

## **Translation Accuracy Disclaimer**

This document is a translation of VFMVF1 Charter according to VFM's Investor Relationship Policy. The translation is for informational purposes only, and is not a substitute for the official policy. The original version of the Fund Charter, found in website of the fund management company ([www.vinafund.com](http://www.vinafund.com)), is the only definitive and official version. If any questions arise related to the accuracy of the information contained in the translation, please refer to the Vietnamese version of the document. Any discrepancies or differences created in the translation are not binding and have no legal effect for compliance or enforcement purposes.

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**VIETNAM SECURITIES INVESTMENT FUND (VFMVF1)**

**- VFMVF1 FUND -**

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# **CHARTER**

## **REGULATIONS ON ORGANIZATION AND OPERATION OF FUND**

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## 1. LEGAL BASIS

The incorporation and operation of VFMVF1 and other relevant matters are governed by the:

- Law on Securities passed by the National Assembly of the Social Republic of Vietnam, on 29 June 2006 and effective as from 01 January 2007;
- Congressional Act No. 62/2010/QH12 on law amendments and supplements to a number of articles of the securities act on 24 November 2010 and effective as from 01 July 2011;
- Decree No. 58/2012/ND-CP of the Government: detailing and guiding a number of articles of the Law on Securities and the Law Amending and Supplement a Number of Articles of the Law on Securities and effective as from 15 September 2012;
- Decree No. 85/2010/ND-CP dated 01 August 2010 by the Government on sanctioning of administrative violations in the field of securities and securities markets;
- Circular 183/2011/TT-BTC dated December 16 2011 of the Ministry of Finance guiding the establishment and management of the open-ended Fund;
- Circular 212/2012/TT-BTC dated 05 December 5 2012 of the Ministry of Finance guiding the establishment, organization and operation of the fund management company;
- Circular 125/2011/TT-BTC of the Ministry of Finance dated 05 September 2011 on Accounting Guidelines apply to the fund management company;
- Circular No. 198/2012/TT-BTC of the Ministry of Finance promulgating the accounting regime applicable to open ended Fund;
- Circular No. 213/2012/TT-BTC dated 06 December 2012 guiding the activities of foreign investors on the stock market;
- Decision No. 15/2008/QĐ-BTC of the Ministry of Finance dated 27 March 2008 issuing Regulations on Securities practise;
- Circular No. 147/2012/TT-BTC of Ministry of Finance dated 10 September 2012 to amend and supplement a number of articles of "Securities Regulation practice" is attached under Decision No. 15/2008/QĐ-BTC 27 March 2008 of the Ministry of Finance;
- Circular No: 52/2012/TT-BTC dated 05 April 2012 on Guidelines for disclosure of information on the stock market;
- Other relevant legal documents.

## 2. CONCEPTS & DEFINITIONS

Unless otherwise defined by context of this Charter, the following terms will have the meanings below:

"Vietnam Securities Investment Fund"	(hereinafter referred to as "VFMVF1") means the open-ended securities investment fund converted from close-ended fund, incorporated under the Law on Securities passed by the National Assembly of the Socialist Republic of Vietnam on 29th June 2006 and other related regulatory documents and subject to the administrative control of the State Securities Commission (SSC).
"VietFund Management (VFM)"	(hereinafter referred to as "VietFund Management (VFM)"), a joint stock company which the founders are Dragon Capital Management and Saigon Thuong Tin Commercial Joint Stock Bank, is incorporated under the License No. 45/UBCK-GP dated January 08, 2009, issued by the SSC, and conducting capital mobilization for and the management of VFMVF1 Fund.
"Saigon Thuong Tin Commercial Joint Stock Bank – Sacombank"	(Hereinafter referred to as Sacombank), means a commercial joint stock bank, established under the license No. 0006/NH-GP dated 05/12/1991 issued by State Bank of Vietnam under the banking law of Vietnam and a founding shareholder of VFM.
"Dragon Capital Management Limited"	(Hereinafter referred to as DCM) means a limited liability company established under the laws of British Virgin Islands, is a member of Dragon Capital Group and is a founding shareholder of VFM.
"Deposit and Custodian Bank"	Means Standard Chartered Bank (Vietnam) Ltd, being established under the license No. 236/GP-NHNN issued by the State Bank of Vietnam under the Law on Credit Institutions dated 08/09/2008 and the registration certificate for securities depository activities no. 37/UBCK-GCN issued by SSC dated 16/12/2008, to carry out activities of custody of securities, economic contracts and documents and records related to the Fund's assets as well as to supervise VFMVF1's activities. Rights and responsibilities of The Custodian bank are defined in Chapter VIII of this Charter.
"Auditing Company"	is an independent company which is approved by the SSC and appointed by the General Meeting of Investors, of VFMVF1 performing the auditing of the Fund's annual assets.
"Fund's Charter"	Defined as the charter, adopted by the investors at the General Meeting of Investors, to be prepared in accordance with the relevant regulations of the Vietnamese laws.
"Prospectus"	means the documents or electronic data publicizing objective, truthful and accurate information about the offer for sale of VFMVF1 Fund Certificates, about the fund management company and related service provides of the fund.
"Supervisory Contract"	is the contract signed between the fund management company and the Custodian Bank of VFMVF1.
"Investor"	are domestic, overseas individuals and institutionals who hold VFMVF1 Fund certificates.
"General Meeting of Investors"	Defined as a regular or irregular general meeting of investors where investors are entitled to vote, to pass important matters relating to VFMVF1 Fund. It is the supreme power of VFMVF1 Fund.

“Board of the Fund Representatives”	Defined as representatives of investors elected by the General Meeting of Investors to act on their behalf to supervise the operations of the Fund, the Fund Management Company (VFM) and the Custodian Bank.
“Fund’s Charter Capital”	Defined as the total capital in cash, as recorded in this Charter, contributed by all Investors.
“Fund unit”	Defined as the Charter Capital which is divided into equal units with par value of VND10,000 per unit at its initial issue, each of which shall represent an equal proportion of profit and capital of the Fund.
“number of fund units in circulation attend voting”	Is the number of fund units in circulation attend the voting at the voting time.
“VFMVF1 fund certificate”	(hereinafter referred to as the “fund certificate”) means the securities issued by VFM on behalf of Vietnam Bond Fund, which certify lawful rights and benefits of investors with regard to the assets or capital of the Fund as counted in a proportion equal to the Fund’s unit contributed to the charter capital of VFMVF1 Fund by such Investors.
“Subscription price”	is a price that investors must pay fund management company. The subscription price at the subsequent trading cycle after fund’s conversion shall be determined by the net asset value per a fund unit as of the fund certificate trading day plus subscription fee at the subsequent trading cycle after fund’s conversion.
“Redemption price”	Redemption price is the price of a fund unit, that Fund Management company must pay investors, is determined by the net asset value per a fund unit as of the fund certificate Trading day minus redemption fee as the Fund Charter.
“Management Fee”	Defined as the fee payable to the Fund Management Company for its provision of fund management service as defined in Article 1.1 – Chapter X of the Prospectus.
“Subscription fee at the next subsequent trading cycle”	is the fee that investors must pay when buying a fund unit at the next subsequent trading cycle. Such fee is counted as a percentage of the subscription amount of a fund unit and payable upon the issuance.
“Redemption fee”	is the fee that investors must pay when selling a fund unit. Such fee is subtracted from the redeemed amount and payable as the fund pays to investors and counted as a percentage of the redeemed amount.
“Closing Day”	Defined as the day on which the capital mobilization for VFMVF1 Fund completes in accordance with the laws, applicable for the initial public offering.
“Fiscal Year”	Defined as a period of twelve months which commences on the beginning of the 1st of January and ends on the end of the 31st of December according to calendar year. The first fiscal year of VFMVF1 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 shall 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.
“Net Asset Value of the	(Hereinafter referred to as NAV) is the total value of assets and investments

Fund”	owned by the VFMVF1 minus liabilities of the VFMVF1 at the time of valuation.
“Valuation Day”	means the date the fund management company determines the net asset value of one fund Certificate unit. The valuation day is determined every Thursday of the week (for weekly term) and on the first day of the next month (for monthly term).
“Trading day”	<p>means the date when the fund management company, on behalf of the funds, issues or repurchase open-ended fund certificates as required by the investors by sending orders through appointed distribution agents before the Cut-off time.</p> <p>The trading day (T-day) is executed periodically 02 (two) times per month, the second Thursday and the fourth Thursday of the month, every month</p>
“Cut-off Time”	<p>means the deadline for distribution agents to receive trading orders from investors that shall be executed on fund certificate trading days.</p> <p>Cut-off Time Is 10:30 am on T-1 whereas T is the Valuation day and Trading day (the second Thursday and the fourth Thursday of the month, every month).</p>
“Fund administration service”	<p>is a service that the fund management company authorize to a service provider to undertake the following services:</p> <ul style="list-style-type: none"> <li>- Make accounting records of transactions of a Fund: record the changes of cash inflows and outflows of the Fund;</li> <li>- Preparing the Fund's financial statements; coordinating with and assisting Fund's auditing organizations in performing audits for the Fund;</li> <li>- Determining the Fund's net asset value, the net asset value per fund certificate unit in accordance with legal regulations and the Fund's Charter;</li> <li>- Carrying out other activities in accordance with legal regulations and the Fund's Charter.</li> </ul>
“Transfer agency service”	<p>is a service that the fund management company authorize to a service provider to undertake the following services:</p> <ul style="list-style-type: none"> <li>- Preparing and managing the Main Register of investors; opening, tracking and managing the system of investors' trading accounts, omnibus accounts; confirming the ownership of open-ended fund certificates;</li> <li>- Making records of subscription orders, redemption orders, switching orders of investors; carry out the ownership transfer of fund certificates; updating Main Registers;</li> <li>- Supporting investors in implementation of rights related to the ownership of fund certificates of investors;</li> <li>- Maintaining the communication channel with investors, distribution agents, state competent authorities and other competent organizations;</li> <li>- Distributing to investors financial statements, fund operations reports, prospectus, simplified prospectus, trading account statements, transaction confirmations and other documents required to be provided for investors;</li> </ul>
“Distribution agents”	(are also known as Distributors) defined as a capable entity operating in the fields of securities, finance, and banking, to be designated by the fund management company to distribute non-exclusive VFMVF1 fund certificates



	subject to the Contract for distribution of fund certificates.
“Omnibus agent”	mean distribution agents which open omnibus accounts in its name and conduct transactions of fund certificates on behalf of investors in the sub-account.
“Affiliated person”	as defined in Clause 34 of Article 6 of the Securities Law No. 70/2006/QH11 passed June 29, 2006 by National Assembly of Socialist Republic of Vietnam.
“Other definitions”	Other definitions (if any) shall be construed as set forth in the law on securities and other relevant documents.

## CHAPTER 1 GENERAL PROVISIONS

### ARTICLE 1. Name and Contact details

Vietnamese name	: Quỹ đầu tư Chứng khoán Việt Nam (VFMVF1)
English name	: Vietnam Securities Investment Fund.
Abbreviation	: VFMVF1 Fund
Address	: Unit 1701-04, 17th Floor, Melinh Point Tower, 02 Ngo Duc Ke St., Ben Nghe Ward, District 1, HCMC, Vietnam
Telephone	: +84-8 3825 1488
Fax	: +84-8 3825 1489

### ARTICLE 2. Objectives of the fund

VFMVF1 Fund is managed by VFM with the aim of achieving profit from investment in equity and debt securities in accordance with Vietnamese law, Prospectus and Charter of the Fund.

### ARTICLE 3. Duration of the fund

1. The conversion takes effect when SSC issues the revised VFMVF1 Fund Establishing Certificate.
2. Term of operation of VFMVF1 is calculated from the date that SSC issues the revised VFMVF1 Fund Establishing Certificate, and is not limited and subject to its operational objectives.
3. Converted fund shall inherit all rights, responsibilities and lawful interests of the close-ended fund before making the conversion, including but not limited to: ownership of the bonds or share, dividends, rights arising from shares and bonds owned by the VF1 and the obligation to pay the due debts of VF1.

### ARTICLE 4. Covered fund

1. VFMVF1 is a public open-end securities investment fund, shall operate in accordance with and be governed by Law on Securities passed by National Assembly of Socialist Republic of Vietnam on 29<sup>th</sup> June 2006, current regulations and this Charter.
2. During the Term, VFMVF1 has obligation to redeem the fund certificates which have been issued to the Investors in accordance with legal regulations.
3. The highest authority body of VFMVF1 shall be the General Meeting of Investors.
4. The Board of Representatives of VFMVF1, elected by the General Meeting of Investors, will act on behalf of the General Meeting of Investors to supervise frequent activities of VFMVF1, VFM and the Custodian bank.
5. VFM, elected by the General Meeting of Investors, will perform the investment management for the Fund.

### ARTICLE 5. Total capital to be mobilized and number of fund certificates to be offered

1. The total capital of VFMVF1 is made by the contribution capital of the Investors. Investors shall contribute capital in Vietnam dong in the form of bank transfer into the fund's account opened at the supervisory bank.
2. Minimum capital of VFMVF1 is VND 50 (fifty) billion. The capital shall be divided into five (05) million fund units. The par value of a fund unit shall be VND10.000.

### ARTICLE 6. Appointment of the capital mobilization and fund certificate offering representative

1. VFMVF1 shall appoint VFM as its representative to mobilize the capital and issue new fund certificates.
2. The legal representative of VFM shall be appointed as the representative of the fund's public offering of fund certificates.

### ARTICLE 7. Fund Management Company

VFM is a shareholding company with founding shareholder as Sai Gon Thuong Tin Commercial Joint Stock Bank and Dragon Capital Management Limited, established in accordance with License for establishment and operation

No. 45/UBCK-GP dated 08 Jan 2009 issued by the SSC. VFM is the official fund management company of VFMVF1. VFM operates under Law of Investment, Law of Enterprise and Law on securities and securities market.

- **Head office in Ho Chi Minh City**

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## **ARTICLE 8. The Custodian bank**

Standard Chartered Bank (Vietnam) Ltd, is established under the license No. 236/GP-NHNN issued by the State Bank of Vietnam under the Law on Credit Institutions dated 08/09/2008 and the registration certificate for securities depository activities no. 37/UBCK-GCN issued by SSC dated 16/12/2008, undertaking following services for investment funds established in Vietnam: preservation and depository of securities, the economy contracts, the documents relating to the Fund's assets, and to supervise the activities of the Fund.

Rights and responsibilities of The Custodian bank are defined in Chapter VIII of this Charter.

The head office of Custodian bank is located at: Unit 1810 - 1815, Floor 18, Keangnam Hanoi Landmark Tower, Block E6, Cầu Giấy New Resident zone, Mễ Trì ward, Từ Liêm district, Hanoi, Vietnam.

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## **Chapter II**

### **PROVISIONS ON INVESTMENT OBJECTIVES, POLICIES AND LIMITATIONS**

#### **ARTICLE 9. Investment objectives**

The objective of VFMVF1 is to achieve profit maximizing returns with an optimal risk level through a balanced and diversified portfolio, including equity, convertible and debt securities in Vietnam.

#### **ARTICLE 10. Investment Strategy**

VFMVF1's strategy is active management in a balanced and diversified portfolio of equity, convertible and fixed income securities (including but not limited to Vietnamese Government bonds, government guaranteed bonds, municipal bonds, corporate bonds in accordance with Vietnamese law...), commercial notes and money market instruments. To the extent that the value of convertible securities can be attributed to their debt characteristics, they will be treated as debt securities for purposes of this investment policy. In normal market condition, the Fund would hold approximately approximately 20% of net asset value (NAV) in fixed income and cash, and 80% of NAV in stocks of companies operating in Vietnam. The targeting investments are growth stocks among large and mid-sized market capitalization stocks. The Fund may from time to time changes the weight of equity and fixed-income investments to +/-10% NAV versus its targeted allocation to get an optimal asset mix in consideration of changing in economic, market conditions.

##### **1. Investment Structure**

VFMVF1 Fund shall be allowed to invest in the following assets:

- a) Deposits at commercial bank as stipulated by banking laws;
- b) Money market instruments, foreign currencies, valuable papers, transferable instruments in accordance with banking laws;

- c) Government bonds, bonds underwritten by the Government and municipal bonds, including Government bond repo contracts in accordance with the Ministry of Finance's regulation;
- d) Listed shares, registered shares, and listed bonds of issuers that operate within Vietnam's law.
- e) Stocks or bonds, being listed within 12 months and registered by entities operating in accordance with Vietnam laws
- f) Listed and registered derivatives at Stock Exchanges, and solely used for hedging purpose;
- g) Others such as rights and options being entitled with holding of stocks;
- h) Other assets as stipulated with the Vietnam law and approved in writing by the General Investors' Meeting;

## 2. Investment areas

With the above mentioned investment strategies, the Fund's asset allocation, from time to time, would change in accordance to stocks' growth potential and market liquidity.

The following sectors are VFMVF1's investable sectors. Changes in asset allocation by sectors will base on market liquidity and comply with investment' constraints detailing in the investment's constraints. The investable sectors include:

- Food & Beverages
- Materials & Resources
- Energy
- Retailing
- Banking - Diversified Financials
- Real estate
- Capital goods
- Utilities
- Consumer goods
- Insurances
- Consumers & durable goods
- Transportation

### **ARTICLE 11. Investment restrictions**

1. VFMVF1's portfolio shall be in accordance to the investment objectives and structures as stated in Article 10 of this Charter and Prospectus.
2. VFMVF1's portfolio shall include securities of at least 6 issuers and follow the following conditions:
  - a) Do not invest more than forty nine percent (49%) of the fund's total asset value in assets as stipulated in points a, b Clause 1 Article 10 of this Charter;
  - b) Do not invest more than thirty percent (30%) of the fund's total asset value in assets set out in points a, b, d, e, f Clause 1 Article 10 of this Charter, these assets are issued by the same company or by a group of companies that have crossing ownership relations, in which the investment in derivatives securities equals the committed value of the contract as stipulated in Clause 3 Article 56 of this Charter;
  - c) Do not invest more than 20% of total asset value of the fund in circulating securities of an issuer, including valuable papers, transferring instruments, bonds, voting shares, non-voting preferable shares, and convertible bonds (except Government bonds);
  - d) Do not invest in securities of an issuer more than 10% of the total value of circulating securities of that issuer.

- e) Do not invest more than 10% of the fund's total asset value in the assets as stipulated in point e Clause 1 Article 10 of this Charter;
  - f) The total value of big investment items in the fund's investment portfolio shall not exceed forty percent (40%) of the fund's total asset value;
  - g) At any time, the total value in committed the transactions of derivative securities, outstanding loans and other payables of the fund must not exceed the net asset value of the fund;
  - h) Do not invest in securities investment funds, shares of securities investment companies that are established and operated in Vietnam;
  - i) Do not directly invest in real estates, precious stones and metals.
3. Except for the cases stated in points g, h, i Clause 2 of this Article, VFMVF1's investment structure may vary with 15% compared to the limits prescribed in Clause 2 hereof, and only due to the following reasons:
- a) The fluctuation of the market prices of assets in the fund's investment portfolio;
  - b) Execution of eligible payments of the fund;
  - c) Implementation of transaction orders of investors ;
  - d) Merge, consolidation and acquisition activities of issuers;
  - e) The new fund has just been licensed for establishment due to the splitting, merge, consolidation of the fund is executed, and the operation time has not exceeded six (06) months from the date of issuance of certificate of fund registration.
  - f) The fund is under dissolution process.
4. Fund management company must adjust the investment portfolio to meet the investment limits prescribed in clause 2 this article within 03 months, from the date on which the variation occurs
5. In case variation is caused by the inconformity with the investment limits prescribed by law of the fund's charter, the fund management company is be responsible for adjusting the portfolio within 15 days from the date on which the variation occurs and shall incur the costs of these transactions and losses (if any). The profit (if any) must be immediately recorded.
6. Fund management company may only invests in deposit and monetary instruments stated in points a, b Clause 1 Article 10 of this Charter, issued at banks approved in writing by the board of representatives of the fund.

#### **ARTICLE 12. Lending, borrowing, repo and margin transactions**

- 1. Fund management company may not use the capital and assets of the fund to give or underwrite any loan, except for the investments in deposit prescribed in Point a Clause 1 Article 10 of this Charter;
- 2. Fund management company may not take loans to sponsor activities of the fund, except for short-term loans to defray necessary costs of the fund. The total value of short-term loans must not exceed 5% of the net asset values of the fund at any time and the longest loan term is 30 days.
- 3. Fund management company may not use the fund's assets to make margin transactions (taking loans to purchase securities) for the fund or other organizations and individuals; may not use the fund's assets to make false transactions or give securities loans.
- 4. VFMVF1 may conduct Government bonds repo transactions in accordance with the regulations of the Ministry of Finance on the management of Government bond transactions

#### **ARTICLE 13. Investment Selection Method**

- 1. Equity investment selection process

VFMVF1 will deploy fundamental analysis as principle for equity investment to assess growth potential, sustainability and risks of investment opportunities. Once investments are made, the Fund manager will maintain continuous monitoring and active portfolio management to assure profitability and risk management of the portfolio.

The Fund seeks out companies with large and mid-sized capitalizations that offer the best opportunities for growth. The Fund manager will focus on the company's financial strength and stability, earning growth potential, cash flow forecast and quality of management...

The fund managers will apply the "bottom-up" approach to investing in individual stocks. In which the fund will respectively assess 1) business model, products offering, long-term earning, asset value, cash flow potential and

quality of management; 2) industry condition including competition, market share, growth potential; 3) changes in economic indicators and economic cycle, impacts of fiscal and monetary policy to GDP, interest rate, and inflation...

## 2. Fixed-income investment selection process

The Fund's fixed – income investments shall be based on in house research and opportunity evaluation implemented with active management philosophy. The research includes for instance fundamental analysis on macro scenarios and interest rate market movements; statistic and quantitative models. All information shall be analysed to get the most workable and profitable portfolio in the shortest possible time.

On corporate straight bonds, bonds with warrants and convertible bonds, the management company shall apply fundamental analysis and suitable credit rating model on the issuer in order to evaluate the most reasonable level of risks and opportunities.

## Chapter III

### INVESTORS, REGISTER OF INVESTORS AND TRANSACTIONS IN FUND CERTIFICATES

#### ARTICLE 14. Investors

1. Investors of VFMVF1 may be domestic and foreign individuals or incorporated entities, owning fund certificates. Such investors shall not be liable or have any other obligations to fund other than those within the number of fund units by them.
2. Incorporated investors shall include socio-economic organizations recognized by the law of Vietnam. Such incorporated investors shall appoint legal representatives to represent the number of fund units by them. Any appointment, removal or substitution of such representatives shall be notified in writing and sent to the Fund Management Company through distribution agents, except the legal representative. The appointment, revocation or replacement of such representative must be notified in writing and signed by the legal representative of the investor being a legal entity.

#### ARTICLE 15. Rights and obligations of investors

1. Investors shall be entitled to:
  - a) To be distributed fund dividends from investment activities of the Fund under decision of the General Meeting of Investors based on business results of end of each Fiscal year in commensurate to number of fund certificates owned by that Investor in accordance with Article 62 of this Charter;
  - b) Upon liquidation of Fund, to receive a part of remaining Fund in proportion to numbers of fund certificates owned by that investor (if any);
  - c) Request the fund management company to redeem fund certificates or convert fund certificates on behalf of the fund (if any);
  - d) Receive all regular or irregular information on Fund's activity and periodic reports on net assets valuation of the fund;
  - e) To stand for election or to be voted to the Board of Representatives in accordance with Article 28 of this Charter;
  - f) To vote for important issues relating to the operation and management of the Fund in the General Meeting of Investors in accordance with Article 23 of this Charter;
  - g) Other rights accordance with provisions of law on securities.
2. Investors shall be obliged to:
  - a) To comply with this Charter, Decisions of the General Meeting of Investors;
  - b) Fully pay for fund certificates purchased and responsible for other debts and liabilities of the fund within the money paid when purchasing fund certificates;

#### ARTICLE 16. Register of investors

1. The Transfer Agent services provider must prepare, file and promptly update the Main register of investor (Main Register) from the time VFMVF1 completes the transferring of fund certificates account management to investors after conversion. The register of Investors of the Fund is in writing, in the form of electronic information data files or in both formats.

Main Register shall comprise the following contents:

- a. Name of the VFMVF1 Fund,
  - b. Number of the certificate of registration of the offer, total value of capital raised and the operational duration of the Fund,
  - c. Name, number of licence and head office address of the Fund Management Company and of the Custodian bank,
  - d. Investor's information:
    - i. For individual: Name investor, numbers of valid ID card or Passports, contact address, telephone numbers, email address (if any);
    - ii. For the organization: full name, short name, trade name, head office address, the number of licenses for the establishment and operation / business registration certificate, full names, numbers of valid ID Card or passports, telephone numbers, email addresses of persons authorized by institutional investors to execute fund certificate transactions;
  - e. The number of investor's account, or the number of personal sub – accounts, attached with the number of omnibus accounts of omnibus agent; securities trading codes (with respect to foreign investors);
  - f. The number of fund certificates held; the date on which investors are named (in the Main Register);
  - g. Date of preparing the Main Register.
2. Fund Management Company, The Transfer Agent services provider shall at any time have sufficient information about the ownership of each investor, including those trading on omnibus accounts. Information about assets of investors in main registers of investors, including investors trading on the account of omnibus agents shall be the evidence confirming investors' ownership of fund certificates. Investors' ownership shall be established at the time when information about investors' ownership is updated into Main Register.
  3. The Main Register shall be kept at the office of The Transfer Agent services provider and the Fund Management Company.

#### **ARTICLE 17. Fund certificate transactions**

1. The Fund management company shall arrange the trading of fund certificates for investors. Open-ended fund certificate trading activities shall be arranged periodically. The first trading of fund certificates have to be arranged not less than thirty (30) days from the effective date of the revised Certificate for fund establishment registration.
2. Trading frequency shall be arranged periodically twice a month, on the second Thursday and the fourth Thursday of the month. If the trading day falls in a holiday, the trading shall be carried on the next working day right after. The Fund management company shall announce to investors, distribution agents and other related service providers about details of the trading schedule and the Cut-off time whenever the holiday is coming on our website or emails.
3. The first trading day after the conversion can be different with the periodic trading cycle. VFM shall announce this information to investors in the Issuing Announcement.
4. Distribution principles after conversion
  - a. Subscription orders
    - Minimum required subscription amount is 10,000,000 (ten millions) dong.
    - Investors transfer the subscription amount to the Vietnam dong account of VFMVF1at Custodian Bank.
    - The number of fund certificates that investor shall receive for the IPO shall be allotted as the following formula:

$$\text{Number of fund certificates received} = \frac{\text{Subscription amount} \times (1 - \text{Subscription fee (\%)})}{\text{NAV per unit at the Trading day}}$$

- Number of allotted fund units can be rounded up to two decimal places.
- Solving method in case the actual payment for subscription amount is less than or greater than the registered subscription amount and in case of invalid trading, detail stated in Prospectus.

- The Transfer Agent shall be responsible for updating full and accurate information on post-trading holdings of investors named in the Main Registers and providing such information for Distributors to send to such investors the trading confirmations.
- Procedure of receiving and executing subscription orders shall be stated in Prospectus.

b. Redemption orders

- The remaining units after the trading must be equal to or greater than the required account maintaining units, which are one hundred units (100 units).
- In case the registered redemption units cause remaining units in the account less than the required account maintaining units, investors must redeem all the units in account at the same trading cycle.
- The redemption order can not be redeemed or only be partially redeemed as stated in Article 18 of this Charter.
- In case the redemption order can only be partially redeemed as stated in Article 18 of this Charter which causes the remaining fund units less than the required account maintaining units, the remaining units in the account will be done automatically sold out in the next trading cycle.
- In case the redemption order can only be partially redeemed as stated in Article 18 of this Charter which causes the unfulfilled order greater than or equal to the number of certificates in order to maintain a minimum balance account (of 100 units) will be automatically canceled. If investors wish to fulfill their redemption orders, investors must redeem again in the next trading cycle .
- Investors shall comply with all the tax obligations (if any) for the redemption orders per current legal regulations.
- The Transfer Agent shall be responsible for updating full and accurate information on post-trading holdings of investors named in the Main Registers and providing such information for Distributors to send to such investors the trading confirmations.
- Redemption payment shall be made by directly transferring to investors' bank accounts.
- Procedure of receiving and executing Redemption orders shall be stated in Prospectus.

c. Switching Orders

- All Investors shall have the right to switch between different funds if the Fund Management company has more than two open - ended funds.
- All Investors shall have the right to switch a part or all of existing fund units into another fund units which are managed by VFM.
- Switching fund units quantity must be equal or greater than one hundred (100) units.
- Principle of receiving and executing switching orders shall be stated in Prospectus.
- In case the registered switching units cause the required account maintaining units less than the minimum amount which is 1,000 units, investors must switch all the units in account at the same Trading cycle.
- Investors only have to pay the switching fee without paying for subscription or redemption fee for the switching units.
- The Fund management company shall update all information on the switching regulations to the investors on the website of the fund management company and Distribution agents.

5. Non-commercial transactions (gift, present, inheritance, transfer of ownership...)

- All of VFMVF1 non-commercial transactions (gift, present, inheritance, transfer of ownership...) to an individual/institution shall be executed at appointed Distribution Agents.
- Procedure of receiving and executing Non-commercial transactions shall be stated in Prospectus.
- Investors must provide all the necessary documents to complete the non-commercial transaction as applicable laws.
- Non-commercial transaction fee shall be stated in Prospectus.
- Investors shall be responsible to fulfill any tax duty arised from the non-commercial transaction as applicable laws.



## ARTICLE 18. Partial redemption, suspension of trading of open-ended fund transactions

1. The fund management company shall be allowed to satisfy part of an investor's subscription, redemption or switching orders under the following circumstances:
  - a. The total value of redemption orders (including redemption orders for switch) minus the total value of subscription orders (including subscription orders for switch) on the trading day of fund certificates exceeds ten percent (10%) of the net asset value of that fund; or
  - b. The implementation of all of the investors' orders shall lead to the fact that:
    - The net asset value of the fund is lower than VND fifty (50) billion. In this case, the fund management company can partially execute the redemption/switching orders until the net asset value reaches exact fifty (50) billion.
  - c. The selling of securities in the portfolio for cash to satisfy the redemption orders cannot be executed due to the following circumstances:
    - The lack of market liquidity which cannot satisfy the redemption orders;
    - One (or more) securities in the VFMVF1 portfolio is suspended trading due to the Decision from the Securities Exchanges.
2. Specially in the 1st 02 trading cycles, FMC will shall be allowed to satisfy part of an investor's subscription, redemption or switching orders which the total value of redemption orders (including redemption orders for switch) minus the total value of subscription orders (including subscription orders for switch) on the trading day of fund certificates exceeds up to twenty percent (20%) of the net asset value of that fund.
3. For the remaining part of redemption/switching orders that were partly executed as mentioned in Clause 1, 2 of this Article, the fund management shall apply the pro-rata principle for fund certificates allotment as follows:
  - The executed value shall be allotted to all investors registered at the same trading cycle, ensuring the pro-rata between the executed value and the registered value so that the total value of redemption at the trading day shall not violate the conditions for partial stated in this Article. The number of redeemed fund certificates in this case shall be calculated as the following formula:

$$Xi = SLDKi * \frac{SLTT}{\sum SLDKi}$$

Whereas:

*Xi*: The actual redeemed fund certificates that an investor can redeem (or number of fund certificates are actually executed in the redemption order). Number of allotted fund units can be rounded up to two decimal places;

*SLDKi*: Number of fund certificates that an investor has registered to redeem;

*SLTT*: Total number of fund certificates that the Fund management can actually satisfy the redemption orders.

$\sum SLDKi$ : Total number of fund certificates that investors have registered to redeem in one trading cycle.

- Solving method of the unredeemed orders shall be stated in Prospectus.
  - Statement on fully redemption or partial redemption or canceled orders shall be announced in details of the trading confirmation reports to investors.
4. Open-ended fund certificate transactions may be suspended in where one of following events happens:
    - Force majeure condition;
    - It is impossible to determine the net asset value of the fund at the Trading day due to the Securities Exchange suspense securities trading in the fund's portfolio.
    - Other cases as prescribed in the fund's charter or the State Securities Commission deems necessary

5. The fund management company shall report to the fund representative board and SSC, within 24 hours, since the occurrence of events specified in Clause 3 of this Article and shall have to resume the repurchase orders of open-ended fund certificate after such event ends.
6. Duration for suspension of fund certificate trading is ninety (90) days from the last fund certificate trading day.
7. Within maximum period of thirty (30) days, from the end of suspension of fund certificate trading period as stated in Clause 5 of this Article, the Fund management company shall organize an investors' general meeting to consult investors of the dissolution, segregation of the fund or the extension of the suspension duration.
8. Within the time frame to convene the investors' general meeting, if the reasons for such suspension of fund certificate trading end, the fund management company may cancel the convention of the investors' general meeting

#### **ARTICLE 19. Selling price and redemption price of open-ended fund units**

1. Subscription price at trading cycles after conversion is the price that investors must pay when buying a fund unit at the issue of fund certificates to the public.
2. The subscription price shall be determined by the net asset value per a fund unit as of the fund certificate trading day plus subscription fee.
3. Redemption price is the price of a fund unit, that Fund Management company must pay investors, is determined by the net asset value per a fund unit as of the fund certificate Trading day minus redemption fee.
4. Subscription fee, Redemption fee stated in Chapter XIII of this Charter.

#### **ARTICLE 20. Inheritance of fund certificates**

1. Any inheritance of fund certificates shall be in line with prevailing legal regulations on inheritance. The fund shall only recognize legal heirs and shall not be responsible for any disputes with respect to such inheritance or heirs.
2. The Transfer Agent shall register such legal heirs in the register of investors after such heirs provide sufficient legal evidence of their inheritance to the fund management company or authorized service providers.

### **Chapter IV**

#### **GENERAL INVESTORS MEETING**

##### **ARTICLE 21. General investors meeting**

1. The general investors meeting is the highest authority of VFMVF1. All investors named in the register of investors prior to the convention of such meeting shall be entitled to attend such meeting.
2. The annual general investors meeting/general shareholders meeting shall be held within 30 days from the date of the annual financial statements audited by the approved auditing organization. Such meeting shall be held in the form of direct meeting or collection of opinions in writing.
3. All costs for the annual General Meeting of investors and the initial General Meeting of investors shall be paid by VFMVF1.

##### **ARTICLE 22. Extraordinary Investors' General Meeting**

1. The fund management company shall convene an extraordinary Investors' General Meeting in the following cases:
  - a) The fund management company, or Supervisory Bank, or the fund representative board considers such meeting are necessary for the interests of the fund;
  - b) Upon request of an investor or a group of investors representing at least 10% of total fund units in issue within at least 6 successive months as of the date of convention of such meeting, or a smaller ratio as stipulated in the Fund's Charter;
2. The convention of such extraordinary Investors' General Meeting as mentioned in Clause 4 of this Article shall be conducted within 30 days from the date when the fund management company receives request for convention of an extraordinary Investors' General Meeting which specifies reasons and purposes of the meeting and having all signatures of related investors.

##### **ARTICLE 23. Rights and obligations of the general investors meeting**

The General Investors Meeting shall have the following rights:

1. To elect, remove or discharge the chairman or a member of the fund representative board;
2. To approve the remuneration and operating expenses of the fund representative board;
3. To consider and change the fee payable to the Fund Management Company and the Custodian bank;
4. To consider and deal with breaches by the Fund Management Company, the Custodian bank and the Board of Representatives of the Fund;
5. To approve the modification and supplementation of the fund's charter, the supervision contract;
6. To approve fundamental changes in the fund's investment policies and objectives or profit distribution plan, and dissolution of the Fund;
7. To replace the fund management company or the supervisory bank;
8. To request the Fund Management Company and the Custodian bank to submit books or transaction documents at the General Investors Meeting;
9. To approve reports on the financial position, assets and annual operations of the fund;
10. To approve the selection of the approved auditing organization to audit annual financial statements of the fund;
11. To approve the dissolution, consolidation, acquisition, splitting of the fund according to this Charter and regulations;
12. Other issues within its authority as specified in Article 85 of the Securities Law, legal regulations on enterprises.

#### **ARTICLE 24. Requirements, proceedings of the general investors meeting**

1. The time, agenda and intended contents for the General Meeting of investors shall be notified to investors and reported to the State Securities Commission at least fifteen (15) days prior to the date on which the meeting is to be held.
2. A meeting of the General Meeting of investors may be conducted when the attending investors represent at least 51% of the number of fund units in circulation. The form of attendance at a meeting shall be direct in person, or via a proxy, or attending online meetings via phone, internet or other means of communication.
3. Whether the initial meeting does not take place because the conditions stipulated in clause 2 of this article were not satisfied, the meeting may be convened for a second time within thirty (30) days from the date on which the first meeting was intended to be opened. In this case, the meeting of the General Meeting of investors shall be conducted irrespective of the number of attending investors.
4. The General Meeting of investors may be held in the form of either face-to-face meeting or distant meeting by written consultation;
5. General Meeting of investors shall be presided over by Chairman of the Board of Representatives of the Fund. In case of absence of the Chairman, Vice Chairman of the Board of Representatives of the Fund or a representatives elected by the General Meeting of investors shall preside over the meeting
6. All the General Meetings of investors shall be documented and kept at the head office of the Fund Management Company

#### **ARTICLE 25. Decisions of the general investors meeting**

1. Each fund unit/share shall have a voting right. The custodian bank, the fund management company, the auditing organization and the law firm providing services to the fund shall be entitled to attend the general investors meeting yet shall not be entitled to voting.
2. The general investors meeting shall adopt decisions within its authority by way of voting or by collecting written opinions.
3. The decision of the Investors' General Meeting shall be approved at the meeting if the following conditions are fully met:
  - a. Such decision is supported by investors representing at least fifty one percent (51%) of the total number of fund units in circulation, and total number of votes for the decision must be at thirty percent (30%) at minimum of the total number of fund units in circulation as at the voting time;
  - b. For the contents prescribed in clauses 6 of this Article, the decision of the Investors' General Meeting shall be passed if such decision is approved by investors representing at least sixty five percent (65%) of

the total number of fund units in circulation, and total number of votes for the decision must be at forty percent (40%) at minimum as at the voting time.

4. If the Investors' General Meeting is held according to provisions in Clause 3, Article 24 of this Charter and the number of investors present at the meeting represent less than fifty one percent (51%) of the total number of fund units in circulation, then the decision at the meeting shall be passed at the meeting if Such decision is supported by investors representing at least fifty one percent (51%) of the total number of fund units in circulation. For the contents prescribed in clauses 6 of this Article and the number of investors present at the meeting represent less than fifty one percent (51%) of the total number of fund units in circulation, the decision of the Investors' General Meeting shall be passed if such decision is approved by investors representing at least sixty five percent (65%) of the total number of fund units in circulation.
5. In case of seeking investor's written opinions, decisions are passed when approved by investors representing for at least sixty five percent (65%) of the total fund units.
6. A decision of the General Investor Meeting on the following matters must be passed by way of voting at the meeting:
  - a. To make significant changes to the Fund's investment policies and objectives, and profit distribution policies; to increase fees paid to fund management company, supervisory bank; to change fund management company, supervisory bank;
  - b. To consolidate, merge funds;
7. The fund management company and the fund representative board shall be liable to take into consideration, ensuring that all decisions of the Investors' General Meeting are in line with laws and the Fund's charter.
8. Within 07 days, after the Investors' General Meeting or deadline for obtaining investors' written opinions as mentioned in Clause 5 of this Article, the fund management company, the fund representative board shall be liable to prepare minutes and resolutions of the Investors' General Meeting and send to SSC, Custodian Bank and provided to investors, or for information disclosure on the company's website as stipulated in laws.
9. Any decision of the General Meeting of investors which is not complied with this Article, shall not be effective or legal and shall automatically be cancelled. The fund management company have the duty to announce to the SSC and investors about this matter.

#### **ARTICLE 26. Objection to decisions of Investors' General Meetings**

1. Investors holding open-ended fund certificates who object to decisions passed by the Investors' General Meeting on significant changes to the Fund's investment policies and objectives, and profit distribution policies; to increase fees paid to fund management company, supervisory bank; to change fund management company, supervisory bank; to consolidate, merge fund; shall have the right to require the fund management company to redeem their fund certificates or convert their fund certificates to certificates of another open-ended fund which have the same investment policies that is under management of the fund management company. Investors must send the request to the head office of Fund Management Company, omnibus agent within fifteen (15) days from the date the Investors' General Meeting approving the decision mentioned above issues.
2. Within forty five (45) days from the announcement date of investor's general meeting, the fund management company must complete the redemption or switching of fund certificates for investors who object to decisions passed by the Investors' General Meeting as stipulated in Clause 1 of this Article. In this case, redemption price is defined based on the net asset value as at the date of investor's general meeting and investors shall not have to pay redemption fees, conversion fees

### **Chapter V**

#### **THE BOARD OF REPRESENTATIVES**

#### **ARTICLE 27. The Board of Representatives**

1. The Board of Representatives is elected by the General Meeting of investors in order to represent interests of the investors.
2. The Board of Representatives of VFMVF1 shall have from 3 to 7 members, at least two third (2/3) of which shall be independent members of the fund management and custodian bank.
3. The Board of Representatives shall comprise:
  - a. At least one independent member with qualifications and experience in accounting and auditing;

- b. At least one independent member with qualifications and working experience in securities investment analysis or asset management;
  - c. At least one member with qualifications and experience in laws and legal regulations in securities
4. The Board of Representatives has a term of three (3) years and may be re-appointed in next General Meeting of investors
  5. Any decisions of the Board of Representatives shall be passed by way of voting at the meeting, collecting written opinions. Each member of the Board of Representatives shall have one vote. The members of the Board of Representatives will not authorize any other person to perform their rights and obligations to the Fund. However, in BOR meetings, members who cannot attend can authorize another representative to participate in the meeting special case cannot attend the meeting of the Board of Representatives directly, the members of the Board of Representatives can appoint a representative to attend meeting but the representative has no right to vote.
  6. During the fund operation, when Members of the Board of Representatives be suspended or dismissed according to Article 32 of this Charter, or when the Board of Representatives not meet the conditions stated un Clause 2, 3 this Article, the fund representative board and the fund management company shall be liable to select a member meeting the regulations at clause 3 of this Article for temporary substitution within 15 days from the date of detection. The temporary substitute member shall exercise the rights and duties of the committee's member until the Investors' General Meeting officially appoints a substitute member.
  7. The fund management company must announce the change in Board of Representatives on website to investors and report to the SSC and Custodian bank.

**ARTICLE 28. Criteria for selecting members of the Board of Representatives of the Fund**

1. Being a Member or a lawful representative of Member which is an organization, possessing at least 3% of Chartered Capital or being a prestigious expert in economic, financial and capital market management. Independent members will not be affiliated person of Fund Management Company and the Custodian bank.
2. The member who is chairman or vice chairman of the Board of Representatives of the Fund must be well-qualified persons in economic management, finance, with good knowledge of operations and business of the Investment Fund. The Chairman of the Fund must be independent member.

**ARTICLE 29. Rights and obligations of members of the Board of Representatives of the Fund**

Members of the Board of Representatives of the Fund have following rights and obligations:

1. To exercise the delegated rights and perform his/her delegated duties honestly in accordance with the law in force and this Charter which is approved by the General Meeting of investors;
2. To be loyal to the interest of the Fund, avoid conflicts of interests which may damage the Fund, ensure complying with the principles when the conflicts of interests between members and the Fund or between members and affiliated person of the Fund;
3. To evaluate the performance of the fund management company, regularly check the validity, legality, truthfulness, prudence in the management of the assets of the fund management company;
4. To supervise the operation of the Fund Management Company, the Custodian bank and service providers of the Public Fund in compliance with this Charter and law;
5. To inspect and supervise the performance of the process and method of determining the net asset value of the Fund;
6. To propose investment policies and objectives of the Fund;
7. To recommend the level of profits to be distributed to investors; to approve the period and procedures for distribution of profits;
8. To decide issues which is not agreed by the fund management company and the custodian bank on the basis of the provisions of the law;
9. To approve list of quotation service providers, principles and methods of determining the net asset value; approved list of banks receive deposits of funds, monetary instruments and other assets funds are allowed to investment as prescribed at point a, b, e, Clause 1 Article 10 of this Charter; approve fund assets' transaction by jurisdiction for transactions in the form of negotiations, and transactions for buying, selling securities which are unlisted or not registered for trading;

10. To request the fund management company, custodian bank promptly provide all documents, information on asset management activities and supervisory activities;
11. To propose change of the Fund Management Company or the Custodian bank;
12. No member of the Board of Representatives shall be individually responsible for their activities or any other activities which are done on behalf of the Fund in the manner of willingness, faithfulness, unblemished, public-spirited and selfless and in compliance with scope and powers properly assigned, or in compliance with powers assigned in accordance with this Charter or Regulation of the Board of Representatives and law.
13. To elect, remove or dismiss positions in the Board of Representatives under the jurisdiction of the Board of Representatives (exclusive position of Chairman of the Board);
14. Research, evaluate the operation situation and result, and give comment to construction of annual and quarter tasks plan and growth strategy of the Fund.
15. The Board of Representatives shall not be allowed directly or indirectly:
  - a. To use assets of the Fund to provide loan to any investor of the Fund;
  - b. To use assets of the Fund to guarantee or as pledges for any loan of any investor;
  - c. To use assets of the Fund to guarantee or as pledges for any loan of any company;
  - d. To provide information of the Fund or client, which is not allowed to disclose to any person.
16. To attend meetings of the Board of Representatives, to directly discuss and vote or send the vote (in case of absence or collecting written opinions by the Chairman) in order to decide matters belonged to the meeting's content.
17. To implement the resolutions of the General Meeting of investors and decisions of the Board of Representatives.
18. More than 2/3 (two third) of number of members of Board of Representatives have right to convene the extraordinary General Meeting of investors or the meeting of Board of Representatives.
19. To be authorized by the Chairman in making decisions in some particular works.
20. To comply with other laws and this Charter.
21. The Board of Representatives receive remuneration for each month and the remuneration is decided by the General Meeting of investors
22. Except issues stated in Clause 5 Article 23 of this Charter, the Board of Representatives have right to decide all issued stated in Article 23 of this Charter if to be authorized by General Meeting of investors.
23. Within 15 days, after the date which Board of Representatives decides issues stated in Clause 20 of this Article, the Board of Representatives, through by the fund management company, send meeting minutes and resolution of the Board to SSC and Custodian Bank, and provide to investors the information of decision on the company's website and distributor agents.

#### **ARTICLE 30. Chairman of the Board of Representatives of the Fund**

1. The General Meeting of investors shall elect a Chairman of the Board of Representatives from its members. The Chairman of the Board of Representatives must be an independent member.
2. The Chairman of the Board of Representatives shall have the following rights and duties:
  - a. To prepare working programs and plans of the Board of Representatives;
  - b. To prepare programs, contents and documents for the meeting; to convene and chair meetings of the Board of Representatives;
  - c. To monitor the implementation of the decisions of the Board of Representatives;

#### **ARTICLE 31. Procedures for management of the Board of Representatives of the Fund**

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

2. Where such a member is unavailable, other members of the Board of Representatives shall select one person from the independent members to temporarily hold the position of the Chairman in accordance with the principle of unanimity. Re-election of the Chairman of the Board of Representatives shall be carried out at the next annual General Meeting of investors.

#### **ARTICLE 32. Suspension and dismissal of members of the Board of Representatives of the Fund**

1. A member of the Board of Representatives shall be automatically suspended or dismissed if:
  - a. Is instituted or prosecuted;
  - b. Is declared lost, died or has limited capacity of civil acts by court;
  - c. Is forbidden from being a Member of the Board of Representatives by laws, SSC or award, decision of court, authorized agency;
  - d. Resigns, passes away, or his office term is expired
2. A member of the Board of Representatives shall be suspended or dismissed if:
  - a. Is suspended or dismissed according to this Charter.
  - b. Reveals secrets which are contrary to or make a breach of interests of Fund;
  - c. Is suspended or dismissed according to Decision of General Meeting of investors;
  - d. Not participating in activities of the Board of Representatives for nine (9) consecutive months, except for force majeure cases;
  - e. To infringe serious obligations and threatening damages for the Fund.
  - f. Not satisfying the criteria and conditions stipulated in article 28 of this Charter;

#### **ARTICLE 33. Meetings of the fund representative board**

1. The Chairman of the Board of Representatives shall have the right to convene a meeting of the Board of Representatives. The Board of Representatives of the Fund must meet at least once a quarter in order to discuss, decide related matters within the jurisdiction of the Board of Representatives.
2. The Board of Representatives of the Fund shall hold an extraordinary meeting at the request of the Chairman, or the Fund Management Company, or the Custodian bank, or two-thirds of number of Members of the Board of Representatives.
3. Meeting of The Board of Representatives may be held in the form of either face-to-face meeting or distant meeting by telephone, internet and other media means, or collection of opinions in writing;
4. A meeting of the Board of Representatives shall be conducted when there are two thirds or more of the total members attending, at least 51% of which shall be independent members, including the representative of Board member to attend meeting without voting right, and the Board member attend distant meeting of send writing opinion. A decision of the Board of Representatives shall only be passed when it is approved by 51% of the attending members and above and by from 51% of the independent members and above. In the case of a tied vote, the final decision shall be as voted by the chairman of the Board of Representatives.
5. The Fund Management Company and the Custodian bank shall be entitled to participate in meetings of The Board of Representatives but having no right of vote.
6. The Board of Representatives of the Fund shall appoint a capable staff of fund management to act as secretary to record minutes of meetings of the Board of Representatives.
7. All meetings of the Board of Representatives must be fully recorded in minutes. The chairman and secretary shall be jointly liable for the accuracy and truthfulness of the minutes of meetings of the Board of Representatives.
8. All costs for the meeting and expenses for business trip of the Board of Representatives shall be paid by the Fund.

## Chapter VI

### THE FUND MANAGEMENT COMPANY

#### ARTICLE 34. Criteria for selecting the Fund Management Company

Fund Management Company to be selected to manage VFMVF1 must meet following conditions in full:

1. Being issued a Fund Management Operating License by SSC;
2. Being completely independent to the Custodian bank;
3. Having full capacity to manage the Fund;

Agreeing to fulfill its commitments to the Fund as stated in Appendices 1 and 3 of this Charter.

#### ARTICLE 35. Rights and obligations of the Fund Management Company

1. Obligations of the fund management company

- a) To comply with the provisions of law and the charter of the fund management company. Implement the entrusted asset management as stipulated in the fund charter. To comply with the rules of professional ethics, voluntariness, fairness, honesty and for the fund' sack of the best interests.
- b) Fund Management Company is the authorized representative of the fund, on behalf of the fund to execute the ownership toward the assets of funds in an honest and careful manner.
- c) When managing fund's assets, the fund management company must:

- i. Sign custodian, depository contract with a custodian bank; make depository for all assets arising in the territory of Vietnam and store full, timely and accurate information on data of ownership, the original legal documents verifying the ownership of property in a custodian bank;

In case of investing deposit to the funds, fund management company is only deposited in the banks in the list approved by the Board of Representatives; store the original or valid copy of the contract of deposit, loan contract in custodian bank for the institution to periodically cross-check with the bank of deposit;

In case of investment or capital contribution; trading assets, shares, unlisted shares for funds; the fund management company must store the original contracts, the permit of establishment and operation or business registration certificate (if any), the book of shareholders or documents certifying the ownership of assets in custodian bank for the institution to periodically cross-check with the organizations receiving investment capital;

- ii. Seperate assets of fund and assets of the company, entrusted customers; adequate and timely storage of accounting books, transaction documents and other documents related to transactions and ownership of funds' assets; sum up fully, accurately and timely information on fund' s assets and place for depository, storage of assets;
- iii. Establish a mechanism of examination, regular crosscheck of three parties to ensure the consistency of data of fund's assets on the system of accounts of funds managed in the company, the depository system of assets of funds in custodian bank with the issuers, the Securities Depository Center, the organization managing the registrars of shareholders, project owners, organizations receiving investment capital, banks of deposit. The fund management company shall establish a mechanism for custodian bank to actively, directly cross-check with the above organizations to inspect, monitor, sum up fully and accurately information of depository, property registration and management of fund's assets.
- iv. Invest fund's assets in accordance with the provisions of law and fund charter;
- v. Assign at least two (02) fund managers to manage the fund. The fund managers mentioned above must have practical experience in the asset management activities for at least two (02) years and have not been sanctioned for administrative violations in the field of securities and securities markets. Information on qualifications and professional skill, experience managing assets of the fund managers must be disclosed in the prospectus.



- d) The fund management company must set up a process of allocation of transaction orders, allocation of transacted assets reasonably, fairly when conducting the transactions for the fund and the company itself. This process must be provided to custodian bank and applied uniformly.
- e) In the fund management, the fund management company is responsible for ensuring:
  - i. To determine the net asset value of the portfolio of the fund; the net asset value per fund unit under the provisions of the law and fund charter;
  - ii. To make, store and update timely, completely and accurately the registrars of investors.
- f) The fund management company is authorized the fund management activities. The authorization for the activities shall comply with the provisions of law on guiding the establishment, organization and operation of fund management company and fund charter.
- g) The fund management company is obliged to provide timely, completely the necessary information on the fund, information on fund's asset transactions, information on the place to make depository of fund's assets, other concerned information (if any) and create all the necessary convenient conditions for custodian bank at the request in writing of these organizations to fulfill the rights and responsibilities to the fund in accordance with the law provisions. At least once a (01) month, the fund management company is obliged to compare the list of assets of the fund with custodian bank.
- h) Within fifteen (15) days from the date that the custodian bank detects and informs the fund management company on fund's asset transactions contrary to the provisions or exceeding the competence of the fund management company in accordance with law provisions, provisions in fund charter, the fund management company must cancel the transactions, or perform the transactions in order to restore the position for the fund. The fund management company shall bear all costs incurred related to the transactions and the losses (if any). In case the transactions generate profit, all profits have to be accounted for the fund.
- i) The fund management company must build and deploy consistent application of the professional processes, the manual of valuation, accounting policy in accordance with the provisions of relevant laws and fund charter.
- j) The fund management company must build the processes and establish organizational structure, risk management system in accordance with the scale and type of the fund. Risk management system should be based on the policy, risk management process built according to international practice in accordance with market conditions in Vietnam to ensure a full identification, to determine a potential scale of risk in the fund's portfolio. Depending on the type of risk and level of complexity of invested assets and requirements of the fund, the companies must give an appropriate level of risk.
- k) The fund management company is responsible for compensation for the losses caused to the fund due to the employee's fault, malfunction or error of technical system and professional process of the company or because the fund management company fails to comply with its obligations under the provisions of law and fund charter. The compensation for the fund, investors shall comply with the provisions of the law on the establishment and management of open ended fund and the agreement between the concerned parties.
- l) The fund management company must purchase professional liability insurance for their professional staffs (when necessary), or set up a risk reserve fund as prescribed by law to compensate for the fund in the cases specified in point k of this Clause.
- m) The fund management company shall conduct; require the distribution agents, related service providers to set up a system and organize the implementation of processes to synthesize information, identify customers accordance with the provisions of law on anti-money laundering and the provisions of the law on brokerage and securities transactions.
- n) In case the fund is foreign investor, the fund management company must ensure the investment of assets of entrusting customers as individuals, foreign organizations to comply with the regulations of law on foreign exchange management, ownership percentage in the Vietnamese Enterprises at the time of investment.
- o) The use of fund's assets mobilized in Vietnam to invest in securities issued by the foreign institutions, issuers subject to foreign law, securities issued in foreign countries and the other assets abroad must comply with the provisions of the law on investment abroad, foreign exchange management and the

provisions of relevant law. This investment is made only if the fund charter has terms and conditions to allow implementation. Before the implementation, the fund management company must be approved in writing by general meeting of investors and the competent state management authorities.

- p) When making transactions of fund's assets, the fund management company ensures that:
  - The volume or value of the transactions during the year through a securities company shall not exceed 50% of the total volume or value of transactions in the year of the fund; and
  - The volume or value of the transactions during the year through a securities company to be the relevant persons of the fund management company shall not exceed 20% of the total volume or value of transactions in the year of the fund.
- q) The fund management company is responsible for keeping secret of information of the fund, information on asset transactions, fund's portfolio and other relevant information, except for providing information to the Commission State Security and the competent State management agencies on demand.
- r) The fund management company must:
  - i. Separate its headquarters, information technology infrastructure with the other economic organizations. Where the company uses information technology infrastructure of its parent companies, subsidiaries or organizations who are the concerned one, it must use the mechanism of decentralization and restriction of use to make sure that the departments of the parent companies, subsidiaries or organizations who are the concerned one can not access to the computer system, database of the company;
  - ii. Separate database between the professional departments of potential conflicts of interest in the company, including the separation between the entrusted assets management department; department of research, investment analysis and the investment implementing department. Computer system and databases are decentralized to each individual, department, consistent with the working position in accordance with the provisions on internal control.
- s) Other responsibilities comply with the provisions of law on guiding the establishment, organization and operation of fund management company.

## 2. Rights of the fund management company:

- a) To select custodian bank in accordance with article 38 of this Charter;
- b) To authorize custodian bank and related services providers to execute some or all of fund administration activities. The fund management company is responsible for the authorization, and ensures the relationship of authorization shall not adversely affect the benefit of investors;
- c) To refuse issuance of fund certificates for the organization is not allowed to invest in the fund as prescribed by law or for individual investors do not have full civil act capacity;
- 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 law ;
- e) When exercising the right to vote at the General Meeting of shareholders of the issuer, the joint stock company in which the fund is a shareholder, fund management company or authorized custodian bank must ensure their vote shall not causing any effect to the voting decision of other shareholders in accordance with the law;
- f) To sign fund-unit distribution agreements with distribution agents;
- g) To be entitled to remunerations in accordance with this Charter and the prevailing laws;
- h) To be entitled to conduct business and provide services in accordance with the prevailing laws;
- i) To participate in the periodic and irregular meeting of the General Meeting of Investors and the Board of Representatives;
- j) To make decision fund's investment in accordance with this Charter and the prevailing laws.

## **ARTICLE 36. Termination of rights and obligations of the Fund Management Company**

1. The Fund Management Company shall terminate its rights and obligations to the Fund in the following circumstances:

- a. At the request of the Board of Representatives of the Fund and approved by the General Meeting of investors;
  - b. The Fund Management Company's licence is revoked;
  - c. Voluntarily terminate its operation;
  - d. The Fund Management Company is merged or acquired by other Fund Management Company;
  - e. Other case in accordance with provisions of law.
2. In the case stipulated in Cause 1 of this Article, the rights and obligations of the Fund Management Company to the Fund must be transferred to another Fund Management Company which agreed to replace. The replaced Fund Management Company must transfer promptly all vouchers and any information relating the Fund to the replacing Fund Management Company in order to ensure that the replacing Fund Management Company has enough information to perform fully its rights and obligations in accordance with law for the Fund as stipulated.
  3. Before minimum of six (06) months from the expected time of termination of the rights and obligations to the fund, the fund management company must hold a General Meeting of investor to collect investors' opinions in writing.
  4. Compensation when change of Fund Management Company

In case of changing fund Management Company in accordance with point a Clause 1 of this Article, the Fund shall pay to the Fund Management Company a compensation amount (in addition to the fees provided for under this Charter) according to the below schedule:

Fee based on NAV of the fund	Time of changing fund management company
2,0%	Within 3 years from the commencement of operation of the fund
1.5%	After 03 years from the commencement date

NAV using to calculate the compensation to the fund management company is the average NAV reported in the 52 weeks immediately preceding the time that the General Meeting of investors approve to change the fund management company and certified by custodian bank.

Such fee is to compensate for all arising cost to Fund Management Company as the consequence of downsize, change of personnel, management system and infrastructure.

If the General Meeting of investors decides to change the Fund Management Company due to the violation of the laws and approved by SSC, the Fund in this case is not obligated to pay the above mentioned fee to the Fund Management Company.

**ARTICLE 37. Restriction of operations of the Fund Management Company**

1. The fund management company may not be a affiliated person of the custodian bank of the fund. Members of the Management Board, internal audit department's staffs, supervisory board (if any), the chairman of the company, the Executive Board and employees of the fund management company may not work in the departments providing services of depository, supervision, fund management at custodian banks, and vice versa.
2. Except cases of making capital contribution, trading fund certificates of open ended funds managed by the fund management company and other cases provided by law, related person of the fund management company, the fund management practitioners, person working for Fund Management Company shall not be permitted to be purchasers or sellers in transactions of the purchase and sale of assets of the fundbe partner in other transactions with the Fund.
3. Members of the Management Board, the Executive Board and employees of the fund management company are not allowed to request, require or receive, in the name of the individual or in the name of the company, any remuneration, profits or benefits, in addition to the fees and charges clearly stated in the fund charter.
4. In the management of entrusted assets, the fund management company must ensure that:

- a) Not use the assets of the fund to invest in the other fund, securities investment company managed by the fund management company;
- b) Not use fund's assets to invest in entrusted customers managed by the fund management company;
- c) Not use fund's assets to invest in the fund management company itself; not invest in the organizations as affiliated persons of the fund management company; not invest in the organizations that the members of the Management Board, members of the Executive Board, and employees of the company are shareholders or members holding more than ten percent (10%) of the charter capital;
- d) Not use fund's assets to lend under any form, guarantee for the loans in any form or make payment for the debt obligations of the fund management company, the affiliated persons of the fund management company, other organizations and individuals;

This provision shall not apply in the case of lending in the form of investment of deposits in the credit institutions in accordance with the provisions of banking law, or purchase of bonds issued, bond transactions in accordance with the provisions of law;

- e) Not commit, ensure investment results except for the investments in products with fixed-income; not sign the contracts receiving entrustment to invest in bonds with an interest rate not consistent with market and investment analysis result of the company itself; directly or indirectly to offset a part or all of the losses of entrusting customers caused by investment activities; shall not perform the transactions to reduce the profits of an entrusting customer to increase the profit of another entrusting customer; shall not enter into a contract, make transaction with the illegitimate, unreasonable disadvantage terms.
5. Except as a result of consolidation or merger of the issuer, the fund management company is used equity capital and capital of entrusting customers only for purchasing and owning (excluding shares in the portfolio of entrusting customers as portfolio swap fund) more than twenty-five percent (25%) of the total number of outstanding shares of a public company if meeting the following conditions:
- a) To be approved in writing of the entrusting customers or representatives of the entrusting customers of the public purchasing offering, the purchasing offering price, the volume of assets expected for purchasing offering, method to distribute assets after making the purchasing offering;
  - b) The fund management company makes the public purchasing offering in accordance with the provisions of law on securities.
6. The fund management company is not authorized, outsourced the organizations in the territory of Vietnam to provide securities investment consultancy service, entrusted asset management service;
7. Other restrictions comply with the provisions of law on guiding the establishment, organization and operation of fund management companies.

## **Chapter VII**

### **THE CUSTODIAN BANK**

#### **ARTICLE 38. Criteria for selecting the Custodian bank**

The selected Custodian Bank must satisfy the following conditions:

- 1. The Custodian bank selected by the fund management company shall satisfy all requirements as provided in Clause 1 Article 98 of the Securities Law
- 2. The Custodian Bank, members of the Board of Management, Board of Directors, direct operators and staff of the Custodian Bank discharging the duties of supervision of the operation of the Fund and preserving fund assets of the Custodian Bank shall not be affiliated persons or have an ownership, lending or borrowing relationship with the fund management company or vice versa.
- 3. The Custodian Bank, members of the Board of Management, Board of Directors, direct operators and staff of the Custodian Bank discharging the duties of supervision of the operation of the Fund and preserving fund assets of the Custodian Bank shall not be permitted to be purchasers or sellers in transactions of the purchase and sale of assets of the fund.
- 4. Having sufficient ability to provide supervisory and depository services.
- 5. Agreeing to fulfill its commitments to the Fund as stated in appendix 2 and appendix 3 of this Charter.

#### **ARTICLE 39. Rights and obligations of the Custodian bank**

- 1. Obligations of the Custodian bank
  - a) To always act for the best interest of the fund's investors;
  - b) To take responsibility for losses causing to the Fund by the bank's errors;

- c) To ensure supervise the activities of the Fund management company in managing the Fund's assets as prescribed at the Securities Law, relevant regulations and the Fund Charter;
  - d) To supply services of supervision, asset deposit of the Fund according to the relevant legal regulations, the Supervision contract and the Fund Charter;
  - e) To separate the fund's assets from assets of the fund management company, assets of other funds, assets of other customers of the custodian bank and assets of the bank. In any case, capital and assets of the Fund may not be used to pay of 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-custodian organizations;
  - g) To supervise or calculate the net asset value of the Fund appropriate to the legal regulations and the fund Charter to ensure that the calculation of net asset value of the fund is accurate;
  - h) To settle securities transactions appropriate to the legal directives of the fund management company, the custodian bank may refuse such directives if the custodian 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 SSC;
  - i) To regularly compare assets of the Fund with those of the fund management company;
  - 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 pay money to 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 the law, the Fund Charter in accordance with the legal directives of the fund management company, ensure that payments made are appropriate to the Charter's provisions;
  - l) To keep a separate tracking book about changes out of the total issued certificates, the number of fund certificates owned by every person holding certificate, name, address, nationality, address and other identification factors of such person and immediately update all changes (if any);
  - m) To confirm reports relating assets and operation of the Fund which are made by the fund management company or authorized service provider;
  - n) To report and manage files according to the prevailing laws, the Fund Charter and the Supervisory Contract.
  - o) To comply fully the regulations of the Law on Securities, related laws, the Fund Charter and the Supervisory Contract;
  - p) Not receive any other interests (except the fees according to Supervisory Contract) for itself or any third person.
2. Rights of the Custodian bank
- a) To be entitled to service fees of supervising and preserving assets of the Fund as stipulated in the Fund Charter in accordance with the prevailing laws.
  - b) To participate in the periodic and irregular meeting of the General Meeting of Investors and the Board of Representatives.

#### **ARTICLE 40. Operations of the supervisory bank**

1. The scope of supervision limits only within the fund management company's activities relating to the fund for which the bank carries out the supervision function. In the operation of supervisory activities, custodian bank shall:
  - a. To co-ordinate with the fund management company to periodically review internal procedure of principle, method for defining fund's net asset value; to inspect and supervise the defining of fund's net asset value; to ensure that net asset value per unit of fund is correct, exact and in consistent with regulations of applicable law and this Charter.
  - b. To inspect, supervise investment activities and transactions of fund's assets, including assets that are not centrally registered at Vietnam Securities Depository; to inspect, supervise asset transactions between

fund, fund management company and affiliated persons. In case of detecting violations of provisions of law, custodian bank shall 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 the organization and implementation and the appraisal of results of merger, consolidation, dissolution and liquidation of the fund's assets.
  - d. To supervise, ensure legal status and only using fund's asset to make payment for expenditures consistent with regulations of law and this charter.
  - e. The fund management company may from time to time place cash held by the Fund with any bank in list of banks approved by the Board of Representatives, and the custodian bank shall, whenever receiving and follow instruction of the fund management company, transfer money of or by the instruction of the fund management company. Notwithstanding any other provisions herein contained the Custodian bank shall not be responsible for the safekeeping of cash placed with such bank or other persons and will not be liable for any loss occasioned by reason of the liquidation, bankruptcy or insolvency of such bank.
  - f. To inspect, supervise other activities of the fund management company in asset management of fund according to regulations of Article 98, Securities Law and this charter.
2. The custodian bank shall be liable to prepare and maintain files, documents in either hard copy or electronic files within 10 years for confirming the compliance of the custodian bank in supervising the fund management company in accordance with applicable laws. Such documents must be provided upon written request of SSC.
  3. The custodian bank shall be liable to provide the fund management company and appointed audit firm with necessary information in a timely, accurate and sufficient manner so that those organizations can fully implement the rights and obligations to the fund according to the applicable regulations of the laws and the this charter.
  4. The custodian bank shall reserve the right to check the fund management company, review, appraise the capacity of computer system and computer software, 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 custodian bank may fulfill their rights and duties to the fund as prescribed by applicable regulations of the laws.
  5. The custodian bank may use services provided by auditing firm and other organizations to implement such duties stipulated in Clause 4 of this Article. The custodian bank, organizations/individuals conducting examination and supervision over the fund management company at the custodian bank's request shall be responsible for keeping confidential all information of the fund management company, the fund and investors following applicable regulations. The report of examination with confirmation of relevant parties and other supporting documents must be provided to the fund representative board, SSC by any written request.
  6. In the case the fund management company must compensate to investors, the custodian bank must coordinate with the fund management company to execute payment timely and sufficiently to investors according to legal instructions of the fund management company. The custodian bank is in jointly charge and must compensate to investors and the fund in case of occurrence of damages because the custodian bank fails to adequately and timely implement responsibilities for supervising the fund's investment activities, determining the fund's net asset value and other supervision activities to the fund according to the applicable regulations of the laws. Compensation rate shall be implemented based on civil agreements between the fund management company and the custodian bank.

#### **ARTICLE 41. Termination of rights and obligations of the supervisory bank to the fund**

1. The Custodian bank shall terminate its's rights and obligations with respect to the Fund in the following events
  - a. Custodian bank is splitted, separated, dissolved, goes in bankruptcy, consolidated, merged or acquired by other fund, converse legal person temporarily ceases, terminates its operation, dissolves or declares bankruptcy; or The Custodian bank services license is revoked pursuant to the Article 51.2 of the Law on Securities;
  - b. Unilaterally terminate the custodian, supervisory contract;
  - c. The Fund is dissolved, merged or acquired by other fund;
  - d. Upon the decision of the General Meeting of investors;
  - e. Other cases comply with the provisions of law.

2. In the cases as stated in Clause 1 of this Article, the rights and obligations of the Custodian bank to the Fund are transferred to the other Custodian bank in accordance with the prevailing laws

## **Chapter VIII**

### **RELATED SERVICE PROVIDERS**

#### **ARTICLE 42. Authorized operations**

The fund management company may authorize for the following services:

1. Fund administration services:

- Making accounting records of transactions of a Fund: record the changes of cash inflows and outflows of the Fund;
- Preparing the Fund's financial statements; coordinating with and assisting Fund's auditing organizations in performing audits for the Fund;
- Determining the Fund's net asset value, the net asset value per fund certificate unit in accordance with legal regulations and the Fund's Charter;
- Carrying out other activities in accordance with legal regulations and the Fund's Charter.

2. Transfer Agent services:

- Preparing and managing the Main Register of investors; opening, tracking and managing the system of investors' trading accounts, omnibus accounts; confirming the ownership of open-ended fund certificates;
- Making records of buying orders, selling orders, switching orders of investors; carry out the ownership transfer of fund certificates; updating Main Registers;
- Supporting investors in implementation of rights related to the ownership of fund certificates of investors;
- Maintaining the communication channel with investors, distribution agents, state competent authorities and other competent organizations;
- Providing trading account statements, transaction confirmations and other documents;
- Other activities in accordance with provisions of law and contract signed with the fund management company.

#### **ARTICLE 43. Criteria for selecting related service providers**

1. Criteria about the adequacy of capacity, personnel system, experience and profession.

Service providers selected by the fund management company to provided related services shall be the organizations permitted by law in the field of service providing. At the same time, these organizations have organized a complete system storage facilities, data processing. Personnel system must be experienced, regularly trained and professional.

2. Criteria about organizational apparatus of related service supplying divisions of the authorized service provider, the system of professional process, the reporting and report approving system.

Between the relevant service departments of the authorized service providers must have mutual professional process and must provide an accurate system of reports and report's approval in accordance with the law.

#### **ARTICLE 44. Responsibilities of related service providers**

1. Principles of authorized activities:

The authorized service providers have to carry out works in accordance with authorization assigned in accordance with the provisions of the law and is responsible for their work.

2. Scope of operation, functions, tasks of authorized service providers:

- a. Fund administration services:

- Making accounting records of transactions of a Fund: record the changes of cash inflows and outflows of the Fund;
- Preparing the Fund's financial statements; coordinating with and assisting Fund's auditing organizations in performing audits for the Fund;

- Determining the Fund's net asset value, the net asset value per fund certificate unit in accordance with legal regulations and the Fund's Charter;
  - Carrying out other activities in accordance with legal regulations and the Fund's Charter.
- b. Transfer Agent services:
- Preparing and managing the Main Register of investors; opening, tracking and managing the system of investors' trading accounts, omnibus accounts; confirming the ownership of open-ended fund certificates;
  - Making records of buying orders, selling orders, switching orders of investors; carry out the ownership transfer of fund certificates; updating Main Registers;
  - Supporting investors in implementation of rights related to the ownership of fund certificates of investors;
  - Maintaining the communication channel with investors, distribution agents, state competent authorities and other competent organizations;
  - Providing trading account statements, transaction confirmations and other documents;
  - Other activities in accordance with provisions of law and contract signed with the fund management company.
3. Requirements about documents, books and databases:
- The documents and books related to the authorized services must be stored within the time limit prescribed by law by the authorized service providers. At the same time, authorized service provider shall take responsibility to create a database in accordance with the requirements of undertaking which be convenient and accurate as required by law.
4. The authorized service provider must implement authorized activities effectively, cautiously; take responsibility to keep confidential to all information relating to investors and partners of the fund management company;
5. The authorized service provider takes responsibility to supply the fund management company with independent auditing reports with the contents related to the authorization for checking, supervisory activities of the fund management company.

**ARTICLE 45. Responsibilities of the fund management company for authorized activities**

1. The authorization shall not decrease or change responsibilities of the fund management company to the fund;
2. Before signing the contract for using services of the authorized service provider, the fund management company must appraise the capacity, material facilities, technical and information technology infrastructure of the authorized service provider to ensure that the authorized service provider has professional procedure, sufficient capacity of personnel and the system to implement authorized activities, including the internal control system, material facilities equipment, technical solutions, the system of disaster prevention, hot prevention, personnel with experience and professional qualification;
3. To regularly check, supervise to ensure that authorized activities are implemented in a cautious, safe way according to the legal regulations and the regulations at this Charter; ensure that the service quality supplied by the authorized service provider is appropriate to the criteria and request by the fund.
4. The fund management company may use independent consultants, services supplied by professional organizations and other cooperation activities in order to implement the responsibilities provided;
5. To maintain personnel with experience, profession and required operation to have capacity of supervising, identifying and effectively managing risks arisen from authorized activities;
6. To construct with the process, system ensured at all times when the fund management company, the independent auditing company, the State's competent management agency may access to necessary information to check, supervise authorized activities, evaluate and manage risks arisen from the authorized activities;
7. The fund management company must take full responsibility arisen from the authorization. The fund management company must ensure the continuity for authorized activities, interruption and harmless to the investment operation of investors;
8. To adequately, opportunely and accurately provide relevant information to the authorized service provider who may fully, opportunely execute all rights, obligations and responsibilities in the authorization;
9. To completely, opportunely and accurately store directives, requests and documents sent to the authorized service provider to implement the authorization.



10. At least once per year, the fund management company must prepare the reports on assessing the performance of authorization with the following contents:
  - a. Expenses payable to the authorized service provider compared to the profit, income, total operating expenses of the fund;
  - b. Influences (if any) of the authorization on the profit and risk degree of the fund;
  - c. Total expenses for the authorization payable to the authorized service provider (in case the authorized service provider supplies many services to the fund management company);
  - d. To assess the capacity of maintaining the system of internal control, risk management, security, technical infrastructure, the system of hot prevention, disaster prevention...of the authorized service provider, ensure the authorization to be fluent, harmless to the investment operation of investors.

#### **ARTICLE 46. Termination of the authorization**

1. The authorized service provider shall terminate its's rights and obligations with respect to the Fund authorized by the fund management company in the following events:
  - a. The authorized service provider request to terminate its' rights and obligations;
  - b. The authorized service provider terminates its operation, is dissolved, goes in bankruptcy;
  - c. At the request of the fund management company;
  - d. At the request of the General Meeting of investors;
  - e. The Fund is dissolved;
  - f. The Fund is merged or acquired by other fund which approved by diction of the General Meeting of investors;
  - g. The services license of authorized sevice provider is revoked;
  - h. The authorized service provider is merged or acquired by other service provider.
2. The rights and obligations of the authorized service provider to the Fund are terminated from the time of completion of the handover of rights and obligations to the Fund for the replacing authorized service provider or for the management company. The replacing authorized service provider must establish the handover minutes between two authorized service providers/ the fund management company and certified by the fund management company.

### **Chapter IX**

#### **DISTRIBUTION AGENT**

#### **ARTICLE 47. Criteria for selecting distribution agent**

1. Being securities firm having brokerage business, fund management company, custodian Bank, insurance company, commercial bank. In case of commercial bank and insurance company, it is required to conduct procedures to register with SSC for distributing fund certificates;
2. Having at least one business place that is selected as distribution place for open ended fund certificates at the time of registration which meet all requirements of distribution place of open ended fund certificates;
3. Having procedures on fund certificate distribution, including the process, procedure of analysis, update and identification of investor' and beneficiaries' information, code of conducts applied to staff who deal with fund certificate distribution, internal rules on prevention of late trading and arbitrage activities based on taking advantage of time differences, market timing in accordance with international practices.

#### **ARTICLE 48. Operations of distribution agent**

1. Operations of a distribution agent shall include:
  - a) To gather and consolidate information on investors and beneficiaries as required by legal regulations on securities, regulations on anti-money laundering and prevention of terrorist financing;
  - b) To receive and transmit transaction orders to the fund management company, related services providers in a timely and accurate manner; the distribution agents are not allowed to consolidate, offset the trading orders, or receive funds directly and settle transactions of fund certificates for investors;
  - c) To support investors to conduct procedures to change information in the main register; to confirm investor's ownership of fund units, to transfer of ownership in accordance with provisions of law;

- d) To maintain a continuous and smooth communication channel with investor, to keep investors updated with accurate, adequate and timely information, to answer questions of investors about the offered fund products to consolidate the statement of trading accounts of fund certificates; to provide investors with prospectus, simplified prospectus, the fund's financial statements, documents about general meeting of investors and other information; to conduct information disclosure and reporting as authorized by the fund management company;
- e) To support the fund management company or related services providers to organize general meeting of investors; to receive delegation to participate and vote at general meeting of shareholders upon written requests of investors;
- f) To synthesize, store data on investors and transactions of investors to the Fund management company, related services providers, the SSC upon request of the fund management company and SSC as required by these organizations.

2. Omnibus agent is allowed to execute operations in accordance with provisions of law.

#### **ARTICLE 49. General provisions on fund certificate distribution**

1. Distribution agent and staff who deal with fund certificate distribution shall be voluntary, fair, and truthful to investors, provide all information to investors on an accurate and timely basis to enable investors to make investment decisions on their own. Information, data, economic forecast provided to investors must be based on real events and enclosed with references that professional financial organizations issue and publicly announce. Fund certificate distribution officers shall not provide information that is not yet verified, rumor or misleading information to investors.
2. Distribution officers may offer fund certificates only after investors are provided with the fund's charter, prospectus, simplified prospectus, contracts which are referred in the prospectus and the most updated reports on the fund performance. Distribution officers shall explain to the investors to ensure that investors understand contents of the fund's charter and prospectus, especially investment objectives and policies, investment strategy to achieve such objectives, features of risks and profit, profit distribution policies, taxes, fees and charges and other expenses, mechanism of fund certificates transactions.
3. Distribution officers shall provide adequate and accurate information on performance of the fund with implication that such historical operating performance is for reference only and may be changed due to the market situation.
4. Distribution officers are not allowed either to provide untrue information, information that magnifies the truth easily leading misunderstanding, provide inadequate and incomplete information, to forecast future events with a view to attract, persuade investors to purchase fund certificates. It is not allowed to cause misunderstanding about profit characteristics and risks of such fund certificates. On comparing this fund certificate with certificates of other open-ended funds, difference among these funds must be clarified and highlighted to the investors for them to choose. It is prohibited to directly or indirectly conduct activities to attract or incite the investors to purchase high risk fund certificates when the investors have not yet understood all about implicit risks of investing into the fund, or in case such funds are inappropriate for the investment objectives and financial capacity of the investors.
5. Distribution agents and distribution officers must keep information on the investors, information on the investors' transactions confidential; they are not entitled to use such information for any purposes otherwise upon the approval of investors or the request of state competent authorities.
6. Distribution agents are not allowed to discount or reduce transaction price of fund certificates in any form. It is prohibited to offer gifts or physical/financial benefits to encourage investors to purchase fund certificates; it is prohibited to propose, request or receive in their own name or the name of their organization from the fund management company any remuneration, income or interest for the purpose of persuading investors to buy fund certificates in addition to the fees announced at the prospectus and distribution contracts signed with the fund management company.
7. Distribution agents shall not be allowed to distribute fund's certificates at business places which have not yet registered for operation or have not been granted operation certificates pursuant to the applicable regulations or have not notified the State Securities Commission. Distribution agents shall take full responsibility for operations of fund certificates distribution places and distribution officers while distributing fund certificates to investors.

8. The fund management company and distribution agent must annually organize training to enhance knowledge and capability of fund certificate distribution officers. Information on annual training of the fund management company and distribution agent needs to be attached to operational annual report of the fund management company

## **Chapter X**

### **ACCOUNTING, AUDITING, AND REPORTING SYSTEM**

#### **ARTICLE 50. Criteria for selecting and changing the auditing firm**

Each year, Fund Management Company shall propose at least two (2) auditing companies to the General Meeting of investors. In case the General Meeting of investors authorizing the Board of Representatives as stated in Clause 20 Article 29 of this Charter, the Board of Representatives shall determine an auditing company to conduct auditing for the Fund. Selected auditing company shall satisfy the following conditions:

- (i) Having obtained auditing licence by the Ministry of Finance;
- (ii) Having full capacity to provide auditing service;
- (iii) Having approved the SSC for providing auditing services to the Fund;
- (iv) Not being a affiliated person to the Fund Management Company or the Custodian bank.

#### **ARTICLE 51. Fiscal year**

1. The Fiscal year is twelve months calculated from 1<sup>st</sup> January to 31<sup>st</sup> December each calendar year. The first Fiscal year of the Fund shall commence on the date the SSC grants the certificate of establishment of a fund/license for establishment and operation to the Fund and end on 31<sup>st</sup> December of that year.
2. In case the period from the date the SSC grants the certificate of establishment of a fund/license for establishment and operation to 31<sup>st</sup> December of the same year is less than 90 days, the first Fiscal year of the Fund shall commence on the issuance date of the establishment and operation license and end on the 31<sup>st</sup> December of the following year.

#### **ARTICLE 52. Accounting regime**

The Fund shall apply the Vietnamese Accounting Standard (VAS) and comply with other regulations related to the accounting works of the Fund as provided for by the competent bodies.

#### **ARTICLE 53. Financial Reports**

1. The Fund Management Company shall be responsible for prepare the periodic financial reports on the business results and financial status of the Fund and other necessary reports to demonstrate the Fund's business activities.
2. Financial reports shall be audited independently and annually by a selected auditing company. The copies of auditing report and operation report of the Fund will be sent to each Member of the Board of Representatives and published on the website of the Fund Management Company for the reference of fund's investors.

#### **ARTICLE 54. Other reports**

The Fund Management Company shall comply with the prevailing regulations of law on report and disclosure of information related to the business of the Fund

## **Chapter XI**

### **NET ASSET VALUE OF THE FUND**

#### **ARTICLE 55. Valuation of the Net Asset Value**

1. The fund management company shall determine the net asset value of the fund and the net asset value of a fund unit based on market price, or fair price (in the absence of the market price) of the assets in fund's portfolios.
2. The net asset value of the fund and the net asset value of a fund unit must be certified by the supervisory bank. The value certification must be made in writing, or the access via the electronic information system of the supervisory bank is approved by the fund management company. If the valuation is incorrect, the supervisory bank must notify and request the fund management company to adjust it within 24 hours.
3. The net asset value of the Fund shall be evaluated weekly and verified by Supervisory Bank. Within 03 working days from the date of valuation, the net asset value of the fund and net asset value of a fund unit shall

be posted on the websites of the fund management company, relevant service providers, distributors and mass media in accordance with the regulations on information disclosure in the stock market.

4. The fund management company may authorize relevant service providers to determine the net asset value of the fund, the net asset value of a fund unit based on the price offered by quotation service providers. The fund management company is responsible for inspecting, supervising in order to ensure that the determination of the net asset value is accurate and in compliance with laws.
5. The net asset value of a fund unit is the net asset value of the fund divided by the total number of circulating fund units on the trading day closest to the valuation day. The net asset value shall be rounded according to regulations on accounting and auditing. The residual amount after the rounding shall be included in the fund.

#### **ARTICLE 56. Principles of Valuation Method of the Net Asset Value**

##### 1. Date of valuation

The Fund's NAV is valued on the weekly and monthly basis. The valuation date is on every Thursday (for weekly term) and on the first day of the next month (for monthly term). In case the valuation date of weekly term falls in a holiday, the valuation date shall be carried on the next working day right after. For monthly term, the valuation date is always on the first day of the next month regardless it falls in a holiday. In case the fund management company changes the valuation date, the company shall get the approval from the Board of Representative before execution.

##### 2. Method of valuation

The NAV means the total asset value owned by the Fund subtracts its related liabilities (such as brokerage fees, Custodian Bank fees, administrative duties, valuation fees, bank interests, if any etc.) at the date prior to the valuation date. Asset value is determined by market value or reasonable price (in the absence of market value or the market price is highly volatile under the provisions of fund's valuation Manual which is approved in written by the Board of Presentatives).

The valuation is specified as follows:

No.	Type of asset	Principle for valuation of the transactions on the market
<b>Cash and cash equivalents, money market instruments</b>		
1.	Cash (VND)	Cash balance on date before the valuation date
2.	Foreign currency	The value is converted to VND according to the prevailing exchange rate of Vietcombank at the date prior to the valuation date
3.	Term deposit	Deposit value plus unpaid interest as of the date prior to the valuation date
4.	Treasury bills, bank notes, commercial papers, transferable deposit certificates, bonds with the time to maturity of less than 3 months and discounted money market instruments	Purchase price plus accrued interest as of the date prior to the valuation date
<b>Bonds</b>		
5.	Listed bonds	<ul style="list-style-type: none"> <li>- Quoted price or other name, depending on the internal regulations of the Stock Exchange (clean price), on the trading system of the Stock Exchange on date having latest transactions prior to valuation date plus accrued interest;</li> <li>- In case of no transaction in more than two (02) weeks until valuation date or in case the market price is highly volatile under provisions of fund's Valuation manual which is approved in written by the Board of Presentatives, it shall be valued according to the following order:               <ul style="list-style-type: none"> <li>+ Price determined by the method which is approved by the fund representative board (detailed in the Valuation Manual); or</li> <li>+ Purchase price plus accumulated interest; or</li> <li>+ Face value plus accumulated interest.</li> </ul> </li> </ul>
6.	Unlisted bonds	it shall be valued according to the following order:

		<ul style="list-style-type: none"> <li>+ Quoted price or other name, depending on the internal regulations of the Stock Exchange (clean price), on quotation systems plus coupon accrued to the date prior to valuation date; or</li> <li>+ Average price of quotations (average of trading prices in the period) of at least three (03) quotation providers which are not related parties and approved by Fund's BOR.</li> <li>+ Price determined by the method which is approved by the fund representative board (detailed in the Valuation Manual); or</li> <li>+ Purchase price plus accrued interest; or</li> <li>+ Face value plus accrued interest.</li> </ul>
7	Convertible bonds' rights	<ul style="list-style-type: none"> <li>- Average price of quotations of three (3) quotation providers which are not related parties and approved by Fund's BOR; or</li> <li>- In case of no trading prices, the valuation is determined according to the method approved by the Representative Board.</li> </ul>
<b>Shares</b>		
8.	Shares listed on Ho Chi Minh City or Hanoi Stock Exchange	<ul style="list-style-type: none"> <li>- Closed price (or other name depending on internal regulations of the Stock Exchange) on date having latest transaction prior to valuation date;</li> <li>- In case of no transaction in more than two (02) weeks until the date prior to the valuation date, it shall be valued according to the following order: <ul style="list-style-type: none"> <li>+ Closed price (or other name depending on internal regulations of the Stock Exchange) on date having latest transaction within 12 months prior to valuation date; or</li> <li>+ Purchase price (cost price); or</li> </ul> </li> <li>+ Book value; or</li> <li>+ Price determined by the method which is approved by the fund representative board</li> </ul>
9.	Shares of public companies registered for trading on UpCom system	<ul style="list-style-type: none"> <li>- Closed price (or other name depending on internal regulations of the Stock Exchange) on date having latest transaction prior to valuation date;</li> <li>- In case of no transaction in more than two (02) weeks until the date prior to the valuation date, closed price (or other name depending on internal regulations of the Stock Exchange) on date having latest transaction within 12 months prior to valuation date will be used; or+</li> <li>+ Purchase price (cost price); or</li> <li>+ Book value; or</li> <li>+ Price determined by the method which was approved by the fund representative board.</li> </ul>
10	Shares which are registered for being deposited but not listed, not registered for being traded.	<ul style="list-style-type: none"> <li>- Average price of quotations (average price of tradings in the period) of at least three (03) quotation providers, which are not related parties approved by Fund's BOR, at nearest trading date prior to the valuation date.</li> <li>In case of not having at least three (03) quotations which are not related parties approved by Fund's BOR, the valuation will be determined according to the following order; <ul style="list-style-type: none"> <li>+ Average price of any two (02) quotation providers, which are not related parties approved by Fund's BOR; or</li> <li>+ Price of the nearest NAV but not more than three (3) months to the valuation date; or</li> <li>+ Purchasing price; or</li> <li>+ Book value; or</li> </ul> </li> </ul>

		+ Valuation approved by the representative board
11	Shares suspended to transact, or cancelled listing or transaction registration	It shall be valued according to the following order: + Book value; or + Face value; or + Price determined by the method which is approved by the fund representative board.
12	Shares of organizations falling into winding-up or bankruptcy	It shall be valued according to the following order: - 80% of liquidating value of such shares on latest date of preparing balance sheet prior to valuation date; or - Price determined by the method which is approved by the fund representative board.
<b>Derivative securities</b>		
13	Listed derivative securities	Closed price on latest transaction date prior to valuation date
14	Listed derivative securities without transaction from or more than two weeks	Price determined by the method which is approved by the fund representative board.
15	Commitment value of derivative contracts	Regulated in item 3 below of this article
<b>Other assets</b>		
16	Other permitted investment assets	Price determined by the method which is approved by the fund representative board.

*Note :*

- Accrued interest is the interest which is calculated from the latest time for paying interest to the time prior to valuation date;
- Book value of a share is determined on basis of audited or reviewed latest financial statements.
- Date means calendar dates.
- Principles for valuation are detail in The manual of valuation.
- VFMVF1's total payable liabilities include its debts or obligations up to the date prior to valuation date, and valuation methods for all such payable liabilities and obligations must be certified by the Custodian Bank in accordance with relevant laws.

**The fund's NAV = Fund's total assets – Fund's total liabilities payable**

The fund unit value is equal to the fund's net asset value divided by total in-circulation units at the transaction date prior to the valuation date, and shall be rounded to 2 decimals.

3. Commitment value from derivative contracts
  - a. Commitment value (global exposure) is the value converted to money which securities investment funds/companies are parties with the obligation of contract implementation. The commitment value is determined upon the market value of outstanding assets, payment risks, market changes and the time necessary for position liquidation.
  - b. In calculating the commitment value, fund management company may apply:
    - Net offset principle of derivative position (reverse) for the same outstanding security, for example the purchase position of XYZ securities call option reduces (makes up) the commitment value from the sale position of XYZ securities call option;
    - Net offset principle of derivative position and spot delivery position of the same security, for example the purchase position (holding) of XYZ securities makes up (reduces) the commitment value deriving from the sale position of XYZ securities call option ;
    - Other principles according to the international practice ensure the risk administration.

No.	Type of assets	Commitment value
1	Stock option (purchase of	The market value of option position <sup>2</sup> is adjusted by delta coefficient

	put option, sale of put option, sale of call option)	of option = Number of contracts x Volume of shares per contract x current market value of share x delta coefficient <sup>3</sup>
2	Bond option (purchase of put option, sale of put option, sale of call option)	Market value of option position <sup>4</sup> is adjusted by delta coefficient of option = Number of contracts x nominal 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 an index point 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 transferable bonds
5	Other contracts	Upon the model selected by the fund management company, agreed with the supervisory bank and approved by the fund representative board.

Note:

<sup>2</sup> If the fund holds long position, the market value may be adjusted to increase premium.

<sup>3</sup> Delta coefficient is the simple derivative of option price over underlying securities price. In the simple case, the delta coefficient may be considered 1. In case of complex option, the delta coefficient shall be determined by fund management companies, supervisory banks after being approved by the Fund Representative Board.

<sup>4</sup> If the fund holds long position, the market value may be adjusted to increase premium.

#### **ARTICLE 57. Procedures of valuating the fund's assets**

1. Before the date of valuation:

All transactions up to prior date of valuation will be recorded following the fund accounting rules at the date of occurrence:

- Securities trading transactions;
- Payment transactions for expenses related to the Fund's operations and deposit transactions;
- Corporate actions related to securities held by the Fund recorded on ex-date rule;
- Previous successful subscription & redemption transactions;
- Reconciliation all balances of cash and securities with custodian bank.

2. At the date of valuation:

- Accrue bank interest income till the date prior valuation date;
- Accrue fee & expenses till the date prior valuation date (fund management fee, custodian fee, supervising fee, transfer agent fee, bank fee...);
- Reconcile cash and securities balances with custodian bank;
- Collect market prices from Hanoi and Hochiminh stock exchanges, bond yields from Bloomberg or Reuter and other allowed price sources
- Method of NAV calculation as detailed in Article 56 of this Charter.

#### **ARTICLE 58. Compensation of damages to investors, the fund**

VFMVF1, investors shall be compensated in the case the fund's net asset value is misjudged and the degree of error is achieving 1% of the net asset value or more.

1. In case the Fund is under-valuated, the compensation amount to the fund and investors are defined as follows:

- a. For investors purchasing fund certificates prior to the incorrect valuation period and selling fund certificates during the incorrect valuation period: the compensation amount shall be based on the deviation levels and the number of fund units sold by investors. The compensation amount will be charged to VFMVF1;
  - b. For the fund: the compensation amount shall be determined based on the deviation levels and the number of fund units sold by the fund during the incorrect valuation period and the number of fund units in circulation. The compensation amount will be charged to the fund management company;
2. In case the fund is over-valuated, the compensation amount to the fund and investors shall be defined as follows:
- a. For investors purchasing fund certificates during the incorrect valuation period and continuing to hold such fund certificates after the incorrect valuation period: the compensation amount shall be determined based on the deviation levels and the number of fund units purchased and still held after the incorrect valuation period. The compensation amount will be charged to VFMVF1;
  - b. For the fund: The compensation amount shall be determined based on the deviation levels and the number of fund units issued prior to the incorrect valuation period and repurchased during that period. The compensation amount will be charged to the fund management company;

**ARTICLE 59. Principles, criteria for selecting, changing quotation providers**

1. Each year, the fund management company shall select and submit the Board of Representatives to approve a list of quotation service providers to provide a quote for the Fund. The selected quotation service provider must satisfy the following conditions:
  - a. Have function and be licensed to provide quotation service.
  - b. Fully able to provide a quote.
  - c. Not the affiliated persons of the fund management company or custodian bank
2. Events and/or Criteria for changing quotation providers: when incurring one of the followings:
  - a. The Fund Management Company opens a security trading account at the security company which is the quotation of the Fund.
  - b. The quotation provider is not functioned or licensed to provide quotation service.
  - c. The quotation provider becomes related people of the fund management company or custodian bank.
  - d. There is changes of governmental ageneies relating to quotation.

**Chapter XII**

**INCOME AND DIVIDEND POLICY**

**ARTICLE 60. Income of the Fund**

Income of the Fund includes:

1. Dividend
2. Bond interest
3. Deposit interest
4. Difference between the sale and purchase arising from the investment activities of the Fund.
5. Other income, if any, from the investment of properties of the Fund.

**ARTICLE 61. Dividend policy**

1. To minimize the cost incurred, VFMVF1 funds will not distribute profits.
2. The entire profit of the Fund arising during operation will increase the cumulative net asset value of the Fund.

**Chapter XIII**

**FEES AND EXPENSES**

**ARTICLE 62. Fees paid by investors**

1. Subscription fees at the trading cycles after conversion



- Subscription fee is the fee that investors pay when buying a fund unit at the issue of fund certificates to the public after conversion of the fund. This fee shall be payable upon the issuance and counted as a percentage of the subscription amount.
- Subscription fee shall be 1% of the subscription amount. Subscription fee is deducted against subscription amount before calculating the number of fund units distributed.
- This fee will be paid to the fund management company and distribution agents. The payments to distribution agents will be calculated based on the distribution contracts signed between the fund management company and distribution agents. Custodian and supervisory bank will transfer corresponding fees directly to the fund management company and distribution agents based on the calculation of the related service provider and payment instructions of the fund management company. Fund management company and distribution agents will issue tax invoices for investors for the fee they pay.

In case that the fund management company obtains promotions causing the change in the subscription fee during a fixed period of time, the company shall announce on website of VFM and distribution agencies.

## 2. Redemption fee

- Redemption fee is the fee that investors must pay when selling a fund unit at the next subsequent trading cycles. Such fee is subtracted from redeemed amount and payable as the fund pays to investors and counted as a percentage of the redeemed amount.
- Redemption fee at trading cycles shall be applied as the following:
  - o Redemption fee shall be 2% of the redeemed amount, if the holding period is within 12 months (365 days) since the subscription date.
  - o Redemption fee shall be 1% of the redeemed amount, if the holding period is from 12 months (365 days) to 24 months (730 days) since the subscription date.
  - o Redemption fee shall be 0.5% of redeemed amount, if the holding period is more than 24 months (730 days) since the subscription date.
  - o For fund certificates holding by investors at recording date for delisting close-ended fund certificates to convert to open-ended fund: redemption fee is 0.5% of the redeemed amount.
- The holding period is determined by "first in, first out" principle (FIFO).
- In case that the fund management company obtains promotions causing the change in the redemption fee during a fixed period of time, the company shall announce on website of VFM and distribution agencies.
- This fee will be paid to the fund management company and distribution agents. The payments to distribution agents will be calculated based on the distribution contracts signed between the fund management company and distribution agents. Custodian and supervisory bank will transfer corresponding fees directly to the fund management company and distribution agents based on the calculation of the related service provider and payment instructions of the fund management company. Fund management company and distribution agents will issue tax invoices for investors for the fee they pay.

## 3. Switching fee

- Investors shall pay switching fee when placing switching order at trading cycle after the conversion of VFMVF1.
- Investors shall not pay any subscription or redemption fee for the switching units.
- Switching fee shall be 0.3% of the trading amount of the switched fund.
- This fee will be paid to the fund management company and distribution agents. The payments to distribution agents will be calculated based on the distribution contracts signed between the fund management company and distribution agents. Custodian and supervisory bank will transfer corresponding fees directly to the fund management company and distribution agents based on the calculation of the related service provider and payment instructions of the fund management company. Fund management company and distribution agents will issue tax invoices for investors for the fee they pay.

## ARTICLE 63. Fees paid by the fund

### 1. Management fee

- The maximum management fee is 2% of VFMVF1's NAV per fiscal year. This fee is paid for VFM to carry out the fund management service for VFMVF1. This fee applied for each period will be determined by VFM to ensure that the total amount of management fee and other fees (if any) paid by the fund to VFM comply with laws. When there is a change in management fee rate applied, VFM shall notify this change to the Board of Representatives and Supervising bank, and update this change in the Prospectus. VFM shall inform the management fee rate applied for the period immediately after the fund conversion to the Board of Representatives and Supervising bank, and announce this rate on VFM's web site before the first valuation after the Fund is permitted to convert to open-ended fund.
- The monthly payable fee is the total fee calculated (accrued) of valuation cycles in a month.
- Management fee of each valuation cycle is calculated as below:  
Management fee = management fee % per year x NAV on the day prior to the valuation day x actual days in the valuation cycle/ actual days in a year (365 or 366)
- In case that the fund shall value NAV monthly, the monthly management fee is calculated as below:  
Monthly management fee = [management fee % per year x NAV on the day prior to the valuation day of the first valuation cycle in the month x actual remaining days from the beginning of the month to the day prior to the valuation day of the first valuation cycle in the month / actual days in a year (365 or 366)] + total management fees of the remaining valuation cycles in the month + [management fee % per year x NAV on the day prior to the valuation day of the last valuation cycle in the month x actual remaining days in the month/ actual days in a year (365 or 366)]

### 2. Depository and supervision fee

- Depository and supervision fee shall be paid to the Custodian and Supervising Bank for providing the custodian and supervising services for the Fund. This fee is calculated at every valuation cycle based on the NAV of day prior to the valuation day and payable every month. The monthly fee is the total fee calculated (accrued) of valuation cycles in a month.
- The maximum supervision fee is 0.035% of NAV per year. The minimum monthly supervising fee is VND14.25 millions.
- The maximum depository is 0.06% of NAV per year. The minimum monthly depository fee is VND10.5 millions. This depository fee excludes securities trading fee which is VND100,000/transaction and capped at 0.05% NAV per year. The NAV is used for this calculation is the average NAV within a month and the cap will be reviewed and adjusted monthly.
- The above fee does not include other regular operating fees such as fee payable to Depository center, legal fee, mailing fee, etc.
- The maximum supervision and depository fee is complied with law.
- The monthly fee is the total fee calculated (accrued) of valuation cycles in a month.
- Depository and supervision fee for VFMVF1 at each valuation cycle is calculated as below:  
Depository and supervision fee (not include securities trading fee) = % Depository and supervision fee (year) x NAV on the day prior to the valuation day x actual days by calendar of the valuation cycle/ actual days in a year (365 or 366)
- In case that the fund shall value NAV monthly, the monthly Depository and supervision fee is calculated as below:  
Monthly Depository and supervision fee (not include securities trading fee) = [% Depository and supervision fee (year) x NAV on the day prior to the valuation day of the first valuation cycle in the month x actual remaining days from the beginning of the month to the day prior to the valuation day of the first valuation cycle in the month / actual days in a year (365 or 366)] + total Depository and supervision fees of the remaining valuation cycles in the month + [% Depository and supervision fee (year) x NAV on the day prior to the valuation day of the last valuation cycle in the month x actual remaining days in the month/ actual days in a year (365 or 366)].

Details of fees and payment term are regulated in the service agreement between FMC and the service provider.

### 3. Fund administration fee

- The fund administration fee is the fee VFMVF1 pay for the fund administration service provider.
  - The fund administration fee is 0.02% of NAV per year and payable monthly. The minimum fee is VND14.25 millions per month.
  - The monthly payable fee is the total fee calculated (accrued) of valuation cycles in a month.
  - Fund administration fee for VFMVF1 at each valuation cycle is calculated as below:  
Fund administration fee = % fund administration fee (year) x NAV on the day prior to the valuation day x actual days of the valuation cycle/ actual days in a year (365 or 366)
  - In case that the fund shall value NAV monthly, the monthly fund administration fee is calculated as below:  
Monthly fund administration fee = [% fund administration fee (year) x NAV on the day prior to the valuation day of the first valuation cycle in the month x actual remaining days from the beginning of the month to the day prior to the valuation day/ actual days in a year (365 or 366)] + total fund administration fees of the remaining valuation cycles in the month + [%fund administration fee (year) x NAV on the day prior to the valuation day of the last valuation cycle in the month x actual remaining days in the month/ actual days in a year (365 or 366)].
- Details of fees and payment term are regulated in the service agreement between FMC and the service provider.

### 4. Transfer agent fee:

- Transfer agent fee is the fee the Fund pays for the transfer agent service-provider. This fee pays for services mentioned in Article 42.2 of this Charter and includes:
  - Investor maintenance fee is VND10 million/month and pays monthly.  
This fee calculated at each valuation cycle equals to VND10 millions divided by actual days of the month and timed with actual days of the valuation cycle.
  - Subscription, redemption and switching fee is 0.01% of the transaction value of subscription, redemption and switching order and pay monthly.
- Transfer agent fee is paid monthly.
- The maximum TA fee is 0.03% of NAV per year. The NAV is used for this calculation is the average NAV within a month and the cap will be reviewed and adjusted monthly.
- Details of fees and payment term are regulated in the service agreement between FMC and the transfer agent service provider.

The above fees are exclusive of VAT (if applicable) in accordance with the law.

### **ARTICLE 64. The fund's operation expenses**

Operating expenses of the fund shall include after-tax expenses as follows:

1. Asset management fees paid to the fund management company;
2. Expenses for fund assets depository and supervision fees paid to the Custodian Bank;
3. Fund administration fees, transfer agent fees and other fees Fund management company has to pay to relevant service providers;
4. Expenses and fees relating to auditing services for the Fund;
5. Legal advisory fee, quotation fee and other reasonable fees for the Fund;
6. Expenses relating to printing, publication, and information of the Fund's activities, issuance of prospectus, simplified prospectus, financial reports, annual reports, trading confirmation statements, account statements, and other documents for investors, expenses for fund public announcement; expenses for organizing and convening of General Meeting of Investors and Board of Representatives;
7. Reasonable, valid brokerage fee relating to the transactions of the Fund's assets;
8. Expenses for engaging independent organizations to provide valuation, asset valuation services for the Fund;
9. Expenses for amending the Charter for the benefit of Investors;
10. Remuneration for the Board of Representatives;
11. Other reasonable, valid fees and expenses as decided by the Board of Representatives;
12. Insurance expenses (if applicable)
13. Administration fee (fee for issuance certificate);

14. Tax, cost, and fee payable in accordance with the laws;
15. Interest payable from loans incurred by the Fund in accordance with the laws and the Charter;
16. Other reasonable, valid fees and expenses in accordance with the laws.

## **Chapter XIV**

### **FUND REORGANIZATION**

#### **ARTICLE 65. Conditions for the fund consolidation, merger**

1. The fund consolidation, merger shall be only carried out in the cases provided by the law and approved by the General Investors Meetings.
2. The fund consolidation, merger must be approved by the SSC.

#### **ARTICLE 66. Conditions for the fund splitting**

1. The fund splitting must be approved by the General Investors Meetings in the following cases:
  - a) The fund management company fails to determine the fund's net asset value at the valuation date when open-ended fund certificates are redeemed because the Stock Exchange decides to suspend the securities transaction in the fund's portfolio;
  - b) Other events provided by the Fund Charter or the SSC considers necessary.
2. The fund splitting must be approved by the SSC

#### **ARTICLE 67. Conditions for the fund dissolution**

1. The fund dissolution, liquidation shall be carried out in the following cases:
  - a) The fund management company is dissolved, bankrupted or its License for Establishment and Operation is revoked without appointment of replacing fund management company within two (02) months from the date of arising the event;
  - b) The fund management proposes to terminate the rights and obligations to the Fund without appointment of replacing fund management company within two (02) months from the date of arising the event;
  - c) The custodian bank is dissolved, bankrupted or its supervision contract is unilaterally terminated or terminated by the fund management company; or the License of Registration for securities depository is revoked by the fund management company fails to establish a replacing supervisory bank within two (02) months from that date of arising the event;
  - d) The custodian bank requests termination of the supervisory contract without appointment of a replacement custodian bank within two (02) months from that date of arising the event;
  - e) The fund's net asset value is reduced below ten (10) billion in six (6) consecutive months;
  - f) The fund dissolution as determined by the General Investors Meetings;
2. The fund liquidation and dissolution is made subject to the legal regulations

## **Chapter XV**

### **SETTLEMENT OF CONFLICTS OF INTERESTS**

#### **ARTICLE 68. Control of conflicts of interests between the Fund and other funds investment trust clients of the fund management company and between the Fund and the fund management company**

1. The Fund management company shall:
  - (i) Separate the investment strategies and objectives of each fund managed by VFM;
  - (ii) Separate VFM's assets from the Fund's assets and the investors' assets entrusted to VFM for its management; separate assets of the funds managed by VFM.
2. All securities transactions of members of the Board of Management, Investment Council, Chairman of the Fund Manager, members of the Board of Directors, Inspection Committee, the compliance officer, fund management practitioners and staff of the manager of the Fund shall be reported to the internal audit department both prior to or after such transactions, as required by law.
3. An internal system for controlling and managing risks has been established to ensure that any conflict of interests arising within the Fund Manager shall be under control.

## Chapter XVI

### INFORMATION DISCLOSURE AND AMENDMENT, SUPPLEMENTATION OF THE CHARTER

#### ARTICLE 69. Information disclosure

1. Disclosure of information of operation of VFMVF1 shall be conducted according to provisions of information disclosure on securities market.
2. Notice of meeting of the Board of Representatives shall be deemed as properly informed to each member of the Board of Representatives if it is notified verbally or in writing to the address which is provided to Fund by that Member of the Board of Representatives.
3. Prospectus, simplified prospectus, audited financial statements, half-year financial statement; monthly, half-year and annual operation reports of the fund will be provided to investors on our website and distribution agents, or send via investors' emails.
4. Letters of convene, notices, demands, or documents which need to be delivered to the Fund or Fund operator shall be sent by hand or by post to address of office registered by Fund, in a stamped envelope bearing name of the Fund or Fund operator.
5. The Fund Management Company must disclose information according to provisions of Law on Securities and securities market.

#### ARTICLE 70. Amendment of the Charter

The Fund Charter shall only be amended or supplemented by a approval by the General Meeting of investors.

#### ARTICLE 71. Registration of the Charter

1. This Charter includes 16 Chapters, 72 Articles and 3 Appendixes is approved by the General Meeting investors according to Resolution of General Meeting of Investors No. 08/VF1-2013/NQDH dated on 27th June, 2013 and takes effect as the date when SSC revised the VFMVF1 Fund Establishing Certificate.

VFMVF1 Charter is amended and supplemented at the first time including 16 Chapters, 72 Articles and 3 Appendixes according to Resolution of General Meeting of investors No. 08/VF1-2013/NQDH dated on 27/06/2013 and Document no. 184.13/CV-VF1 dated 26/08/2013 and takes effect as the date when SSC revised the VFMVF1 Fund Establishing Certificate.

Extracted part or copies of this Charter which are provided by office of the Fund shall be valid when and only bearing signature of the Chairman of the Board of Representatives or legal representative of the Fund Management Company.

2. This Charter is made five (05) versions in Vietnamese. In which:
  - One (01) is registered at the government agency as stipulated by law;
  - Two (02) is kept at the head office at the Fund;
  - One (01) is kept at the head office at the Fund Management Company;
  - One (01) is kept at the head office at the Custodian bank.

#### ARTICLE 72. Implementation provisions

The Fund shall be officially established after SSC issues Certificate of fund registration. The Fund Management Company is liable for completing all dossier and procedure in according with provision of the prevailing laws.

The following appendices are attached herewith

Appendix 1: COMMITMENTS OF THE FUND MANAGEMENT COMPANY

Appendix 2: COMMITMENTS OF THE SUPERVISORY BANK

Appendix.3: GENERAL COMMITMENTS OF THE FUND MANAGEMENT COMPANY AND THE SUPERVISORY

Established in Ho Chi Minh City, 26<sup>th</sup> August 2013

**VIETFUND MANAGEMENT**

*(Signed)*

**TRAN THANH TAN**  
**GENERAL DIRECTOR**

## **APPENDIX 1: COMMITMENTS OF THE FUND MANAGEMENT COMPANY**

### **VIETFUND MANAGEMENT (VFM)**

Licence for establishment and operation No. 45/UBCK-GP dated 08 Jan 2009 issued by SSC.

The head office of VFM is located at:

Unit 1701-04, 17<sup>th</sup> Floor, Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam.

Tel: (84-8)-38251488

Fax: (84-8)-38251489

Website: [www.vinafund.com](http://www.vinafund.com)

The Fund Management Company hereby commits to perform the following obligations to the fund:

1. To strictly comply with legal regulations and the fund's charter in the management of the fund;
2. To perform the fund management duties in an effective, honest and diligent manner and in compliance with the investment objectives of the fund with priority given to legitimate rights and interests of Investors;
3. To ensure that the fund has a supervisory bank at all times;
4. To pay all fees to the Supervisory bank and other service providers as specified in the fund's charter;
5. To periodically provide the Supervisory bank with the following information:
  - (a) Operating statements and financial statements of the fund, the register of investors and the number of fund certificates held by investors;
  - (b) Reports with respect to the fund or its assets and investment portfolio;
  - (c) A valuation report on the net asset value of the fund, the net asset value per fund unit;
  - (d) Information about the management of the fund and other obligations.
6. To provide free of charge or at a reasonable fee copies of the fund's charter (and attached appendixes), prospectus (and attached appendixes) to investors at their request.
7. Not to invest in securities or assets in which the fund management company or its affiliated persons are interested or have relations to such interests, except otherwise permitted by the law.
8. Not to use the position of the fund management company in fund management to gain direct or indirect profits for it or affiliated persons or compromise the interest of investors.
9. To conduct valuation and auditing works for the fund in a truthful, accurate and timely manner.
10. To provide free of charge or at a reasonable fee copies of annual reports and other reports of the fund to investors at their request.
11. To provide free of charge or at a reasonable fee copies of annual reports of the supervisory bank on the fund management company's management of the fund to investors at their request.
12. To ensure that all information disclosed by the fund management company or the representative of the fund management company is complete, truthful and accurate and not omit events that affect the interest of investors or events that affect the contents of such disclosed information or information to be disclosed in accordance with legal regulations and does not mislead investors.
13. To provide necessary information to enable the independent auditing organization of the fund to make auditing in an efficient and timely manner.
14. To report in a timely manner to the State Securities Commission in case of any inconsistency found when comparing the assets/liabilities of the fund between the fund management company and the supervisory bank.
15. To implement the obligation to convene the General Investors Meetings in accordance with legal regulations..

**VIETFUND MANAGEMENT**

*(Signed)*

**TRAN THANH TAN**

**GENERAL DIRECTOR**

**APPENDIX 2: COMMITMENTS OF THE CUSTODIAN BANK**  
**STANDARD CHARTERED BANK (VIETNAM)**

Operation license No: 236/GP-NHNN issued by the State Bank of Vietnam, dated 08/09/2008.

Certificate of registration for securities depository operation No. 37/UBCK-GCN issued by the State Securities Commission (SSC), dated 16/12/2008.

Custodian banks commit:

1. To strictly comply with the regulations of the law and of the Fund Charter in the supervisory operation.
2. To ensure Funds to always have a Fund Management Company at all times.
3. To implement in a dedicated, honest and prudent manner the functions of the Supervisory Banks to Funds.
4. To implement the deposit, payment, custody and supervision of all assets, securities of Funds on behalf of investors; to periodically implement the comparison of assets/liabilities of funds with fund management company at least one a month and report to the SSC in case the situation of assets/liabilities is inconsistent between fund management company and supervisory banks.
5. To separate assets of funds from assets of the Supervisory Banks, assets of fund management company and assets of other funds, assets of other customers of the Supervisory Banks.
6. To supervise the portfolio of Funds, the determination of asset prices of funds, the determination of net asset value of funds, the determination of net asset value per fund certificate unit as required by the current law and according to the regulations at the Fund Charter.
7. To ensure supervisory obligations so that fund management company does not take advantage of the management position of funds to implement activities of directly or indirectly gain profit for fund management company or relevant persons damaging interests of investors.
8. To record and monitor all transactions, interest, dividends and income of the Fund to be received or distributed.
9. To ensure funds to be audited annually by an independent auditing company.

**STANDARD CHARTERED BANK (VIETNAM)**

*(signed)*

**AUTHORIZED REPRESENTATIVE**

## **APPENDIX 3: COMMON COMMITMENTS BY FUND MANAGEMENT COMPANY AND CUSTODIAN BANK**

### **VIETFUND MANAGEMENT (VFM)**

Licence for establishment and operation No. 45/UBCK-GP dated 08 Jan 2009 issued by SSC

### **STANDARD CHARTERED BANK (VIETNAM)**

Operation license No: 236/GP-NHNN issued by the State Bank of Vietnam, dated 08/09/2008.

Certificate of registration for securities depository operation No. 37/UBCK-GCN issued by the State Securities Commission (SSC), dated 16/12/2008.

1. To jointly commit to implement the obligation of interest protection for investors.
2. To jointly commit to obey with the legal regulations and the Fund Charter during the operation of Funds.
3. To jointly commit to implement the voting rights arisen relating to the ownership of shares/capital contribution of which Funds have invest upon the spirit and interests of investors at the General meeting of shareholders of issuing organizations or at Members' Council of enterprises of capital contributing Funds.
4. To jointly commit not to receive any remuneration, benefit or interest from implementing asset transactions of funds or other asset transactions not specified in the Fund Charter or any Prospectus.

**VIETFUND MANAGEMENT**

*(Signed)*

**TRAN THANH TAN**

**GENERAL DIRECTOR**

**STANDARD CHARTERED BANK (VIETNAM)**

*(signed)*

**AUTHORIZED REPRESENTATIVE**