoan Kiem, Hanoi

Tel: +84 24 39366321; +84 24 62888885; Fax: +84 24 39366311

#### **MIRAE ASSET SECURITIES (VIET NAM) LIMITED LIABILITY COMPANY (MAS)**

**Head Office:** 7<sup>th</sup> Floor, Le Meridien building, 3C Ton Duc Thang street, Ben Nghe Ward, District 1, Ho Chi Minh

Tel: 84-28 39102222 Fax: 84-28 39107222

Points of receiving Creation/Redemption Orders of MAS include:

##### **MAS - Headquarter**

Address: 7th Floor, Le Meridien Building, 3C Ton Duc Thang, Ben Nghe Ward, District 1, TP. Ho Chi Minh

Tel: 84-28 39102222 Fax: 84-28 39107222

##### **MAS – Hanoi branch**

Address: 3rd Floor, HCO building, 44B Ly Thuong Kiet, Hoan Kiem District, Hanoi

Tel: 84-24-73093968 Fax: 84-24-39387198

## APPENDIX 2

### SSIAM VNFIN LEAD ETF TRADING FORMS

#### **Exchange of Component Securities for SSIAM VNFIN LEAD ETF Creation Units**

- 1) Creation Order of Exchange of Component Securities for SSIAM VNFIN LEAD ETF Creation Units
- 2) List of exchanged Component Securities
- 3) Component Securities Balance Confirmation
- 4) Notification on Substitution cash and Cash Component of Authorized Participants/Investors Placing Creation Order

#### **Exchange of SSIAM VNFIN LEAD ETF Creation Units for Component Securities**

- 5) Redemption Order of Exchange of SSIAM VNFIN LEAD ETF Creation Units for Component Securities
- 6) ETF Certificates Balance Confirmation
- 7) List of SSIAM VNFIN LEAD ETF Certificates
- 8) Amendment/Cancellation Order

## APPENDIX 3

### CHARTER SUMMARY

#### I. General Provisions

SSIAM VNFIN LEAD ETF is an exchange-traded fund organized in the form of open-ended fund that is founded under Vietnamese law.

The minimum Charter Capital mobilized during the Fund's initial public offering is VND 50,000,000,000 (VND fifty billion). The par value of each Fund Certificate is VND10,000 (VND ten thousand).

The fund has no limitation of the operation term.

The legal representative of the Fund Management Company will be appointed as the representative for capital mobilization and public offering of the Fund Certificates.

#### II. Investment objectives, strategies and restrictions

2.1. Regulations on investment objectives, strategies, restrictions or method of investment selection are stipulated in Chapter II of the Fund Charter from Article 8 to Article 11 and in Section V of the Prospectus.

2.2. Principles and method of calculating Net Asset Value are stipulated in Chapter XII of the Fund Charter from Article 53 to Article 55 and Section XI of the Prospectus.

#### III. Fund specifications

##### 3.1. Investor:

- Investors of the SSIAM VNFIN LEAD ETF may be domestic and foreign individuals or organizations owning at least one (01) Fund Certificate. Such Investors will not be legally liable or have any other obligations to the Fund other than those corresponding to the number of Fund Certificates owned by them.

Organizational Investors will include domestic and foreign social, economic organizations legally established and operating. Such organizational Investors will appoint legal representatives to represent the number of Fund Certificates owned by them. Any appointment, removal or substitution of such representatives will be notified in writing and signed by its competent representatives.

- Government agencies, Vietnam people's armed force units will not participate in contributing capital for establishing the Fund, purchasing Fund Certificates. The capital contribution for establishing the Fund, Fund Certificate purchases of credit institutions, insurance enterprises, securities business organization, and state-owned one-member limited liability companies will be implemented subject to relevant legal regulations.
- Foreign investors are not limited with ownership ratio at the Fund.
- The Fund Management Company and its related party may make capital contribution to the Fund establishment, purchase Fund Certificates manage by the Company at the same trading price as applied to other Investors.

##### 3.2. Conditions for Investors to participate in creation/redemption transactions

To participate in creation/redemption transactions, Investors will fulfill the following conditions:

- a) Owning enough Component Securities and cash satisfying the requirements on weight and quantity as announced by the Fund Management Company for Creation Order; or
- b) Owning at least one (01) ETF Unit for Redemption Order.



- c) Investors will only execute creation/redemption transaction via Authorized Participants where Investors has signed contract on creation/redemption transaction.
- d) Creation/redemption transactions will comply with applicable laws.

### 3.3. Rights and Obligations of Investors

#### a) Investors will be entitled to:

- Benefit from the Fund's investments in proportion to the number of Fund Certificates held by them;
- Benefit from the interests and assets legally distributed from the liquidation of the Fund's assets in proportion to the number of Fund Certificates owned by them;
- Participant in the creation/redemption transactions;
- Implement their rights via the General Investors' Meeting;
- Transfer the Fund Certificates in accordance with this Fund Charter;
- Other rights in accordance with applicable laws and this Fund Charter.

#### b) Investors will be obliged to:

- Comply with this Fund Charter and abide by resolutions of the General Investors' Meeting;
- Take responsibility for debts and other asset liabilities of the Fund corresponding to the number of Fund Certificates owned by them;
- Make full payment in forms of cash, securities or Fund Certificates as agreed in the transactions with the Fund;
- Other obligations according to applicable laws and this Fund Charter.

### 3.4. Register of Investors

#### a) Within five (05) days from the effective date of the Fund's Establishment License, the Fund Management Company or relevant service providers will establish the register of Investors and confirm ownership of Authorized Participants/Investors to Fund Certificates. The register of Investors will contain the following basic information:

- Name, head office address of the Fund Management Company; name, head office address of the Supervisory Bank; full name of the Fund;
- The total number of Fund Certificates sold, and the amount of the capital mobilized;
- List of Authorized Participants/Investors with their full names, valid ID numbers or passport numbers, contact addresses (for individuals); business names, abbreviated names, establishment and operation certificate numbers/business registration certificate numbers (for institutes); depository account numbers, dates of registration of Fund Certificate ownership, numbers of ETF Units registered for Creation Unit; and the ownership ratios;
- Establishment date of the register of Investors.

#### b) Within ten (10) days from the effective date of Fund's Establishment License, the Fund Management Company or relevant service providers will register, deposit ETF Units at the Securities Depository Centre for Authorized Participants/Investors. Dossiers for registration and depository of ETF Units will comply with the guidance of the Securities Depository Centre.

The number of ETF Units to be issued, repurchased on the following Trading Date will be automatically updated, registered, deposited by the Securities Depository Centre into the Securities Depository Centre's system under the guidance of the Securities Depository Centre.

#### c) The Fund Management Company, Transfer Agents will have full information on ownership of each of Investors. Information on assets of Investors in the main register is evident confirming Fund

Certificates ownership of Investors. Ownership rights of Investors are set up from the time when ownership information on Investors is updated on the main register.

3.5. Investor's right to vote:

Every Fund Certificate is granted with a voting right. Supervisory bank, Fund Manager, Audit Firm, Law Company and Real Estate Appraisal Firm (if any) who provide services to the Fund can join Investor Committee but do not have right to vote.

3.6. Fund Dissolution and Investor's rights in case of fund dissolution and liquidation:

3.6.1. Fund dissolution conditions are stipulated in Article 60 of this Fund Charter, to be specific as below:

3.6.1.1. The Fund dissolution, liquidation will be carried out in the following cases:

- a) The Fund Management Company is dissolved, bankrupted or its License for Establishment and Operation is revoked but the Board of Fund Representatives fails to establish a replacing Fund Management Company within two (02) months from the date of arising the event;
- b) The Supervisory Bank is dissolved, bankrupted or unilaterally terminates Supervision Contract or its Supervision Contract is terminated by the Fund Management Company; or the certificate of registration for securities depository activities is revoked and the Fund Management Company fails to establish a replacing Supervisory Bank within two (02) months from that date of arising the event;
- c) The Net Asset Value of Fund is reduced to below ten (10) billion in six (6) consecutive months;
- d) The Fund Certificates are delisted;
- e) The fund dissolution as determined by the General Investors' Meeting;
- f) Other cases as provided by laws (if any).

3.6.1.2. Within thirty (30) days at maximum, from the date of compulsory dissolution as stipulated in Points a, b, c, d and e, Clause 1 of Article 60 Fund Charter, the Fund Management Company or Supervisory Bank and the Board of Fund Representatives (in case there is not any Fund Management Company) will convene the General Investors' Meeting to decide on the fund dissolution.

3.6.1.3. The General Investors' Meeting will have the right to appoint an independent auditing firm to examine, appraise and supervise the whole liquidation process, valuation and reappraise the valuation and the distribution of fund's assets for Investors, or retain the existing Board of Fund Representatives to monitor the liquidation and asset distribution process.

3.6.1.4. The Fund Management Company and the Supervisory Bank will be liable for liquidating the Fund's assets and distributing the Fund's assets to Investors in accordance with plan approved by the General Investors' Meeting. In case of fund dissolution as stipulated in Point a, Clause 1 hereof, the Supervisory Bank will be liable for liquidating and distributing the Fund's assets.

3.6.1.5. Except otherwise decided by the General Investors' Meeting, since the date of dissolution decision of the General Investors' Meeting, the Supervisory Bank must not:

- a) Conduct investment activities, purchase assets for the Fund;
- b) Transform unsecured debts into debts secured by the fund's assets;
- c) Give, offer fund's assets to other entities, individuals;
- d) Make contract payments in which the value of the Fund's obligations is greater than that of the other party; or pay debts to creditors who are also the Fund's debtors without conducting debt offsetting;
- e) Execute other transactions to disperse the Fund's assets.

3.6.1.6. Assets of the fund, which is under dissolution, will include:

- a) Assets and rights in relation to assets of the Fund at the time when the Fund is compulsorily dissolved;
  - b) Profits, assets and rights in relation to assets that the Fund will have by conducting transactions set up before the Fund is compulsorily dissolved;
  - c) Assets are used as guarantee for the fulfillment of the Fund's obligations. In case of payment for secured creditors by means of such assets, if the value of the asset exceeds the value of the secured debts, then the excessive value will be the Fund's assets.
- 3.6.1.7. The Fund Management Companies or the Supervisory Banks take the responsibility for delivering the Basket of Component Securities to Investors in proportion to the ownership ratio at the Fund of the Investors following the regulations at Point c Clause 9 of Article 60 Fund Charter.
- 3.6.1.8. As per written request from Investors or in case the number of Fund Certificates is too small as indicated in the Fund Charter, the Fund Management Company can sell the assets and refund in cash to Investors. The sale of assets which are listed equities, trading registered securities is executed via the trading system of Stock Exchanges, or traded via other methods, ensuring the maximum profits to the Fund and in line with the dissolution plan approved by the General Investor's Meeting.
- 3.6.1.9. Assets from the Fund's liquidation will be made payments in accordance with the following orders:
- a) Financial obligations to the State;
  - b) Payable amounts to the Fund Management Company, the Supervisory Bank, other payable amounts and the Fund's dissolution expenses. In case the Fund is compulsory dissolved as stipulated in Point a or b Clause 1 of Article 60 Fund Charter, the Fund will not pay other expenses to the Fund Management Company or the Supervisory Bank according to contract from the arising date of events;
  - c) The remaining proportion of assets will be used as payment for Investors in proportion with their contributions in the Fund. In case of registered assets, the Fund Management Company, the Supervisory Bank will request the Securities Depository Centre, Investors register management organizations, issuance organizations to execute assets transfer and ownership registration for Investors.
- 3.6.1.10. The dissolution result of the Fund will be approved by the Supervisory Bank and the Fund Management Company and adopted by independent auditing organization appointed by the General Investors' Meeting in accordance with Clause 3 Article 60 Fund Charter or the Board of Fund Representative executing the asset liquidation process supervision.
- 3.6.2. Sequences and procedures of fund dissolution are stipulated in Article 61 of the Fund Charter
- 3.6.2.1. Within seven (07) days, from the date when the General Investors' Meeting decides on the Fund dissolution, the Fund Management Company or the Supervisory Bank (in case there is no Fund Management Company) will report to State Securities Commission of the fund dissolution.
- 3.6.2.2. The reporting documents on the Fund dissolution will contain:
- a) Notice of the Fund dissolution, with sufficient content as stipulated in Appendix 06 enclosed with the Circular 229/2012/TT-BTC (might be amended and supplemented from time to time);
  - b) Minutes and resolution of the General Investors' Meeting on the Fund dissolution, enclosed with a plan, timeline on asset liquidation and distribution approved by the General Investors' Meeting, which specifies the principles for determining Net Asset Value on dissolution date and within asset liquidation period of the Fund, in line with applicable laws, the Fund Charter and valuation handbook; asset distribution method and information disclosure to Investors on the liquidation and distribution of assets;
  - c) Written commitments signed by authorized representative of the Fund Management Company (if any) and the Supervisory Bank on taking responsibilities for completing procedures for asset liquidation to dissolve the Fund.
- 3.6.2.3. Within fifteen (15) days, from the date of filing the reporting documents, if the State Securities Commission has no comment on the dissolution of the Fund, the Fund Management Company and the

Supervisory Bank will be responsible for disclosing the notice on the Fund dissolution following the provisions. Concurrently, the Fund Management Company will process the procedures for voluntary delisting, cancelling the registration of the Fund Certificates following the guidance by Stock Exchanges, the Securities Depository Centre.

3.6.2.4. The liquidation of assets, deadline for the asset liquidation will follow the dissolution plan approved by the General Investors' Meeting, but not exceeding six (06) months, from the date of disclosing the notice on the Fund dissolution. Within the period when assets are being liquidated for dissolution, management fees, supervision fees and other fees are charged based on the tariff approved by the General Investors' Meeting. After the dissolution date of the Fund, on a monthly basis, the Fund Management Company provides Investors with details on expenses incurred in the period, remaining Net Asset Value of the Fund, remaining Net Asset Value per Creation Unit, remaining Net Asset Value per Fund Certificates, and a list of retained assets which have not distributed to Investors in compliance with applicable laws. The announcement to Investors should be sent to the State Securities Commission, enclosed with the report on assets and report on the Fund's Investment Portfolio.

3.6.2.5. Within five (05) days from the date of completion of the dissolution procedures of the Fund, the Fund Management Company and the Supervisory Bank (if there is no Fund Management Company) will disclose information on the completion of liquidation, distribution and dissolution of the Fund in accordance with applicable laws, concurrently inform State Securities Commission the results of fund dissolution, including the following documents:

- a) Report with the confirmation by the Fund Management Company, the Supervisory Bank and the auditor or the Board of Fund Representatives (if any) on the Fund's asset liquidation, payment of debts and other asset obligation fulfillment to creditors, other stakeholders, including financial obligations to the State. The report must enclose with a list of creditors and amount of debts paid, including tax liability;
- b) Report on the results of the dissolution, asset liquidation with the confirmation by the Fund Management Company, the Supervisory Bank and auditor or the Board of Fund Representatives (if any) on asset liquidation progress, asset liquidation and distribution methods and total assets value received after liquidation; total liabilities payable and the remaining assets distributed to Investors as in the form as prescribed by applicable laws. In case of non-cash asset allocation, additional documents will include the confirmation of the Securities Depository Centre on the completion of asset allocation, securities registration for Investors at the request of the Fund Management Company, the Supervisory Bank and Investors; confirmation of organizations in charge of managing the register of shareholders, issuers, enterprises receiving investment capital from the Fund on completion of the transfer of share, contributed capital ownership rights to each Investor of the Fund at the request of Fund Management Company;
- c) Original copy of the Fund's Establishment License;
- d) Report on examination of asset liquidation results prepared by auditing firm appointed by the General Investors' Meeting or the Board of Fund Representatives (if any);
- e) Investor's confirmation on the full receipt of cash and assets as indicated in the Fund's dissolution plan.

3.6.2.6. In case the notice on results of dissolution are incorrect or forged, the Fund Management Company, the Supervisory Bank and related institutions, individuals will be jointly responsible for settlement of unpaid debts and will be personally responsible for consequences arising during three (03) years from the date of reporting documents on dissolution results to the State Securities Commission.

#### **IV. Information on service prices/fees paid by the Fund**

Stipulated in Chapter XIII of the Fund Charter and Chapter XII of the Prospectus.

#### **V. Profit distribution and tax policy**

The Fund will distribute profit to Investors in accordance with the profit distribution policy specified in the Fund Charter and the profit distribution plans approved by the latest General Investors'

Meeting. The distributed profits are deducted from the retained profit or from the Fund's accumulated income after the Fund fulfills its taxation obligations and financial obligations (if any) regulated by the applicable regulations and fully make provisions (if any) in accordance with the Fund Charter.

Details of profit distribution of the Fund are stipulated in Chapter XIII of the Fund Charter and Article XII of the Prospectus.

## **VI. General Investors' Meeting**

### **6.1. General Investors' Meeting is stipulated in Article 20 of the Fund Charter as below:**

- 6.1.1.** The General Investors' Meeting is the highest authority of the Fund. All Investors named in the register of Investors prior to the convention of such meeting will be entitled to attend such meeting.
- 6.1.2.** Annual General Investors' Meeting will be held within thirty (30) days from the date of annual financial statements audited by approved auditing organization.
- 6.1.3.** An extraordinary General Investors' Meeting will be held in the following events:
  - a) The Fund Management Company or the Supervisory Bank or the Board of Fund Representatives deems such meeting necessary for the Fund's interests;
  - b) Upon request of an Investor or a group of Investors representing at least ten percent (10%) of total outstanding Fund Certificates within at least six (06) successive months as of the date of request for convention of such meeting.
- 6.1.4.** The convention of such extraordinary General Investors Meeting as mentioned in Clause 3 of this Article will be conducted within thirty (30) days from the date when the Fund Management Company receives request for convention of an extraordinary General Investors' Meeting which specifies reasons and purposes of the meeting.

### **6.2. Rights and obligations of the General Investors' Meeting are stipulated in Article 21 of the Fund Charter**

- 6.2.1.** To amend and supplement the Fund's Charter, the Supervisory Contract, profit distribution plan;
- 6.2.2.** Fundamental changes in the Fund's investment policies and objectives; to increase the fee payable to the Fund Management Company, the Supervisory Bank; to replace the Fund Management Company, the Supervisory Bank.
- 6.2.3.** To merge or consolidate of the Fund.
- 6.2.4.** To split the Fund.
- 6.2.5.** To dissolve the Fund.
- 6.2.6.** To temporarily suspend Fund Certificate transactions.
- 6.2.7.** To elect, remove or discharge the Chairman and members of the Board of Fund Representatives; to approve the remuneration and operating expenses of the Board of Fund Representatives.
- 6.2.8.** To approve the selection of the approved auditing company to audit annual financial statements of the Fund, the independent valuation organization (if any); to approve reports on the financial position, assets and annual operations of the Fund.
- 6.2.9.** To consider and deal with any breaches of the Fund Management Company, the Supervisory Bank or the Board of Fund Representatives resulting in losses for the Fund.
- 6.2.10.** To consider and deal with any breaches of the Fund Management Company, the Supervisory Bank or the Board of Fund Representatives resulting in losses for the Fund.
- 6.2.11.** Other rights as prescribed in legal regulations and the Fund Charter.

**6.3. Conditions, proceedings of the General Investors' Meeting are stipulated in Article 22 of the Fund Charter**

- 6.3.1.** The time, agenda and proposed content of the General Investors' Meeting will be publicly notified and sent to Investors at least ten (10) days prior to the opening of General Investors' Meeting and reported to the State Securities Commission at least fifteen (15) days prior to the date on which the meeting is held.
- 6.3.2.** The General Investors' Meeting will be conducted if the number of participating Investors represents at least fifty-one per cent (51%) of the total outstanding Fund Certificates. Investors can attend directly or authorize a representative to attend or attend through teleconference by other audio and visual means or other means.
- 6.3.3.** If the first meeting fails to satisfy conditions as stipulated in Clause 2 of this Article, the second meeting will be convened within thirty (30) days from the tentative convening day of the first meeting. In such case, the General Investors' Meeting will be held regardless of the number of participating Investors.
- 6.3.4.** The proceedings and form of the General Investors' Meeting:
- a) General Investors' Meeting can be held in the form of meeting in one location or multi-locations through collecting written opinions, teleconference, electronic voting (e-voting) or other electronic. In case where General Investors' Meeting held in multi-locations, the location of the General Investors' Meeting will be the one where the Chairman of the meeting attends.
  - b) Chairman of Board of Fund Representatives presides the General Investors' Meeting. If the Chairman of Board of Fund Representatives is absent, the remaining members will assign a member of the Board of Fund Representatives to preside the meeting.
- 6.3.5.** All the minutes of General Investors' Meetings must be in writing and archived in the head office of the Fund Management Company.
- 6.3.6.** Annual and extraordinary General Investors' Meeting can be held in the form of written opinion collection, except when required to hold a meeting as stipulated in section 6.3.7. Principles, content, procedure of collecting written opinions of Investors:
- a) The Fund Management Company must be in charge of preparing the opinion inquiry, drafted decisions of General Investors' Meeting and other explanatory documents. The opinion inquiry, attached with drafted decision and explanatory documents must be sent by a secured mail to residential address of each Investor, sent via email or other electronic means to register addresses of Investors.
  - b) The opinion inquiry must contain the following main contents:
    - Name, number and issuing date of the Fund's Establishment License; name, head office, number and issuing date of Fund Management Company's establishment certificate;
    - Purpose of the opinion collection;
    - Full name, permanent residential address, nationality, number of ID card, passport or other relevant personal certification of the individual Investors; name, head office, nationality, number of establishment or business registration and their authorized representatives of the institutional Investors; number of Fund Certificates of each type and number of votes of Investors;
    - Matters subjected to opinion collection;
    - Proposed votes including: "for", "against" and "blank";
    - Deadline for sending the completed opinion inquiry back to the Fund Management Company;
    - Name and signature of legal representatives of the Fund Management Company;

- c) The completed opinion inquiry must be signed by individual Investor or by legal representatives of institutional Investor or authorized representatives of such persons.
- d) The completed opinion inquiry that is sent back to the Fund Management Company via one of the following forms: mail, fax, email, electronic voting (e-voting) or other forms. An opinion inquiry that is sent back to the Fund Management Company later than the deadline set in the opinion inquiry or is disclosed in other cases will be considered as invalid. An opinion inquiry not being sent back will be considered as non-voting opinion inquiry.
- e) The minute of counting votes must contain following contents:
  - Name, number and issuing date of the Fund's Establishment License; name, head office, number and issuing date of Fund Management Company's establishment license;
  - Purposes and matters subjected to the opinion collection to adopt decisions;
  - Number of Investors and total number of votes, in which number of valid and invalid votes should be distinguished and attached list of voting Investors;
  - Total number of votes "for", "against" or "blank" in relation to respective matters;
  - Adopted decisions.
- f) Vote counters must be jointly liable to the accuracy and truthfulness of the minutes of counting votes as well as losses derived from decisions that are adopted due to inaccurate and dishonest counting of votes.
- g) Completed opinion inquiries, minutes of counting votes and full text of adopted decisions and other related documents that are attached with the opinion inquiry must be retained at the head office of the Fund Management Company;
- h) Decisions that are adopted in form of collecting opinions of Investors have the same validity as those adopted at the General Investors' Meeting.

**6.3.7.** In case of collecting opinions on matters specified in Clauses 2 and 3, Article 21 of the Fund Charter, the Fund Management Company is required to hold a General Meeting of Investors.

**6.4.** Approve resolutions of the General Investors' Meeting are stipulated in Article 23 of the Fund Charter:

- 6.4.1. Each Fund Certificate will have a voting right. The Supervisory Bank, the Fund Management Company, the Auditing Company and the law firm providing services to the Fund will be entitled to attend the General Investors' Meeting yet will not be entitled to vote.
- 6.4.2. The General Investors' Meeting will make resolutions within its authority by voting, or in the form of written opinion collection.
- 6.4.3. Except for the cases prescribed in Clause 4 of this Article, decisions of General Investors' Meeting will be passed if such decisions are approved by Investors representing at least fifty-one percent (51%) of the total number of fund certificates owned by attending Investors.
- 6.4.4. For provisions as stipulated in Clauses 2, 3 of Article 21 of the Fund Charter, decisions of the General Investors' Meeting will be passed if such decision is approved by Investors representing at least sixty five percent (65%) of the total number of fund certificates owned by attending Investors.
- 6.4.5. In case of collecting written opinions of General Investors' Meeting, decisions are passed when being approved by Investors representing for at least fifty-one per cent (51%) of the total fund certificates owned by Investors.
- 6.4.6. The Fund Management Company and the Board of Fund Representatives have duties to ensure that all decisions of General Investors' Meeting are in accordance with applicable laws and the Fund Charter. Where such decisions fail to comply with applicable laws and the Fund Charter, the General Investors' Meeting will be held or collect opinions from Investors in writing again.
- 6.4.7. Within twenty-four (24) hours, after the end of General Investors' Meeting or the day on which the opinion inquiry counting is done, the Fund Management Company, the Board of Fund Representatives will be responsible to prepare minutes and resolutions of the General Investors'

- Meeting to be submitted to the Supervisory Bank and provided to Investors, and for information disclosure in accordance with applicable laws on the Fund Management Company's website.
- 6.4.8. Adopted decisions of General Investors' Meeting not in accordance with applicable laws and the Fund Charter will be ineffective and unenforceable. These decisions will be cancelled automatically. At the same time, the Fund Management Company has responsibility to inform State Securities Commission and Investors regarding the ineffective and cancelled decisions.

**VII. Board of Fund representatives:**

**7.1. Criteria for selection of members of the Board of Fund Representatives are stipulated in Article 26 of the Fund Charter.**

A member of the Board of Fund Representatives must meet the following criteria:

- a) Having full capacity for civil acts;
- b) Having qualifications in economic management, finance and/or laws.

**7.2. Rights and obligations of members of the Board of Fund are stipulated in Article 27 of the Fund Charter:**

- 7.2.1. To represent the rights and interests of Investors; to carry out activities in line with legal regulations to protect the rights and interests of the Fund and Investors;
- 7.2.2. To be loyalty to the interests of the Fund and avoid conflicts of interests resulting in losses for the Fund, to ensure compliance with the principles in the case of conflict of interests arising between the Fund and members and between members and related parties of the Fund.
- 7.2.3. To evaluate the operation effectiveness of the Fund Management Company, regularly inspect the reasonableness, legality, truthfulness and prudence in the management of the assets of the Fund Management Company.
- 7.2.4. To inspect and oversee the proceedings implementation and calculation method of the Net Asset Value of the Fund.
- 7.2.5. To propose investment policies and objectives of the Fund.
- 7.2.6. To make decision on issues not agreed by the Fund Management Company and the Supervisory Bank on the basis of applicable laws.
- 7.2.7. To approve the list of quotation providers, the principles and method of Net Asset Value determination; to approve the list of credit institutions receiving the Fund's deposit, monetary instruments according to Points a Clause 3 Article 9 of this Charter. These decisions must be prudently made to ensure the safety of Fund's assets.
- 7.2.8. To approve the profit to be distributed; the time limit and procedure for profit distribution or handling of losses arising out of the course of business.
- 7.2.9. If authorized by the latest General Investors' Meeting, the Board of Fund Representatives may decide on the issues as set out in Points 2, 3, 4, 5, 6, 7, 8, 9 and 10, Article 21 of this Charter.
- 7.2.10. To request the Fund Management Company and the Supervisory Bank to timely provide sufficient materials and information regarding asset management and supervision activities.
- 7.2.11. To attend the meetings of the Board of Fund Representatives, directly discuss and vote or send the opinion inquiry (in case of absent at the meeting or in case of giving opinion in writing as requested by the Chairman of Board of Fund Representatives) to decide matters included in the meeting content.
- 7.2.12. To implement resolutions of the General Investors' Meeting and decisions of the Board of Fund Representatives.
- 7.2.13. To recommend replacement of the Fund Management Company or the Supervisory Bank.



7.2.14. When implementing its rights and obligations, the Board of Fund Representatives will comply with the applicable laws, the Fund Charter and the decision of the General Investors' Meeting. In the event the decision approved by the Board of Fund Representatives is contrary to the applicable laws, the Fund Charter or causing damage to the Fund, the members approving that decision must be jointly responsible for such decision individually; members opposing such decision will be discharged from their responsibility for such decision.

7.2.15. The Board of Fund Representatives will not directly or indirectly:

- a) Use Fund's assets for any Investor's loans;
- b) Use Fund's assets to guarantee or provide mortgage assets for Investors' loan;
- c) Use Fund's assets to guarantee or provide mortgage assets for the loan of another company;
- d) Provide information on the Fund or Investors not allowed to disclose for any person.

7.2.16. To implement other rights and obligations in accordance with the Fund Charter.

**7.3. Chairman of the Board of Fund Representatives is stipulated in Article 28 of the Fund Charter**

7.3.1. The General Investors' Meeting will elect the Chairman of the Board of Fund Representatives from its members in the form of voting at the General Investors' Meeting or collecting written opinion. The Chairman of the Board of Fund Representatives will be an independent member.

7.3.2. The Chairman of the Board of Fund Representatives will have the following rights and tasks:

- a) To prepare working programs and plans of the Board of Fund Representatives;
- b) To prepare meeting programs, contents and documents; to convene and chair meetings of the Board of Fund Representatives;
- c) To monitor the implementation of the decisions of the Board of Fund Representatives;
- d) Other rights and duties as prescribed in the Fund Charter.

7.3.3. In the event that the Chairman of the Board of Fund Representatives is absent or has lost his/her ability to perform assigned duties, a member of the Board of Fund Representatives authorized by the Chairman will perform the rights and duties of the Chairman.

7.3.4. Where there is no member is authorized, other members of the Board of Fund Representatives will select one person to temporarily hold the position of the Chairman of the Board of Fund Representatives. Re-election of the Chairman of the Board of Fund Representatives will be carried out at the next General Investors' Meeting.

**7.4. Suspension, dismissal and supplement of members of the Board of Fund Representatives are stipulated in Article 29 of the Fund Charter**

7.4.1. The status of member of the Board of Fund Representatives will be terminated in the following cases:

- a) The member is dead, has no capacity to be a Member of the Board of Fund Representatives pursuant to the Fund Charter, related laws or is forbidden by laws from being a member of the Board of Fund Representatives;
- b) The member is instituted or prosecuted;
- c) The member sends resignation letter to the headquarters of the Fund Management Company;
- d) The member does not attend the meeting of the Board of Fund Representatives for six (06) consecutive months, except for force majeure;
- e) The member is dismissed according to decision of the General Investors' Meeting;

- f) A written notification informs that member of the Board of Fund Representatives is no longer the authorized representative of the institutional Investors, Authorized Participants.

7.4.2. The Board of Fund Representatives and the Fund Management Company may appoint another person to temporarily be the member of the Board of Fund Representatives and this person must be approved at the next General Investors' Meeting. After the approval of the General Investors' Meeting, the appointment of such member will take effect from the appointment day by the Board of Fund Representatives. The term of such member will be from the appointment day until the end of the term of the Board of Fund Representatives. In the event the member fails to receive the approval from the General Investors' Meeting, all decisions of the Board of Fund Representatives made prior to the General Investors' Meeting with the vote of the replacement member are still considered effective.

**7.5. Meetings of the Board of Fund Representatives are stipulated in Article 30 of the Fund Charter:**

- 7.5.1. The Board of Fund Representatives will be held at least once per quarter, or as requested by the Fund Management Company.
- 7.5.2. The proceedings, meeting programs and related documents will be informed to members at least one (1) day prior to the date of meeting.
- 7.5.3. Meetings of the Board of Fund Representatives will be held in the forms of direct meetings, meetings over telephone, internet and other means of communications, audio, visual or by getting opinions in writing and in the other forms suitable for the Board of Fund Representatives.
- 7.5.4. A meeting of the Board of Fund Representatives will be held when at least two-thirds (2/3) of its members are present, of which independent members will make up fifty-one per cent (51%) or more.
- 7.5.5. Each member of the Board of Fund Representatives has one vote. Members not directly attending meetings will be entitled to vote in writing. Decisions of the Board of Fund Representatives will be approved if fifty-one per cent (51%) or more of attending members and fifty-one per cent (51%) or more of independent members approve. In the case of a tied vote, the final decision will be made in favor of the vote of the Chairman of the Board of Fund Representatives.
- 7.5.6. The Fund Management Company and the Supervisory Bank have right to attend the meeting of the Board of Fund Representatives but not vote.
- 7.5.7. Within fifteen (15) days since the Board of Fund Representatives makes decisions on issues as stipulated in Clause 2, 3, 4, 5, 6 Article 21, the Board of Fund Representatives via the Fund Management Company, will send meeting minutes and resolutions of the Board of Fund Representatives to the State Securities Commission and the Supervisory Bank, as well as provide information on contents of the decision to Investors by the means as stipulated at the Fund Charter.

**7.6. Minutes of Board of Representatives is stipulated in Article 31 of the Fund Charter:**

Meeting minutes of the Board of Representatives must be particularly and clearly made. Secretary and members of the Board of Fund Representatives participating in meeting sessions will sign on meeting minutes. Meeting minutes of the Board of Fund Representatives must be archived at the Fund Management Company according to the applicable laws on enterprises and the Fund Charter.

**VIII. Selection Criteria, Rights and obligations of the Fund Management Company**

**8.1. Criteria for selecting, rights and obligations the Fund Management Company**

The selected Fund Management Company must meet the following conditions:

- 8.1.1. Being granted license for fund management operation by State Securities Commission; having sufficient capital for establishing, organizing and operating a fund management company in accordance with the laws.
- 8.1.2. Being completely independent to the Supervisory Bank.
- 8.1.3. Having full capacity to manage the Fund.
- 8.1.4. Agreeing to fulfill its commitments to the Fund as stated in Appendices 1 and 3 of the Fund Charter.

**8.2. Rights and obligations of the Fund Management Company:**

#### 8.2.1. Rights of the Fund Management Company:

- a) To select the Supervisory Bank in accordance with criteria prescribed in Article 36 of the Charter;
- b) To authorize the Supervisory Bank and related services providers to execute some or all of fund management activities. The Fund Management Company is responsible for the authorization, and ensures that the relationship of authorization in fund management activities with such providers will not adversely affect the benefit of Investors of the Fund;
- c) To refuse issuance of Fund Certificates for organizations, individuals who are not allowed to invest in the Fund as prescribed by laws or the regulations in this Fund Charter;
- d) To execute all the rights, obligations and responsibilities for the assets owned by the Fund on behalf of the Fund in accordance with the laws;
- e) To sign Fund Certificates distribution agreements with Distributors;
- f) To be entitled to fees in accordance with provisions of this Fund Charter following laws;
- g) To be entitled to manage other Funds in and/or out of Vietnam, conduct other businesses in accordance with laws;
- h) To participate in periodic and extraordinary meetings of the General Investors' Meeting and the Board of Fund Representatives;
- i) To make decision on the Fund's investments in accordance with this Charter and other provisions of laws.

#### 8.2.2. Obligations of the Fund Management Company:

- a) To comply with the applicable laws and the charter of the Fund Management Company. To manage the Fund's asset as stipulated in the Fund Charter. The Fund Management Company must comply with the rules of professional ethics and operate in willingness, fairness, and honesty manners for the Fund and for the best interests of Authorized Participants/Investors, to avoid conflicts of interest and to act in good faith in the case of unavoidable conflict of interests.
- b) The Fund Management Company must ensure its organization and staffs are fully capable and well-structured to fulfill its duties to the Investors, comply with this Fund Charter, laws and international practices in the best possible way.
- c) The Fund Management Company will ensure that the authorization to a third party is in accordance with laws and does not adversely affect the rights and interests of the Fund and Investors.
- d) The Fund Management Company will separate assets of each fund, assets of the Fund Management Company with the Fund's assets and other assets managed by the Fund Management Company.
- e) The Fund Management Company is responsible for losses of the Fund managed by the Fund Management Company due to its failure to comply with applicable laws and the Fund Charter.
- f) The Fund Management Company will comply with the restrictions for operations of the Fund Management Company and staffs of the Fund Management Company pursuant to Articles 24 and 25 of Circular No.212/2012/TT-BTC dated December 05, 2012 guiding the establishment, organization and operation of fund management company.
- g) To implement other commitments of the Fund Management Company as prescribed in Appendix 1 of this Charter.

#### 8.3. Termination of rights and obligations to the Fund of the Fund Management Company (Article 34 Fund Charter):

- 8.3.1. The Fund Management Company will terminate its rights and obligations to the Fund under the following circumstances:

- a) At the request of the Board of Fund Representatives after being approved by the General Investors' Meeting;
- b) The Establishment and Operation License is revoked, dissolved;
- c) The Fund Management Company is merged with or acquired by another Fund Management Company;
- d) Other cases pursuant to applicable laws.

8.3.2. In the case stipulated in Clause 1 of Article 34 Fund Charter, the rights and obligations of the Fund Management Company to the Fund must be transferred to another Fund Management Company in pursuant to applicable laws.

8.3.3. At least six (06) months prior to the expected time of termination of the rights and obligations to the Fund, the Fund Management Company must hold a General Investors' Meeting to collect opinions on termination of its rights and obligations to the Fund.

8.3.4. Compensation when changing the Fund Management Company

In case of changing the Fund Management Company in accordance with Point a Clause 1 of this Article, the Fund will pay the Fund Management Company a compensation amount (in addition to the fees provided under this Fund Charter) according to the below table:

<b>Fee based on NAV of the Fund</b>	<b>Time of changing Fund Management Company</b>
2.0%	Within three (03) years from the commencement date of the Fund
1.5%	After three (03) years from the commencement date of the Fund

NAV used to calculate the compensation to the Fund Management Company is the average value of NAV in the fifty-two (52) weeks prior to the time that the General Investors' Meeting approved the change of the Fund Management Company which is certified by the Supervisory Bank.

Such fees aim at compensating the Fund Management Company for all consequences of operational downside, change of personnel, management system and infrastructure.

If the General Investors' Meeting decides to change the Fund Management Company due to the Company's violation of laws with the approval of the State Securities Commission, the Fund in this case is not liable to pay the Fund Management Company the above-mentioned compensation.

8.4. Restriction of operations of the Fund Management Company

8.4.1. The Fund Management Company will not be a related party of the Supervisory Bank of the Fund. Chairman of Company, Supervisor, Executive Board, Internal Audit staffs, employees of the Fund Management Company will not work in the departments providing services of depository, supervision, fund management at the Supervisory Bank, and vice versa.

8.4.2. Unless otherwise approved by the General Investors' Meeting, employees of the Fund Management Company or related party of the Fund Management Company or its staff are only be permitted to purchase or sell Fund Certificates at the Creation/ Redemption price.

8.4.3. All securities transactions conducted by Chairman of Company, Supervisor, Executive Board, and Internal Audit staffs; employees of the Fund Management Company must be reported to the Internal Control Division prior to and immediately after such transactions. Reports on the above-mentioned transactions will comprise of type (ticker) of securities, quantity, price of securities, the total value of transactions, trading time, trading methods, trading account numbers, securities companies where trading accounts are opened. Reports on individual transactions will be filed and centrally managed at the Internal Control Division and provided to the State Securities Commission upon request.

8.4.4. Chairman of Company, Supervisor, Executive Board, Internal Audit staffs, employees of the Fund Management Company are not allowed to request, demand or receive, in person or in the name of

the Fund Management Company, any compensation, profit or interest except for the fees specified in the Fund Charter.

- 8.4.5. In the management of entrusted assets of the Fund, the Fund Management Company must ensure:
- a) Not to use the assets of the Fund to invest in the other funds, securities investment companies managed by the Fund Management Company;
  - b) Not to use the Fund's assets to invest in the Fund Management Company itself; not to invest in the institutional related parties of the Fund Management Company; not to invest in the organizations that Chairman of Company, Supervisor, Executive Board, Internal Audit staffs and employees of the Company are shareholders or members holding more than ten per cent (10%) of the charter capital;
  - c) Not to use the Fund's assets to lend, guarantee for any loan in any form or make payment for any debt of the Fund Management Company, related parties of the Fund Management Company, and other organizations and individuals. This provision will not apply for the case of bank deposits at credit institutions in accordance with banking laws, or purchase of bonds, bond trading in accordance with applicable laws.
- 8.4.6. The Fund Management Company will not authorize, outsource any organizations in the territory of Vietnam to provide services of securities investment consultancy and entrusted asset management.
- 8.4.7. Other restrictions pursuant to applicable laws on establishment, organization and operation of Fund Management Companies.

## **IX. Selection Criteria, Rights and Obligations of the Supervisory Bank**

### **9.1. Criteria for selecting the Supervisory Bank**

The selected Supervisory Bank must satisfy the following conditions:

- 9.1.1. Be a commercial bank with a registration certificate for securities depository activities with the function of providing depository services and supervising the management of public funds, satisfying all legal requirements;
- 9.1.2. Supervisory Bank, Members of the Board of Directors, Board of Management, staffs of the Supervisory Bank directly in discharging the duties of supervising and preserving the fund assets will not be related parties or involved in owning, lending or borrowing relationships with the Fund Management Company and vice versa;
- 9.1.3. Supervisory Bank, Members of the Board of Management, Members of Board of Directors, staffs of the Supervisory Bank directly in discharging the duties of supervising and preserving the fund assets will not be involved in selling or purchasing the Fund's assets;
- 9.1.4. Have sufficient capacity to provide supervisory and depository services;
- 9.1.5. Agree to fulfill its commitments to the Fund as stated in Appendices 2 and 3 of this Fund Charter.

### **9.2. Rights and obligations of the Supervisory Bank**

#### **9.2.1. Obligations of the Supervisory Bank:**

- a) To always act in the best interest of the Investors;
- b) To take responsibility for losses causing to the Fund due to the Supervisory Bank's faults in accordance with laws and Supervisory Contract;
- c) To ensure to supervise the Fund Management Company's activities in managing the Fund's assets as prescribed at the Law on Securities, relevant regulations and the Fund Charter;
- d) To provide services of supervision, asset deposit of the Fund according to applicable laws, Supervisory Contract and the Fund Charter;

- e) To ensure the separation of the Fund's assets from assets of the Fund Management Company (in case the Supervisory Bank concurrently is custodian bank of the Fund and the Fund Management Company), assets of other funds managed by the Fund Management Company, assets of other customers of the Supervisory Bank and assets of the Supervisory Bank. In any case, capital and assets of the Fund must not be used to pay or guarantee for the debts of any individual or organization other than the Fund;
- f) To ensure and take full responsibility for the Fund's assets in case of authorizing sub-supervisory organizations according to the service provide contract and laws;
- g) To supervise or calculate the Net Asset Value of the Fund according to legal regulations and the Fund Charter to ensure the accuracy of calculation of the Fund's Net Asset Value;
- h) To settle securities transactions appropriate to the legal directives of the Fund Management Company, the Supervisory Bank may refuse such directives if the Supervisory Bank may believe that these directives are illegal or inappropriate to the Fund Charter. The refusal specifying reasons must be sent in writing to the Fund Management Company, its copy must be sent to the State Securities Commission;
- i) To regularly compare assets of the Fund with those of the Fund Management Company according to the Supervisory Contract and applicable laws;
- j) To pay reasonable, valid expenses of the Fund according to the legal directives of the Fund Management Company, ensure that such expenses are appropriate to the legal regulations and the provisions of the Fund Charter;
- k) To refund the Fund's Investors when the Fund Management Company makes redemption of Fund Certificates from Investors, or when the Fund distributes income or when the Fund liquidates, winds up or pay to Investors and other cases as stipulated by laws, the Fund Charter in accordance with the legal directives of the Fund Management Company, ensure that payments made are appropriate to the Fund Charter's provisions;
- l) To confirm reports relating assets and operation of the Fund which are made by the Fund Management Company or authorized service providers of the Fund Management Company pursuant to laws;
- m) To report and manage files according to laws, the Fund Charter and the Supervisory Contract;
- n) To fully comply with the regulations of the Law on Securities, related laws, the Fund Charter and Supervisory Contract;

#### 9.2.2. Rights of the Supervisory Bank:

- a) To be entitled to service fees of supervising and preserving assets of the Fund as stipulated in the Fund Charter and in accordance with laws;
- b) To participate in the periodic and irregular meeting of the General Investors' Meeting and the Board of Fund Representatives.
- c) Other rights in accordance with laws, Supervisory Contract signed between parties.

### **9.3. Operations of the Supervisory Bank**

9.3.1. The scope of supervision limits only within the Fund Management Company's activities related to the Fund for which the Supervisory Bank carries out the supervision function. In the operation of supervisory activities, the Supervisory Bank will:

- a) Co-ordinate with the Fund Management Company to periodically review internal regulations on principle, calculation method of the Fund's Net Asset Value; to inspect, supervise and ensure that the calculation of the Fund's Net Asset Value, Net Asset Value per Fund Certificate is correct, exact and in consistent with regulations of applicable laws and this Fund Charter.
- b) To inspect, supervise investment activities and transactions of the Fund's assets, including assets that are not securities centrally registered at the Securities Depository Centre; to inspect, supervise

asset transactions between the Fund and the Fund Management Company and its related parties. In case of detecting any laws violations, the Supervisory Bank will report immediately to the State Securities Commission and notify the Fund Management Company within twenty-four (24) hours, upon the detection of such case, meanwhile request corrections or to conduct remedy activities within the time limit;

- c) To supervise implementation and assess results of merger, consolidation, dissolution and liquidation of the Fund's assets;
  - d) To supervise, ensure legality and only using the Fund's asset to make payment for expenditures in accordance with of applicable laws and the Fund Charter:
  - e) To inspect, supervise other activities of the Fund Management Company in asset management of the Fund according to regulations of Article 98, Law on Securities and the Fund Charter.
- 9.3.2. The Supervisory Bank will be liable to prepare and file documents in either hard or electronic copy within ten (10) years for confirming the compliance of the Supervisory Bank in supervising the Fund Management Company in accordance with applicable laws. Such documents must be provided upon written request of the State Securities Commission.
- 9.3.3. The Supervisory Bank will be liable to provide the Fund Management Company and approved auditing company with necessary information timely, accurately and sufficiently so that those organizations can fully implement the rights and obligations to the Fund according to applicable laws and the Fund Charter.
- 9.3.4. The Supervisory Bank will reserve the right to check the Fund Management Company, review, appraise the capacity of computer system and computer software, to require the Fund Management Company to timely provide their procedures for asset management, internal control, risk management, valuation manual, procedures of receiving and executing orders of Investors and necessary information related to management of the Fund's assets to ensure that the Supervisory Bank may fulfill their rights and duties to the Fund as prescribed by applicable laws.
- 9.3.5. The Supervisory Bank may use services provided by Auditing Company and other organizations to implement such duties stipulated in Clause 4 of this Article. The Supervisory Bank, organizations, individuals conducting examination and supervision over operational activities of the Fund Management Company at the Supervisory Bank's request will be responsible for keeping confidential all information on the Fund Management Company, the Fund and Investors as provided by applicable laws and the Supervisory Contract. The report of examination with confirmation of relevant parties and other supporting documents must be provided to the Board of Fund Representatives, the State Securities Commission under any written request.
- 9.3.6. In the case where the Fund Management Company must compensate to Investors, the Supervisory Bank must coordinate with the Fund Management Company to execute payment procedures timely and sufficiently to Investors according to valid instructions of the Fund Management Company. The Supervisory Bank is jointly liable and compensate for any damage of Investors and the Fund in case the Supervisory Bank fails to adequately and timely implement responsibilities for supervising the Fund's investment activities, determining the Net Asset Value of the Fund and other supervision activities to the Fund according to the applicable laws and the Supervisory Contract.
- 9.4. Termination of rights and obligations of the Supervisory Bank:**
- 1. The Supervisory Bank will terminate its rights and obligations with respect to the Fund in the following events:
    - a) Supervisory Bank is split, separated, dissolved, goes in bankruptcy, consolidated, merged or acquired by other Fund, converse legal status or custodian bank services license is revoked pursuant to Clause 2 of Article 51 of the Law on Securities;
    - b) Unilaterally terminate the Supervisory Contract;
    - c) The Fund is dissolved, merged or acquired;
    - d) Upon decision of the General Investors' Meeting;

- e) Other cases provided by applicable laws.
- 2. In the cases provided in Clause 1 of Article 39 Fund Charter, the rights and obligations of the Supervisory Bank to the Fund are transferred to another Supervisory Bank in accordance with applicable laws.

**X. Authorized Participants, Market Makers, Distributors**

Details are being stipulated from Article 45 to Article 49 of the Charter.

**XI. Auditing, accounting and report Regimes**

**11.1. Criteria for selecting and changing Auditing Company**

Annually, the Fund Management Company will propose at least two (2) Auditing Companies to the General Investors' Meeting for selection. In case the General Investors' Meeting authorizes the Board of Fund Representatives as prescribed in Clause 4 Article 27 of the Fund Charter, the Board of Fund Representatives will determine an Auditing Company to conduct reviewing, auditing for the Fund. Selected Auditing Company will satisfy the following conditions:

- a) Having obtained auditing license by the Ministry of Finance;
- b) Having full capacity to provide auditing service;
- c) Having approved by the State Securities Commission for auditing investment fund;
- d) Not being a related party of the Fund Management Company or the Supervisory Bank.

**11.2. Fiscal Year**

The Fiscal Year is twelve (12) months calculated from the beginning of 1<sup>st</sup> January to the end of 31<sup>st</sup> December each calendar year. The first Fiscal Year of the Fund will commence on the beginning of the date when the State Securities Commission grants the Establishment License to the Fund and end on the end of 31<sup>st</sup> December of that year.

In case the period from the beginning of the date when the State Securities Commission grants the Establishment License to the Fund to the end of 31<sup>st</sup> December of the same year is less than 90 days, the first Fiscal Year of the Fund will commence on the Fund establishment date and end on the end of 31<sup>st</sup> December of the following year.

**11.3. Accounting Regime**

The Fund will apply the Vietnamese accounting standard and comply with other regulations related to the accounting works of the Fund as provided by the competent authorities.



**APPENDIX 4**  
**VALUATION METHOD**

**A- Asset Value**

No.	Type of Asset	Principle of valuation
<b>Cash</b>		
1	<b>Deposit/cash at Bank</b>	Cash balances in payment account, blocked account on the date prior to Valuation Date
2	<b>Foreign currency</b>	Converted value in VND currency as per Vietcombank's exchange rate on the date prior to Valuation Date
3	<b>Term deposits</b>	Deposit value plus accrued interest as of the date prior to Valuation Date
<b>Treasury bills, bank drafts, commercial papers, transferable deposit certificates, and discounted money market instruments</b>		
4	<b>Treasury bills, bank drafts, commercial papers, transferable deposit certificates, and discounted money market instruments</b>	Purchase price plus accumulated interest up to the day prior to valuation date.
<b>Debt securities and other debt instruments</b>		

No.	Type of Asset	Principle of valuation
5	Listed bonds	<p>a. In case there is/are matched order(s) within (02) weeks until the Valuation Date, and no abnormal fluctuation (*) compared with prior valuation: Price will be closing quoted price, or other name (clean price) depending on the internal regulations of the Stock Exchange applied to outright transactions on the trading system of the Stock Exchange on the date prior to Valuation Date plus accrued interest (if accrued interest is excluded in the quoted price).</p> <p>b. In case there is/are no matched order(s) within (02) weeks until the Valuation Date, or abnormal fluctuation (*) compared with prior valuation, price will be determined with and in the order as below:</p> <ul style="list-style-type: none"> <li>✓ Quoted price (clean price) of prior valuation but not exceeding 30 days until the Valuation Date plus accrued interest;</li> <li>✓ Purchase price/Cost plus accrued interest;</li> <li>✓ Book value of the latest financial reports (not exceeding (06) months until the Valuation Date)</li> <li>✓ Valuation method approved by the Fund's Board of Representatives.</li> </ul> <p>c. In case the bond is delisted awaiting to maturity, or unqualified to continue listed, price will be at par plus accrued interest.</p> <p>(*) Abnormal fluctuation refers to the cases when the price increases or decreases from 1% or more (applied for Government bonds, Government-guaranteed bonds and Municipal bonds), and from 3% or more (applied for Corporate ones) compared with prior valuation.</p>
<b>Stocks</b>		
6	Listed stocks on Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange and Stocks of public companies registered for trading on Upcom System.	<p>Closing quoted price, or other name (clean price) depending on the internal regulations of the Stock Exchange on the trading system of the Stock Exchange on the date prior to Valuation Date;</p> <p>In case there is/are no matched order(s) within (02) weeks until the Valuation Date, price will be determined with and in the order as below:</p> <ul style="list-style-type: none"> <li>✓ Purchase price/Cost;</li> <li>✓ Book value of the latest financial reports (not exceeding (06) months until the Valuation Date)</li> </ul>

No.	Type of Asset	Principle of valuation
		<ul style="list-style-type: none"> <li>✓ Valuation method approved by the Fund's Board of Representatives.</li> </ul>
7	<b>Stocks of suspended trading, or delisting or cancelling of trading registration</b>	Price will be determined with and in the order as below: <ul style="list-style-type: none"> <li>✓ The latest closing quoted price (not exceeding (03) months until the Valuation Date)</li> <li>✓ Book value of the latest financial reports (not exceeding (06) months until the Valuation Date)</li> <li>✓ Valuation method approved by the Fund's Board of Representatives.</li> </ul>
8	<b>Stocks that are changed the Stock Exchange, or stocks transferred from registered trading to listed status, or vice versa.</b>	Closing quoted price on the latest trading date before changing the Stock Exchange
9	<b>Stocks of companies in the process of winding-up or bankruptcy</b>	Price will be determined with and in the order as below: <ul style="list-style-type: none"> <li>✓ 80% of liquidating value of such stocks on the latest balance sheet date prior to Valuation Date;</li> <li>✓ Valuation method approved by the Fund's Board of Representatives.</li> </ul>
<b>Derivative securities</b>		
10	<b>Listed and traded derivative securities</b>	Closing quoted price on the latest trading date  In case derivative securities are listed on the last trading date, and are going to be delisted, price will be the last settlement price determined by the VSD.
11	<b>Listed and non-traded derivative securities</b>	Price will be the end-of-day settlement price determined by the VSD theoretically.
<b>Other assets</b>		
12	<b>Other permitted investments</b>	Price will be determined with Valuation method approved by the Fund's Board of Representatives.

#### **B - Commitment value of derivative contracts**

- 1) Commitment value (global exposure) is the converted cash equivalent value which the Fund is the party obliged to implement the contract. The commitment value is determined upon the market

value of underlying assets, settlement risks, market changes and the time necessary for position liquidation.

- 2) In calculating the commitment value, Fund Management Company may apply:
- Net offset principle of derivative position (reverse) for the same underlying securities, for example, a long position of a call option of XYZ securities will reduce (net off) the commitment value from a short position of a call option of XYZ securities;
  - Net offset principle of derivative position and spot delivery position of the same securities, for example, a long position (holding) of XYZ securities will reduce (net off) the commitment value deriving from a short position of XYZ securities call option;
  - Other principles of international practice ensuring the risk management;

No.	Type of Asset	Commitment value
1	Stock option (long put option, short put option, short call option)	Delta adjusted market value of option position <sup>1</sup> = Number of contracts x Number of stocks per contract x current market value of stock x delta coefficient <sup>2</sup>
2	Bond option (long put option, short put option, short call option)	Delta adjusted Market value of option position <sup>3</sup> = Number of contracts x Face value x current market price of bonds x delta coefficient
3	Index future contract	Market value of future position = Number of contracts x value calculated on one basis point of index x Current index level
4	Bond future contract	Market value of future position = Number of contracts x value of contracts calculated under notional value x market value of the cheapest deliverable bonds
5	Other contracts	Using valuation model selected by the Fund Management Company, agreed by the Supervisory Bank and approved by the Fund's Board of Representatives.
<p><sup>1</sup> If the fund holds long position, the market value may be adjusted to increase premium.</p> <p><sup>2</sup> Delta coefficient is the first derivation of option price over underlying securities prices. In the simple case, the delta coefficient may be considered as 1. In case of complex case, the delta coefficient will be determined by Fund Management Companies and Supervisory Bank and approved by the Fund's Board of Representatives.</p> <p><sup>3</sup> If the fund holds long position, the market value may be adjusted to increase premium.</p>		

**i. Notes:**

**1. Bond Valuation in case of more than 01 matched order in the Stock Exchange:**

- Bond quoted price: In case there are more than 01 matched order in the latest date prior to Valuation Date (leading to many different quoted prices), price will be the weighted average of those prices for all outright match orders.

**2. Determining bond prices in cases where only the total volume and total value of transactions are traded on bonds**

List price: price used for valuation is the average price from the formula of total value divided by total trading volume of bonds at the end of the day before the Valuation Date.

**3. Other notes:**

- Total asset liabilities of the Fund will be determined following the Vietnamese Accounting Standards and the related applicable laws.
- Accrued interest: is the interest calculated from the latest interest payment date to the date prior Valuation Date.
- Book value:
  - ✓ Bonds: Purchasing price plus accumulated interest.
  - ✓ Stocks: Based on the latest audited or reviewed financial reports
  - ✓ Other assets:
    - Treasury bills: Purchase price/Cost plus accrued interest
    - Bank drafts, commercial papers: Purchase price/Cost plus accrued interest (if any)
    - Transferable deposit certificates: Face value plus accrued interest
    - Discounted money market instruments: Purchase price/Cost plus accrued interest
- Discrepancy limit: the interval between the begin and end points of the limitation (not counting the begin and end points)
- Day means calendar day.