

The granting of permission by the State Securities Commission of Vietnam for fund certificates public offering shall strictly mean that its application for incorporating the Fund and issuing the investment fund certificates is undertaken in compliance with the applicable regulations, and such grant shall not be responsible for the content hereof, nor the Fund's investment strategy.

# PROSPECTUS

## SSI SUSTAINABLE COMPETITIVE ADVANTAGE FUND

1. License for Fund Certificate Public Offering No 50/GCN-UBCK issued by Chairman of State Securities Commission of Vietnam dated 26 June 2014

Open-ended Fund Establishment License No. 15/GCN-UBCK dated 26 September 2014

2. Effective date of the Prospectus: 31/10/2018

3. Information disclosure

Ms To Thuy Linh

Position: COO – SSI Asset Management Company

Address: 5<sup>th</sup> Floor, 1C Ngo Quyen, Ly Thai To Ward, Hoan Kiem District, Ha Noi

Tel: (024) 3936 6321 Fax: (024) 3936 6337

4. Distribution of the Prospectus

The Prospectus together with other Fund materials (Fund Charter, financial reports and other necessary documents) are public in the website of SSI Asset Management Company ([www.ssi.com.vn/AssetManagement.aspx](http://www.ssi.com.vn/AssetManagement.aspx)), at offices of SSI Asset Management Company and the Fund's Distributors.

**“Securities investment fund as described in this Prospectus is incorporated under the Law on Securities No.70/2006/QH11 passed by the National Assembly of the Socialist Republic of Vietnam on 29th June 2006 and the documents providing guidelines for its implementation. This Prospectus has been registered with State Securities Commission of Vietnam on 12 November 2015”**

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## I. RESPONSIBLE PERSONS OF CONTENT OF THE PROSPECTUS

### 1. Fund Management Company

|                     |                                   |
|---------------------|-----------------------------------|
| Mr. Nguyen Duy Hung | Designation: Chairman             |
| Ms. Le Thi Le Hang  | Designation: CEO                  |
| Mr. Nguyen Duy Hung | Designation: Chief Accountant (*) |

SSI Asset Management Co., Ltd (SSIAM) ensures that all the information and data in the Prospectus are consistent with the fact that the company knows, or has investigated, collected in a reasonable manner.

(\*) *Chief Accountant has the same name with Chairman.*

## 2. Supervisory Bank

Standard Chartered Bank (Vietnam) Limited

Legal Representative: Mr NIRUKT SAPRU

Designation: CEO

This prospectus is part of SSI Asset Management Limited (“SSIAM”)’s subscription offer. We, as the Supervisory Bank of the SSI-SCA Fund, will be responsible for compliance with the terms of the Fund Supervision Service Agreement between us and SSI Asset Management Limited (“SSIAM”), the fund management company of SSI-SCA Fund, and in accordance with the law. However, we believe that the analysis, evaluation and selection of words in this Prospectus have been made reasonably and prudently by SSIAM and other responsible parties according to regulated laws.

## II. TERMS/DEFINITIONS

The following terms and abbreviated terms shall be defined and used throughout this Prospectus

|   |   |
|---|---|
| <b>“Prospectus”</b>                         | The documents or electronic data publicizing objective, truthful and accurate information about the offer for sale or listing of Fund Certificates.   |
| <b>“E-voting”</b>                           | A election method that allows Investors to exercise their voting rights over the internet, through computers and mobile devices.  |
| <b>“Fund” or “SSI-SCA Fund”</b>             | SSI Sustainable Competitive Advantage Fund, offering fund certificates to the public and established under legal regulations on securities and the Fund Charter.  |
| <b>“Board of Fund Representatives”</b>      | Representatives of Investors elected by the General Investors’ Meeting to act on their behalf to supervise the operations of the Fund, the Fund Management Company (SSIAM) and the Custodian Bank.                      |
| <b>“Auditing Company”</b>                   | An independent company which is approved by the SSC and appointed by the General Meeting of Investors according to Fund Charter and Vietnam prevailing regulations to perform the auditing of the Fund’s annual assets. |
| <b>“Fund Dividend”</b>                      | The remaining profit of the Fund after deducting eligible expenses and is approved by the General Meeting of Investors to distribute to Investors based on Investors’ holding ratios.                                   |
| <b>“Fund Management Company” or “SSIAM”</b> | SSI Asset Management Co., Ltd (SSIAM) which is incorporated under the License No. 19/UBCK-GP issued by the SSC dated August 03, 2007 and the Adjusted License No 12/GPĐC-UBCK   |

issued by the SSC dated July 27, 2011. SSIAM is the Fund Management Company of Fund SSI-SCA and has the rights and obligations as per the Fund Charter.

|  |  |
|--|--|
| <b>“Investment Fund Certificate”<br/>or “Fund Certificate”</b> | The securities issued by SSIAM on behalf of SSI-SCA Fund in the form of book-entry, 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 SSI-SCA Fund by such Investors.                           |
| <b>“General Investors’ Meeting”</b>                            | A regular or irregular general meeting of investors where Investors are entitled to vote, to pass important matters relating to the Fund. It is the supreme power of the Fund.   |
| <b>“Transfer Agent”</b>  | Fund Management Company or a service provider delegated by the Fund Management Company to manage Register Book. The scope of activities, functions and duties of the Transfer Agent is stipulated in Point b, Clause 2 of Article 43 of the Fund Charter.  |
| <b>“Distributor”</b>   | The entity designated by the Fund Management Company to distribute Fund Certificates to Investors.   |
| <b>“Point of Order Acceptance”</b>                             | The head office of Distributor or branches, transaction offices, representative offices of Distributor, which are designated to receive orders of Investors.   |
| <b>“Fund Charter”</b>  | The Fund Charter of SSI-SCA Fund, including the Fund Charter and the accompanied appendice and lawful amendments (if any).   |
| <b>“Fund Unit”</b>   | The Charter Capital divided into equal units with par value of VND10,000 (~USD 0.48) per unit at its initial issue. Each of which shall represent an equal proportion of profit and capital of the Fund.   |
| <b>“Selling Price”/“Subscription Price”</b>                    | The price that Investors must pay Fund Management Company to buy a Fund Unit. The Subscription Price shall be determined as per Article 18 in the Fund Charter and Section IV of this Summary Prospectus.  |
| <b>“Redemption Price”</b>                                      | The price of a fund unit that Fund Management Company must pay to Investors. Redemption Price shall be determined as per Article 18 in the Fund Charter and Section X of the Fund Prospectus..   |
| <b>“Net Asset Value of the Fund”</b>                           | The total value of assets and investments owned by the Fund minus liabilities of the Fund at the time of valuation.  |
| <b>“Supervisory Contract”</b>                                  | The contract signed between the Fund Management Company and the Supervisory Bank agreed by the General Investors’ Meeting of SSI-SCA Fund.   |
| <b>“Fiscal Year”</b>   | 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 SSI-SCA Fund is calculated from the day on which it is officially issued under a license by the SSC until the end of the 31st of December of the same year. |

|   |  |
|---|--|
| <b>“Valuation Date”</b>                       | The date the Fund Management Company determines the Net Asset Value of the Fund according to Law On Securities and Fund Charter, including Dealing Date and other dates which the Net Asset Value of the Fund is determined for reporting or other purposes.   |
| <b>“Dealing Date”</b>                         | The date when the Fund Management Company, on behalf of the Fund, issues or repurchases the fund certificates according to Article 3.1, Chapter X of this Prospectus.  |
| <b>“Supervisory Bank”</b>                     | Standard Chartered Bank (Vietnam) Limited , a bank which is established under Vietnamese laws license no. 236/GP-NHNN, issued by the State Bank of Vietnam, dated 08 September 2008 and is issued the registration certificate for securities depository activities no.08/UBCK-GCN by the State Securities Commission, dated 07 May 2015, undertaking following services for investment funds established in Vietnam: (i) preservation and depository of securities, documents attesting the title to the Fund’s legal assets; economic contracts, documents in relation to the Fund’s assets and at the same time supervise the Fund’s operations; (ii) oversees fund asset management activities of the Fund Management Company. The rights and obligations of the Supervisory Bank shall be set out in Article 38 of this Circular. |
| <b>"Investor(s)"</b>                          | Any domestic and foreign individuals or organizations holding the Fund’ Certificates.  |
| <b>"Subscription Fee/Redemption Fee"</b>      | The fee payable by an investor when buying/selling a fund certificate to the Fund. The Subscription Fee/Redemption Fee shall be calculated as the percentage of the Net Asset Value per fund unit as specified in the Fund Charter.  |
| <b>"Fund Management Fee”</b>                  | The fee payable to the Fund Management Company that provides management services as prescribed in the Fund Charter.  |
| <b>“Register Book”</b>                        | The document recording information of Investors holding Fund certificates  |
| <b>“Cut-Off Time”</b>                         | The deadline on which the Distributor receives transaction orders from Investors to process.   |
| <b>“State Securities Commission” or “SSC”</b> | State Securities Commission of Vietnam   |
| <b>“Fund’s Charter Capital”</b>               | The total capital in cash received during Initial Public Offering period, as recorded in the Fund Charter, contributed by all Investors.   |
| <b>“HSX”</b>                                  | Hochiminh Stock Exchange   |
| <b>“HNX”</b>                                  | Hanoi Stock Exchange   |
| <b>Other definitions</b>                      | Other definitions (if any) shall be construed as set forth in the Law On Securities and other relevant documents.  |

### III. INVESTMENT OPPORTUNITIES

Vietnam macroeconomic condition is considered to be stable demonstrated by a number of criteria such as inflation, interest rates, exchange rates and GDP growth rates. (Please refer to Appendix 5 for more details on macro overview of Vietnam).

Equity investment normally generates higher returns than other investment channels , especially in periods of low inflation, low and stable interest rate.

In Vietnam, cyclical industries have high growth rate but are dependent on business cycle; non-cyclical industries also enjoy moderately high growth rate contributed by fast-growing GDP (6.5%-7%), large consumer market of 90 million people, young population, the advancement of industrialization, infrastructure improvement etc. Therefore, there are always potential and attractive investment opportunities regardless of the economic conditions.

Vietnam stock market is getting more mature and developed, shown by the quantity and quality of stocks, market liquidity, transparency of information, more relaxed requirement of foreign investment flow ... These will attract more incoming funds into the market and bring new potential investment opportunities.

State-owned enterprise (SOE) equitization process and divestment of non-core business of SOEs are still pushed forward, providing quality investment opportunities into the market.

Vietnam are actively negotiating many multilateral trade agreements including VN-EU, AEC, and other bilateral FTA agreements. The participation in those agreements could be the turning-point for the economy to improve the domestic investment environment, attract FDI, expand consumption market for domestic businesses, increase demand for supporting services and consequently bring many potential investment opportunities in the related sectors.

SSI Sustainable Competitive Advantage Fund (SSI-SCA) is managed by an excellent team with flexible asset allocation strategy, focusing on potential sectors based on the ability to assess the macroeconomic outlook periodically and pick high-growth stocks with sustainable competitive advantages, strong & transparent corporate governance, excellent management team, high dividend yield, strong financial health and attractive valuations. Sustainable competitive advantages of company may include economies of scale, monopoly position, intangible assets, cost advantage, barriers to entry.

Investing in open-ended fund has many advantages including:

- *Professional management:* Open-ended fund allows Investor access to professional asset managers, who have expertise, investment experience and resources to select an appropriate investment portfolio in light of the Fund's investment strategy, as well as to monitor and rebalance portfolio matching changes in stock market conditions.
- *Investment in a diversified portfolio with affordable cost:* Open-ended fund often invests in a diversified portfolio to ensure eliminate unsystematic risk. Moreover, instead of investing by themselves to many stocks with higher cost, Investor can own a diversify portfolio via investing in the Fund with much more affordable cost. The minimum investment amount is often low and affordable to Investor.
- *Liquidity:* Investor can redeem open-ended fund units to Fund Management Company at redemption price based on the Fund's NAV. This is an advantage of open-ended fund compare to closed-ended fund, which often see a difference between NAV per fund unit and price of one fund unit in the stock market.

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

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

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

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

##### **Overview of Saigon Securities Inc.**

Saigon Securities Inc. (SSI) was established at the end of 1999. It was one of the first three securities companies in Vietnam as well as the first and only private securities companies in Vietnam at the time. SSI's initial capital was 6 billion VND and it provided only three main business services including investment advisory, brokerage and custody service. SSI now provides a full range of services of a securities company. As of 31 December 2016, SSI's charter capital was over 4,900 billion VND, total asset was over 13,227 billion VND and SSI is currently the largest securities company by market capitalization. SSI is also one of securities companies that manage the largest number of client accounts and managing the largest clients' asset.

SSI's main business units:

- Securities Services
- Investment Banking
- Treasury
- SSI Asset Management (SSIAM)

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

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

Established in 2007, SSIAM is a 100% subsidiary of Saigon Securities Inc. (SSI). SSIAM's vision is to be Vietnam's leading asset management company, providing excellent returns to clients and to be the most reliable destination for international and regional Investors. To achieve this vision, over the last years, SSIAM has focused on building the highest international standards of professionalism and corporate governance. The firm applies a rigorous investment process, strictly follows regulations and commitment to clients, and uses international standard of risk management.



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

SSIAM's operating result over past years:

| Unit: billion VND | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016  | 2017  |
|-------------------|------|------|------|------|------|------|------|-------|-------|
| Total revenue     | 88.4 | 26.3 | 28.0 | 31.5 | 30   | 74   | 80.8 | 119.1 | 151.7 |
| Profit before tax | 77.3 | 23.0 | 5.1  | 18.8 | 15   | 54.2 | 56.0 | 78.0  | 104.9 |
| Charter capital   | 30   | 30   | 30   | 30   | 30   | 30   | 30   | 30    | 30    |

As of 31/12/2016, SSIAM managed more than 8,000 billion VND of assets from institutional and individual clients in form of investment funds, investment portfolios and investment advisory contracts.

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

- *“Best Fund House” in Vietnam in 2012, 2013, 2016*  
*“CEO of the year” for Ms. Le Thi Le Hang in 2012, 2013, 2014, 2015, 2016*  
*“CIO of the year” for Mr. Nguyen Thanh Tung in 2013, 2014, 2015*  
*by Asia Asset Management.*
- *“Asset Management Company of the year” in 2012, 2014, 2015, 2016, 2017, 2018 by The Asset.*
- *“Best Onshore Fund House in Vietnam” in 2010*  
*“Asset Management Company of the Year” in 2015, 2016, 2017, 2018 by AsianInvestor.*
- *“Best Investment Management Company in Vietnam” in 2014, 2015 by World Finance.*

Funds and investment portfolios under SSIAM's management

- **DAIWA-SSIAM Vietnam Growth Investment Fund II**  
The fund was established in July 2015, with current size of USD 32 million, investing in private equities in Vietnam.
- **Andbanc Investments SIF - Vietnam Value and Income Portfolio Fund**  
Andbanc Investments SIF - Vietnam Value and Income Portfolio is a special investment fund registered in Luxembourg targeting European institutional investors. SSIAM acts as portfolio manager of the Fund. Established in December 2015, the SIF Fund invests mainly in listed shares in Vietnam.
- **SSIAM UCITS – Vietnam Value Income and Growth Fund**  
Registered in Luxembourg, SSIAM UCITS was established in November 2016 and compliant with UCITS' legislation, targeting European institutional and individual investors. SSIAM acts as fund manager and global distributor. The fund invests mainly in listed shares in Vietnam.

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

The fund was established in July 2010, investing in securities and other assets. Initial size was 360 billion VND. In May 2012, fund size increased to 390 billion VND.

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

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

- **SSIAM HNX30 ETF**

SSIAM HNX30 ETF is an exchange traded fund, with investment objects of tracking returns of HNX30 index. The fund started operating from 10 December 2014 with chartered capital of 101 billion VND.

- **Portfolio management services**

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

Information about SSIAM's operations in the past shall not be implied as a way to ensure its future operation results.

### **3. SSIAM's management team**

#### **Ms. Le Thi Le Hang – CEO**

- Ms. Le Thi Le Hang was CEO of SSIAM since 2010. She has many years of experience in investment management and analysis including over 8 years at W.P. Stewart, a New York-based asset management firm, 3 years as Managing Director and Head of Saigon Securities Inc. (SSI)'s Research & Investment Advisory Department, cum. Assistant to Chairman of SSI and Head of Institutional Sales.
- Ms. Le Thi Le Hang is currently Vice Chairman of Vietnam Fund Management Company Club.
- Ms. Hang is member of Board of Directors of some listed and unlisted companies.
- Ms. Hang holds a Master in Finance and BA in Accounting from American University, USA.

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

- Joined SSIAM since 2007, Mr. Nguyen Phan Dung is Deputy CEO Cum. Head of Research of SSIAM. Mr. Dung is Portfolio Manager of DSCAP-SSIAM Vietnam Growth Investment Fund and some discretionary portfolios.
- Mr. Dung is member of Board of Directors of some listed companies.
- Mr. Dung has many years of experience in finance and investment in financial institutions such as ABN AMRO, Chicago Board of Trade and InterCall in USA.

- He holds a BA in Economics from Knox College, and a MBA from Loyola University, USA, where he is a member of the school's Beta Gamma Sigma program and also a member of the International Risk Management Association.

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

- Joined SSIAM since 2011, Ms. Linh is COO of SSIAM, in charge of Business Development, Product Development, Operations, Legal and Compliance, Human Resources, and IT. Prior to that, she was Director of Product Development of SSIAM.
- She holds Bachelor of Commerce Degree, majoring in Finance and Accounting, from the University of Sydney, and Master of Commerce, majoring in Banking, from the University of New South Wales, Australia. Ms. Linh is also a member of Beta Gamma Sigma program, USA.

### **V. CUSTODIAN AND SUPERVISORY BANK**

#### **Standard Chartered Bank (Vietnam) Limited**

**Address:** P1810-1815, Keangnam Hanoi Landmark, E6, Pham Hung, Nam Tu Liem Dist., Hanoi, Vietnam

**Tel:** (84 24) 3936 8000

**Fax:** (84 24) 3936 8300

**Operating license** No.236/GP-NHNN, issued by the State Bank of Vietnam, dated 08 September 2008 (and amendments, additions, and replacements from time to time)

**Registration certificate** No.08/UBCK-GCN by the State Securities Commission, dated 07 May 2015

**Fields of operation:** Standard Chartered Bank (Vietnam) Limited provides the following services for investment funds established in Vietnam: custodian service, fund accounting service, fund administration service, supervisory service and other services related to custody.

### **VI. AUDIT FIRM**

SSIAM will propose to the General Investors' Meeting at least two (02) audit companies for the Fund to ensure accuracy of reports to Investors.

### **VII. DISTRIBUTORS**

Points of Order Acceptance of Distributors are listed in Appendix 2 of this Prospectus. If there is a new Distributor of SSI-SCA, the Fund Management Company will notify the Investor and update the information on the website. Modified content is updated at the latest version.

### **VIII. AUTHORIZED SERVICE PROVIDERS**

#### **1. Authorized service provider for Fund Administration service**

##### **Standard Chartered Bank (Vietnam) Limited**

**Address:** P1810-1815, Keangnam Hanoi Landmark, E6, Pham Hung, Nam Tu Liem Dist., Hanoi, Vietnam

Operating license No.236/GP-NHNN, issued by the State Bank of Vietnam, dated 08 September 2008 (and amendments, additions, and replacements from time to time)

#### **2. Authorized service provider for Transfer Agency service**

## **Vietnam Securities Depository Centre (VSD)**

Address: 15 Doan Tran Nghiep, Hai Ba Trung District, Hanoi

Operating license No. 171/2008/QD-TTg approved by Prime Minister on 18 December 2008 which transformed and re-organized the Securities Depository Centre to new form of operation as state-owned one member limited liability company according to Law On Securities.

### **IX. INFORMATION ABOUT THE FUND**

#### **1. General information about the Fund**

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

- Name of Fund: QUY DAU TU LOI THE CANH TRANH BEN VUNG SSI
- Abbreviated name: SSI-SCA
- English name: SSI Sustainable Competitive Advantage Fund
- Nature of the Fund: Open-ended fund
- Address: SSI Asset Management Co., Ltd.  
5th Floor, 1C Ngo Quyen, Ly Thai To Ward, Hoan Kiem District,  
Ha Noi
- Phone: 024 3936 6321 Fax: 024 3936 6337
- Website: <https://www.ssi.com.vn/AssetManagement.aspx>

**1.2. IPO license No.:** 50/GCN-UBCK issued by State Securities Commission of Vietnam dated 26 June 2014

**1.3. Establishment and Operation Certificate No.:** 15/GCN-UBCK

**1.4. Nature and Duration of Fund:** Fund SSI-SCA is a public open-ended fund which operates under Vietnam applicable regulations. The Fund is responsible for the issuance and redemption of Fund Certificates issued as and when requested by its Investors on Dealing Date. The Fund has unlimited operation duration.

##### **1.5. Board of Fund Representatives**

###### **Mr. Tri Nguyen Pham – Independent member – Chairman of the Board**

###### **Chairman, Citadel Capital Advisors**

- Tri N. Pham is Chairman, Citadel Capital Advisors (CCA), a Vietnam-based advisory group with partners in Asia, Europe and US. Prior to CCA, Mr. Pham served as Vice Chairman of Bitexco Group (2014-2017), a leading industrial conglomerate in Vietnam in the real estate and energy sectors.
- Previously, he served as Chief Country Officer/General Manager of Deutsche Bank AG Ho Chi Minh City Branch from 2007 to 2014, and financial specialist cum auditor in many international organizations including financial advisor for East Asia and Pacific region, Senior Auditor - Internal Auditing department, Senior Financial Officer – Capital Markets Operations, Treasury Finance Department at The World Bank, Senior Planning and Budgeting Officer - Controller's and Budgeting Department of the International Finance Corporation (IFC).

- Mr. Tri Nguyen Pham holds a Master of Business Administration (MBA) in Finance and Investment at the George Washington University (GWU), Washington DC, USA; Bachelor of Economics at the Catholic University of America, Washington DC, USA.

**Mr. Nguyen Manh Hung – Independent member**

**Partner, Honor Partnership Law Company Limited (HPLaw)**

- Mr. Nguyen Manh Hung has many years of experience in the legal profession. He is the founder of HPLaw. He is also the Director of Nguyen Sai gon (an investment advisory firm, founded in 2010). Previously, he was Director of Y&P Consulting Co., Ltd, lawyer at Nghiem & Chinh Law Office, and legal expert at PETEC Ho Chi Minh, a member company of Vietnam Oil and Gas Corporation.
- Mr. Hung is currently a lawyer of the Ho Chi Minh City Attorney Association, a member of the Vietnam Bar Federation (VBF).

**Ms. Tran Thanh Y - Independent Member**

**Director of Administration and Accounting, Regus Center (Vietnam)Limited.**

- Ms. Tran Thanh Y has many years of experience in the field of accounting and auditing. She is currently the Chief of Administration and Accounting of Regus Center (Vietnam) Limited. She was previously the Head of Administration and Accounting of Keppel Land and Senior Auditor of KPMG Limited, a subsidiary of KPMG Global specializing in audit, tax and financial advisor services.
- Ms. Tran Thanh Y holds a Bachelor of Banking and Finance at the National Economics University, Certified Public Accountant (CPA) of the Ministry of Finance, Chief Accountant Certificate of the National Economics University, Certificate of Finance and Banking of ING Bank, Sonny, Cambridge University Press.

**Ms. Le Thi Le Hang – Member**

**Chief Executive Officer (CEO), SSI Asset Management Co., Ltd.**

See the introduction at Section IV, General information of Fund Management Company.

**1.6. Fund Managers**

**Mr. Nguyen Duc Minh**

**Portfolio Manager**

- Joined SSIAM in 2011, Mr Minh is currently a Portfolio Manager of SSIAM. Prior to that, Mr. Minh has years of experience as an Analyst at SSI Research and Investment Advisory Department.
- Mr Minh holds a BSC (Hons) in Financial Economics from University of Dundee, UK with distinction.
- Member of various investee companies' Board of Supervisory.

**Mr. Bui Nam Giang**

**Investment Officer**

- Joined SSIAM since 2013, Mr. Giang is currently an investment officer of SSIAM.
- Mr. Giang has many years of experience in finance and investment. Before joining SSIAM, Mr. Giang was working at Financial Advisory Department of Petrovietnam Securities Inc. and in Advisory Department of BaoViet Securities Company.
- Mr. Giang holds a bachelor degree in financial management from Thang Long University, Vietnam.

## **2. Fund Charter**

The Fund Charter is summarized in Appendix 3 of this Prospectus. Investor should refer to the SSI-SCA Fund Charter. In case there is any difference between the Fund Charter and the Fund Prospectus then the content in the Fund Charter shall prevail. If Investor is doubtful about his/her investment decisions, Investor should research for more information or consult experts' recommendations to have appropriate investment decisions.

## **3. Investment objectives and investment strategies of the Fund**

### **3.1. Investment objectives**

The Fund pursues long-term capital appreciation and regular return through investment in companies with sustainable competitive advantages and fixed income assets.

### **3.2. Investment strategy**

The Fund shall apply active investment strategy, focusing on listed securities of companies with sustainable competitive advantages, high market share, good corporate governance, healthy financial conditions, good capabilities of operation in disadvantageous market conditions and attractive valuation compared with the potential growth in the future of the company.

The Fund shall also invest in fixed income securities with high credit rating to preserve capital and bring stable income for the Fund.

### **3.3. Investment Assets**

According to applicable regulations, the Fund can invest in the following assets: <sup>1</sup>

- a) Deposits at commercial banks as stipulated by banking laws;
- b) Foreign currencies, money market instruments including valuable papers, transferable instruments in accordance with banking laws;
- c) Government bonds, Government guaranteed bonds and municipal bonds;
- d) Listed shares, shares registered for trading, and listed bonds of issuers established and operating pursuant to the law of Vietnam;
- e) Shares or bonds prepared for listing or registration for trading of issuers established and operating pursuant to the law of Vietnam;
- f) Corporate bonds of issuers guaranteed payment by credit institutions or committing of repurchase.
- g) Listed derivatives securities traded on Stock Exchanges only for hedging purposes.
- h) Rights arising from securities in Fund's portfolio.

All the Fund's investments in shares and bonds to be listed or registered for trading need approval in writing of the Board of Fund Representatives regarding the type, stock code, quantity, transaction value, transaction time. At the same time, there must be a commitment of the issuing organization or documents proving that the issuing organization will complete the dossier of registration for trading or listing at the stock exchange within twelve (12) months, from date of transaction.

### **3.4. Asset allocation**

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<sup>1</sup> Point 15.2 Circular 183/2011/TT-BTC by the Ministry of Finance guiding the Establishment and Management of the Open-ended Fund

The Fund has flexibility in asset allocation based on market conditions and investment opportunities at every point of time and on the view of the Fund Management Company, with the aim being at all times to protect the interest of the Investors. However, the Fund's asset allocation shall strictly comply with the investment restrictions in Section 5 of the Prospectus.

Under normal market conditions the Fund shall invest up to 98% of the Fund's asset in equities, the rest shall be invested in fixed income assets, cash, or cash equivalents. Among equity investment, the Fund may invest up to 20% in companies with lower market capitalization and liquidity but meet the objective of sustainable growth and potential development.

Temporary investment strategy: when market and economic conditions are considered unfavorable, the Fund may apply conservative strategy in order to preserve Investor's capital by investing up to 100% of the Fund's assets in cash, cash equivalents, bonds and other fixed income assets but still comply with the investment restrictions in Section 5 of the Prospectus. Under these circumstances, the Fund may not achieve its investment objective.

#### **4. Investment selection principles**

SSI-SCA shall apply an active investment strategy to screen and select investment candidates. Based on macroeconomic research and analysis, the Fund shall construct an asset allocation model that is compatible with its investment objective and market conditions from time to time. For every investment, the Fund shall screen and invest in securities that are having attractive market valuation compared to their fundamental value. At the same time, the Fund shall also determine potential risks and develop techniques to manage these risks.

With this method, The Fund shall build investment portfolio that include assets of high quality to increase the Fund's value through the active investment strategy.

##### **4.1. Fixed income assets selection method**

Under the normal conditions, the Fund might invest up to 20% of the Fund's asset in term deposits, Government bonds, municipal bonds, Government guaranteed bonds, convertible bonds.

The Fund may consider investing in corporate bonds only if these bonds are issued by corporates with high credit rating or are guaranteed bonds.

##### **4.2. Stock selection method**

The Fund shall mainly invest in shares of listed companies with high market capitalization, high liquidity. These companies must have sustainable competitive advantages, which are defined as market leaders, long-term growth potential, quality management, good corporate governance, healthy financial conditions, and have high return on capital. Besides, the Fund shall also allocate a part of its assets in shares of listed companies with lower market capitalization and lower liquidity but have sustainable potential growth and good value.

The Fund shall follow the below steps in selecting stocks in its investment portfolio:

*Step 1: Top-down analysis to identify potential growth industries:*

The Fund shall apply top-down approach including macroeconomic analysis and industry analysis to select industries/sectors which will generate the best returns and have high growth potential. After that, the Fund shall select leading companies in those industries for further analysis. These steps shall help the Fund to focus its investments on industries with good potential growth.

*Step 2: Select companies of good quality that meet the following criteria:*

- High market capitalization and high liquidity, market leader, good operational capabilities.

- Good corporate governance and transparency.
- Healthy financial conditions.
- High return on capital compared to other companies in the same industry.
- Long term growth potential.

These criteria are evaluated through detailed analysis and research of fundamental ratios of companies through documents, periodical financial reports, interviews with Board of management, Board of Directors, feedback of customers and providers, threat of new competitors, and competition among companies in the same industry...

Besides, the Fund shall actively search for companies that are not included in industries in Step 1 but still meet all the criteria of sustainable competitive advantages and the criteria in step 2 to ensure high quality investment portfolio for the Fund.

*Step 3: Diversifying investment portfolio:*

- Based on the analysis of fundamental ratios, growth potential of the company and the industry, operation efficiency, operational risks, financial risks, liquidity risk....the Fund shall actively build up a diversified investment portfolio which includes shares of companies of different industries.

## **5. Investment restrictions according to applicable regulations**

The Fund's investments shall be diversified and comply with applicable regulations.

**5.1.** The Fund's portfolio shall include securities of at least six (06) issuers and comply with the following investment restrictions:

- a. Except deposits on payment accounts of the Fund at supervisory bank, the Fund shall not invest more than forty nine percent (49%) of the Fund's total asset value in deposits at commercial banks as stipulated by banking laws; Money market instruments including , valuable papers, foreign currencies, transferable instruments in accordance with banking laws;
- b. The Fund shall not invest more than thirty percent (30%) of the Fund's total asset value in the following assets if these assets are issued by the same company or by a group of companies that have ownership relation, in which the investment of derivatives securities is the committed value of the contract as stipulated according to applicable regulations:
  - Deposits at commercial banks as stipulated by banking laws;
  - Money market instruments including valuable papers, foreign currencies, transferable instruments in accordance with banking laws;
  - Listed shares, shares registered for trading, listed bonds of issuers that are established and operating in accordance with the law of Vietnam;
  - Shares, bonds to be listed or registered for trading, of issuers that are established and operating pursuant to the law of Vietnam; corporate bonds issued by a listed organization with a payment guaranteed from a credit institution or an repurchase commitment by an issuing organization;
  - Derivatives securities listed and traded on the Stock Exchanges only for hedging purposes.
- c. The Fund shall not invest more than twenty percent (20%) of the Fund's total asset value in outstanding shares of an issuer, including all valuable papers, transferable instruments, bonds (except Government bonds), voting shares and non-voting preferable shares, convertible bonds;
- d. The Fund shall not invest in more than ten percent (10%) of outstanding shares of a



single issuer (except Government bonds).

- e. The Fund shall not invest more than ten percent (10%) of the Fund's total asset value in shares, bonds to be listed, registered for trading of issuers that are established and operating in accordance with the law of Vietnam; corporate bonds issued by a listed organization with a payment guaranteed from a credit institution or an repurchase commitment by an issuing organization;
- f. The total value of large investment items in the Fund's investment portfolio shall not exceed forty percent (40%) of the Fund's total asset value;
- g. At any point of time, the total committed value in derivatives securities transactions, outstanding loans and other payables of the Fund shall not exceed Net Asset Value of the Fund
- h. The Fund shall not invest in securities investment funds, shares of securities investment companies that are set up and operating in Vietnam;
- i. The Fund shall not directly invest in real estates, precious stones and metals.
- j. The Fund's investment portfolio must have securities from at least six (06) issuers, except bond fund.

**5.2.** Except for the circumstances stated in points g, h and i, Clause 5 of this Section, the investment structure of the Fund may be deviant but only due to the following reasons:

- a) Fluctuations in 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 and consolidation activities of issuers;
- e) The new fund has just been licensed for establishment due to the splitting, merging, consolidation, and the operation time has not exceeded six (06) months from the date of issuance of the Certificate of fund establishment.
- f) The Fund is under dissolution process.

**5.3.** The Fund Management Company must adjust the portfolio to meet the investment restrictions prescribed in Clause 5.1 within three (03) months, from the date when discrepancies happen.

**5.4.** In case discrepancies are caused by the Fund Management Company's failing to comply with investment restrictions prescribed by the Law or the Fund Charter, the Fund Management Company shall be responsible for adjusting the portfolio within fifteen (15) days from the date discrepancies happen and shall bear all costs incurred related to these transactions and losses (if incurred). If profits arise, these profits must be recorded into the account of the Fund.

**5.5.** The Fund is only allowed to invest in Bank deposits, money market instruments, foreign currencies, valuable papers, transferable instruments in accordance with banking laws issued at banks in the list of banks approved in written by the Board of Fund Representatives.

## **6. Lending, borrowing, repo and margin transactions**

- The Fund Management Company shall not be allowed to use the capital and assets of the Fund to lend or guarantee any loan, except for investments in bank deposits in accordance with banking laws;
- The Fund Management Company is not allowed to borrow for investment activities, except for short – term loans to cover necessary costs for the Fund or execute payment orders to investors on redemption fund certificate. The total value of short – term loans of the Fund exclusive prepayments and payables shall not exceed five percent (5%) of the Net Asset

Value of the Fund at any time and the maximum duration of the loans is thirty (30) days.

- The Fund Management Company is not allowed to use the Fund's assets to conduct margin transactions (borrowing to purchase securities) for the Fund or for any other person or organization.
- The Fund Management Company is not allowed to use the Fund's assets to conduct short selling transactions, securities lending.
- The Fund is entitled to conduct Government Bonds repo transactions in line with applicable regulations of the Ministry of Finance on trading management of Government Bonds.

## 7. Risks associated when investing in the Fund

Similar to any other type of investment, investing in Fund SSI-SCA involves risks. Investors should be aware of these risks, their own risk appetite and consider carefully prior to making investment decisions in the Fund. As the investment manager, SSIAM applies risk management techniques; however, there still exist some risks. It is important that Investors note that:

- Investment in the Fund is not guaranteed by any Supervisory Bank or any other institutions that the Fund will achieve its investment goal. Returns of investment may be lower than Investor expected or lower than other investment alternatives that were available at the time of the original investment over the same investment period or Investors' principal may be partially or wholly lost. The Fund, SSIAM, their directors and employees make no guarantee against loss of principal or returns on the investment.
- SSI-SCA aims to achieve long-term growth of the fund Net Asset Value and create stable income for Investors. Investors should not expect immediate and/or short-term returns and income from the investing in the Fund.
- There is no guarantee or assurance on the frequency or amount of any dividends. Dividend distribution depends on sources of profit distribution, the Fund's profit distribution policy and approval of the Fund's annual General Investors' Meeting and/or Board of Fund Representatives. Subject to sources of profit distribution, Investor may not receive the amount of dividend as expected or at the time expected.
- The name of the Fund does not indicate either the quality of the Fund or its future prospects and returns.
- Past performance of a fund, of SSIAM or of its owner, does not indicate or guarantee the future performance of the Fund.
- SSIAM is not liable for investment risks of the Fund, nor are its Chairman, directors and employees liable for operational risks of SSIAM managing the Fund.
- The Fund is an open-ended fund, therefore Investor can redeem fund units to the Fund Management Company. When subscribing or redeeming fund units, Investor may have tax obligation as required by applicable law. Tax obligation of Investor does not reflect in the Fund's operating result.

Following are the major risks of investing in securities (but may not cover all risks of investing in the Fund):

- **Market Risk:** This type of risks occurs when the investment assets of the Fund decrease in value wholly or partially within a period of time. This risk may result in decrease in value of the whole market. This systematic risk goes beyond the Fund Management Company's control. However, there are many factors that contribute to market risk, which can be minimized by identifying and specifically managing each type of risk, for example, inflation risk, interest rate risk, price volatility risk, and exchange rate risk.

- **Inflation risk:** Inflation risk is the risk that the value of the Fund's investments decline due to inflation. Inflation risks have different effects on stocks and bonds.

Bond prices often moves inversely to changes in inflation, since increased inflation will increase bond yields, resulting in lower bond prices. In addition, continuously high inflation rate would reduce the real value of the bonds' face value and coupons received every period.

The Fund may reduce inflation risk on Fund's asset allocated to bonds by reducing the term of the bonds or hold more bonds that have floating interest rate if inflation is expected to rise; or vice versa.

Inflation has indirect effects on stocks because companies can pass the increased costs due to inflation to their consumers. However, in overall, in increasing inflation environment, increased borrowing costs due to generally high interest rate will lead to reduction of business investment. As a result, business value and growth shall decline. The Fund may reduce risks of inflation on Fund's asset allocated to stocks by investing in stocks of companies with sustainable competitive advantages, including the capability of the companies to transfer majority of the inflation impacts to customers and consumers.

- **Interest rate risk:** Interest risk is the risk that the fair value or future cash flows of financial instruments held by the Fund fluctuate due to changes in market interest rates resulting from changes in monetary demand/supply and other macroeconomic factors. Interest rate risk directly affects bonds and indirectly affects stocks.

Increased interest rates will decrease the bond prices in the secondary market to make actual bonds yields increase equally to market interest rates. Higher interest rates directly impact on the demand for loans and debt structure of each company, the company's ability to raise selling prices to offset the increased financial costs, inflation expectations; these factors indirectly affect the stock prices.

To minimize this risk, the Fund Management Company shall regularly analyse and evaluate the macro economic conditions, bond market movements and interest rate expectations in each period to make appropriate asset allocation decisions. For the assets allocated to bonds, the Fund will keep the term of the bonds suitably with expectations of the interest rate.

- **Exchange rate risk:** Exchange rate risk is the risk that value of investments and financial instruments of the Fund is affected by fluctuations in exchange rates. The Fund's investments shall be exposed to exchange rate risk when the companies in which the Fund invests have import and export operations or liabilities denominated in foreign currencies. These investments will be monitored through a thorough analysis of revenues & liabilities of the companies.

In other respects, the Fund shall not protect and be responsible for exchange rate risk for foreign investors who purchase SSI-SCA Fund Certificates by using the only currency accepted by the Fund - Vietnam Dong. Therefore, foreign investors will need to protect themselves from this risk.

- **Price volatility risk:** Price volatility risk is the risk that the market value of the financial instruments decline when the market index changes and the value of each securities change. Decline in market price shall lead to decrease in the value of the Fund's investments.

The Fund invests in stocks of companies with good fundamentals which should be generally exposed to lower volatility than the market. In addition, the Fund also aims to create, accumulate and increase the safety margin of the investment's costs over the long term portfolio holdings to reduce impact and dependence on the momentary fluctuations of share prices in the short term.

- **Legal risk:** As Vietnam securities market as well as the legal framework are still young,

The Government is still in the process of completing and adjusting the legal framework for securities operations and securities market. These adjustments may influence the Fund's operations or the Fund's asset value in the future.

The Fund Management Company will assess the impact of these changes on the Fund and the companies in the Fund's portfolio to change portfolio structure accordingly.

- **Risk of investment strategies:** is the risk arising directly from the Fund's investment strategy when choosing value investment approach: the price of value stock may not increase as expected by the Fund and the investors in SSI-SCA Fund certificates if other investors in the market do not realize the value of these stocks, or the fundamental value that the Fund expected can not help the stock price to increase to the actual value assessed by the Fund.

The Fund will maintain a diversified portfolio include stocks of companies that have sustainable competitive advantages in different industries. In addition, the Fund shall also diversify its investment appropriately by investing in stocks with different market capitalization. However, the ability of risk management of the Fund may also be limited by the number of investment stocks at one period of time.

- **Risk of investment restriction:** As the characteristics of the open-ended fund only allow the Fund to invest in listed shares, shares registered for trading, shares to be listed, delays in the progress of equitization and listing, registration of shares of potential companies shall reduce the diversity and representation and also limit investment opportunities of the Fund in the best companies of different industries and market capitalization in the market.

The bond market in Vietnam is currently quite limited in terms of quantity, issuer, industry, issuance frequency as well as the diversity of terms and product categories. Hence the fund management company may encounter difficulties in searching for investment opportunities following asset allocation strategy chosen or difficulty in diversifying investment portfolio.

- **Risk of reinvestment:** This is the specific risk of bond investments when cash flows from bond coupons are reinvested at lower interest rates than the market interest rates at the time of purchasing these bonds. This risk occurs when market interest rate tends to decrease.

The reinvestment risk management shall be done by closely monitoring the interest rate expectations in the market reflected in the yield curve and the term of the bond portfolio. Long-term bonds shall be preferred when interest rates are high and are expected to decrease. Short-term bonds or floating rate bonds shall be preferred if interest rates are expected to increase.

- **Risk of valuation:** This is the risk when the interest rates used for valuation are different from the real interest rate that makes the market value of assets purchased/sold different to the book value. The discount rate used for valuation is based on the interest rate listed on the HNX/ VBMA/ Bloomberg/ Reuters; this is only the reference interest rate, depending on the timing and quality of information, this interest rate may not be close to the actual transacting interest rate.

- **Settlement risk:** This is the risk that the Fund deals with a partner who does not pay for the stock purchase or transfer the securities to the Fund after the Fund has paid for the purchase.

For stocks, this risk is generally related to transactions of unlisted companies. However, the open-ended fund shall only invests in listed shares, shares registered for trading. In addition, transactions are conducted through the trading system of the Stock Exchanges or securities firms having custody system, supervision according to applicable laws, to ensure lawful and sufficient holding balances of securities and sufficient cash balances of stakeholders.

For bonds and debt securities, this risk is generally related to the case when the bond issuers or the guarantors fail to pay the principal and interest amounts at maturity to the Fund. To minimize this risk, the Fund may invest in Government Bonds, Bonds guaranteed by the Government, municipal bonds, which are less risky and payment is more certain. For

corporate bonds (if any), until Vietnam has intermediary financial institutions responsible for evaluating credit ratings, the Fund may apply statistical techniques, internal system, and refer to the assessment of the credit ratings of the available intermediary organizations to make appropriate investment decisions to reduce risks

- **Risk of lacking of hedging instruments:** In accordance with the Law of Vietnam, the Fund SSI-SCA can use listed derivative securities for hedging purposes. However, the current derivative instruments have not been developed in Vietnam so there may be no available necessary tools to use.
- **Liquidity Risk:** This risk happens when the Fund could not sell enough assets to pay for redemption orders in one Dealing Date or within a specific period of time due to low market liquidity; or the redemption/switch orders can only be partially processed as the Fund's NAV falls below the NAV threshold prescribed by law, or the redemption/switch orders exceeds the maximum withdrawal under the provisions of law. Also, in force majeure circumstances, investors can not redeem fund units during the trading suspension period.

Fund Management Company reserves the right to process partial redemption or extend the time limit for redemption payment in situations specified in the fund certificates transaction mechanism section in this Prospectus. When the redemption orders takes longer to process than required by applicable law due to the reasons specified above, the Fund Management Company will publish information about the reasons and expected time to process redemption orders of Investors.

To minimise liquidity risk, the Fund shall maintain an appropriate level of liquidity by investing an appropriate ratio of its assets in high liquidity securities; the redemption payment in most cases will be processed on time and shall not be affected by the temporary illiquid stocks.

- **Risk of Fund Management Operation:** This is the risk that not all investment decisions of SSIAM are profitable or meet expectations at the time of making these investments, or when the key investment staffs of SSIAM have left position.
- **Conflict of interest risk:** the Fund Management Company shall face conflicts of interest between the investment funds and other financial products which it manages. This risk can be managed by establishing separate management team for each fund as well as an internal "Chinese Wall" aimed at minimizing the risk.
- **Force Majeure risk:** This is the risk when unforeseeable events occurs objectively and go beyond the control of the Fund Management Company, these events may have critical and sudden impact on the value of all or some of the Fund's assets. These events may include:
  - Natural disasters (earthquakes, floods), fire, nuclear disaster;
  - Business environment such as the financial crisis, the banking system crisis, or loss of managing ability of key directors;
  - Crisis, computer and information system malfunction.

## **X. INITIAL PUBLIC OFFERING AND SUBSEQUENT FUND CERTIFICATE TRADING**

### **1. Applicable regulations**

The establishment and operation of Fund SSI-SCA and related issues are governed by:

- Law on Securities passed by the National Assembly of the Socialist Republic of Vietnam, on 29 June 2006, effective as from 01 January 2007;
- Law No. 62/2010/QH12 dated 24 November 2010 by the National Assembly amending, supplementing a number of articles of Law on securities, and effective as from 01 July 2011;

- Decree No. 58/2012/ND-CP dated 20 July 2012 by 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, effective as from 15 September 2012;
- Decree 60/2015/ND-CP dated 26 June 2015 by the Government amending, supplementing a number of articles of Decree No. 58/2012/ND-CP;
- Decree No. 108/2013/ND-CP dated 23 September 2013 by the Government on Sanctioning of Administrative Violations in domain of Securities and Securities Market;
- Decree No. 86/2016/ND-CP dated 01 July 2016 by the Government prescribing the Securities Investment and Trading Conditions;
- Decree No. 145/2016/NĐ-CP dated 01 November 2016 amending and supplementing a number of articles of Decree No. 108/2013/NĐ-CP dated 23 September 2013 on Administrative Penalties for Violations against Regulations on Securities and Securities Market;
- Circular No. 183/2011/TT-BTC dated 16 December 2011 by the Ministry of Finance guiding the Establishment and Management to the Open-ended Fund;
- Circular No. 212/2012/TT-BTC dated 5 December 2012 by the Ministry of Finance had Guidelines on the Establishment, Organization and Operation of the Fund Management Company;
- Circular No. 125/2011/TT-BTC dated 05 September 2011 by the Ministry of Finance on Accounting Guideline apply to the Fund Management Company;
- Circular No. 198/2012/TT-BTC dated 15 November 2012 by the Ministry of Finance promulgating the accounting regime applicable to the Open-ended Fund;
- Circular No. 123/2015/TT-BTC dated 18 August 2015 by the Ministry of Finance guiding the activities of foreign Investors on the Stock Market;
- Circular No. 15/2016/TT-BTC dated 20 Jan 2016 by the Ministry of Finance to amend and supplement a number of articles of Circular No. 183/2011/TT-BTC dated 16 December 2011 of the Minister of Finance;
- Circular No. 197/2015/TT-BTC dated 3 December 2015 by the Ministry of Finance issuing the Regulations on Securities Practice;
- Circular No. 155/2015/TT-BTC dated 6 October 2015 by the Ministry of Finance guiding for the disclosure of information on the stock market;
- Circular No. 242/2016 /TT-BTC dated 11 November 2016 by the Ministry of Finance regulating Prices of Securities-Related Services applied to Securities Trading Organizations and Commercial Banks participating in the Vietnam Stock Market;
- Other relevant applicable regulations.

## **2. Highlights of Initial Public Offering (IPO)**

The Fund's Initial Public Offering was granted by the State Securities Commission under registration No. 50/GCN-UBCK dated 26 June 2014 . The Fund has fulfilled the requirements for the establishment of the Fund as required by law and has received Establishment of Fund Certificate No. 15/GCN-UBCKNN on 26 September 2014 from the State Securities Commission.

## **3. Subsequent Fund Certificate Trading**

### **3.1. General principles for fund certificate trading**

#### ***a. Dealing Date***

- Dealing Date: SSI-SCA Fund Certificate is traded twice (02) a week, on every Tuesday and Thursday (day T).
- If the Dealing Date falls on a public holiday, the Fund Management Company shall announce details of the trading schedule to Investors, Distributors and other related

service providers, and publish the announcement in the Fund Management Company's website.

**b. Trading method**

- Investors place orders at Distributor's Points of Order Acceptance (note: Investor investing in the Fund for the first time has to open an open-ended fund trading account and provide KYC information to the Fund Management Company, Distributors), or Investors can place order via electronic trading method in accordance with current law.
- Investor can place orders at more than one Distributors, however Investor needs to open an open-ended fund trading account at each Distributor that Investor would like to place the order. Investor's accounts at different Distributors will be managed separately. Investor can place orders using the trading account opened at one Distributor at any Points Of Order Acceptance of that Distributor.
- Authorized transaction: Investor can authorize other individual to place orders on their behalf and has to fill in details of the authorized person in the "Open-ended Fund Account Opening Application Form". The authorized person cannot be changed until Investor submits the amendment of the authorized person details at the same Distributor.
- Lists of appointed Distributors and Points of Order Acceptance of Distributors are listed in Appendix 2 of this Prospectus.
- Foreign investors please refer to section 3.8 of this chapter "Notes for Foreign Investors".

**c. Cut-off Time**

- Is the latest time that Distributors receive transaction orders from Investors to process on the Fund Certificate Dealing Date.
- Cut-Off Time: no later than closing time of stock exchange on the last working day prior to the Dealing Date (Date T-1).

**d. Fund Certificate trading price**

- Subscription Price per Fund Unit (price the Investor must pay for the Fund Management Company)  
Subscription Price = Net Asset Value per Fund Unit calculated on the Fund Certificate Dealing Date + Subscription Fee
- Redemption Price per Fund Unit (price the Fund Management Company must pay for the Investor)

Redemption Price = Net Asset Value per Fund Unit calculated on the Fund Certificate Dealing Date – Redemption Fee

- Net Asset Value per Fund Unit is determined regularly the on dealing date..
- Net Asset Value per Fund Unit and Fund Certificate trading price shall be published on the Fund Management Company's website within three (03) working days from Valuation Date.
- Subscription Fee, Redemption Fee, and Fund Certificate Switching Fee are specified in the *Fees and Charges* section below.

**e. Trade Confirmation**

- The Transfer Agent shall be responsible for updating information about holdings of Investors in the Register Book within three (03) working days from the Dealing Date, then Investors shall receive the trade confirmation.

**f. Deadline for redemption payment**

- Redemption payments shall be made directly to Investors' bank accounts within five (05) working days from the Dealing Date.

**g. Cancelling orders**

- The Fund Certificate cancellation order is only accepted if received by Distributors before the Cut-Off Time. Investor submits the cancellation requests at the Distributors or via electronic trading method which the Investor has previously registered the trading orders.
- In case the Investor send cancellation request after transferring money to the Funds' account, this amount of money shall be refunded to Investors within five (05) working days from Dealing Date. Any related bank charge for the transfer shall be borne by the Investor.

**h. Maintaining Fund Certificate trading account**

- When the Investor's trading account has a zero (0) balance and has not incurred any transaction within one (01) year, account can be locked or closed depending on the policies of the Fund Management Company from time to time. Investors shall contact the Distributor for more details..

**3.2. Subscription order**

- Minimum subscription amount: 2.000.000 (two million) dong.
- Subscription orders are sent to the Distributors together with valid documents to prove that the Investors have transferred the subscription payment into the Fund's account opened at Supervisory Bank. Fund Certificate subscription amount can be transferred from bank account of the Investor, securities trading account of the Investor at Distributor. If subscription payment is transferred from bank account of others not investor, the valid documents of payment confirmation must clearly state full name, trading account, and payment amount of the beneficiary. Any related bank charge for the transfer is borne by the Investor. For Foreign Investors please refer to section 3.8 of this chapter "Some Notes for Foreign Investors".
- In case the subscription amount received by the Fund is different from the amount recorded in the Subscription form but not lower than the minimum subscription amount, the number of Fund Units allotted based on subscription order
- The number of allocated fund units is calculated as the following formula:

$$\text{Number of allocated fund units} = \frac{\text{Subscription amount} \times (1 - \text{Subscription Fee (\%)})}{\text{NAV per unit at the Dealing Date}}$$

and shall be rounded down to two decimal places. The odd number of Fund Unit shall not affect the ability to redeem of Investors.

**INVALID SUBSCRIPTION ORDERS AT FUND CERTIFICATE DEALING DATE**

- Subscription order is sent to Distributor after Cut-Off Time
- Money is transferred to subscribe for Fund Units before Cut-off Time but Investor does not submit Subscription Form to Distributor or not place subscription order through electronic trading method or Investors transfer money with wrong account number or name of the Investor in the transfer narratives.
- By 17:00 on the last working day prior to the Dealing Date (day T-1), the Fund has not received Subscription money from Investor.



- Subscription amount received is less than the minimum subscription amount or the amount stated in the subscription order.

In case of invalid subscription order, the subscription amount will be refunded to the Investor's registered bank account within 5 business days since the latest Transaction Date according to the instruction of Fund Management Company unless this amount will be invested in the Fund in upcoming Dealing Date. Bank charge shall be deducted from this refund amount.

Funds transferred to the Fund without origin can be returned to the remitter within 5 working days after the Fund Management Company has sufficient evidence to accurately identify the remitter information.

### 3.3. Redemption order

- Investor registers the number of units to be redeemed in the Redemption Form.
- The number of Fund Units redeemed could be rounded down to 2 decimal places.
- Redemption Amount received by the Investor is calculated using the following formula:  $\text{Redemption amount} = \text{Number of redeemed fund units} \times \text{NAV per unit on Dealing Date} \times (1 - \text{Redemption Fee (\%)})$

The amount received by Investor will be equal to the Redemption amount minus bank charge and applicable taxes prescribed by law (if any)

- Redemption orders may not be executed or only partially executed as prescribed at the section "*Partial trading execution, suspension of fund certificate trading*" of this Prospectus.
- The redemption amount shall be transferred directly to the Investor's account registered at "*Open-ended Fund Account Opening Application Form*" in five (05) working days from the Dealing Date. The redemption amount will be rounded up to the unit. Transfer fee will be deducted from this redemption amount.

#### ▪ **INVALID REDEMPTION ORDERS AT FUND CERTIFICATE DEALING DATE**

- Redemption order is sent to Distributor after the Cut-Off Time.
- Number of units registered for redemption is more than the number of outstanding units.

### 3.4. Switching order

- Investor can place switching orders between open-ended funds managed by the Fund Management Company.
- The switching form must be filled in completely (see the template form in Appendix 2) and submitted at the Distributor before the Cut-Off Time.
- Investor can choose to switch a portion or their entire outstanding Fund Units. Principles of executing switching order: the redemption order of Fund Certificates of the switched-out fund is executed first, followed by the subscription order of Fund Certificates of the target fund. The orders are executed at Dealing Dates of the corresponding funds.
- Investors must pay switching fee, bank charge and income tax (if any) but not Subscription and Redemption Fees for the number of Fund Certificates registered to switch. Switching fee is specified in the section *Fees and Charges* below.
- Investors will receive trade confirmation of the switching order within three (03) days from the Dealing Date of the target fund.

- Note: the switching order can be partially executed according to the provisions in Section 3.6 below.
- INVALID SWITCHING ORDERS ON FUND CERTIFICATE DEALING DATE
  - Switching order is sent to Distributor after the Cut-Off Time
  - Number of units registered for switching is more than the number of outstanding units.

**3.5. Investment Plans**

In order to invest in the Fund, Investors shall purchase fund units at the Distributions under one of the investment Plans: Basic Investment Plan, VIP Investment Plan, or SSIAM Link Plan.

Investors participating in the Investment plans mentioned through one of two forms: normal subscription or systematic investment

**NORMAL SUBSCRIPTION**

Investors may participate in the Fund whenever there is a need for investment. Investors place orders at the order acceptance points of the Distributor in the dealing period. The process of investing in the Fund through normal subscription will be exercised in accordance with point 3.1 to 3.4 of this Article.

**SYSTEMATIC INVESTMENT (SIP)**

Systematic Investment is a systematic investment program, whereby Investor will pay a certain amount of investment periodically (such as monthly or quarterly) to purchase Fund Certificates. Systematic Investment is popular in countries that have developed open-ended funds industry and attracts the participation of many investors due to the benefits that this investment plan can bring to investors.

*a. Benefits of Systematic Investment*

Systematic Investment benefits Investors by allowing Investors to regularly spend a certain amount of money on purchasing fund certificates in a certain period of time. For example, Investor allocates VND 1 million/month or VND 3 million/quarter to buy SSI-SCA Fund Certificates. By spending a certain amount of money periodically, Investors could actually buy more low-priced fund certificates and less high-priced fund certificates. As a result, at the end of the investment period, Investor’s average cost of investment per Fund Unit would often be lower than average Fund Certificate Price, regardless of the fluctuations of fund certificate price. With this plan, Investors would benefit without regularly monitoring the fluctuations of Fund Certificates price, which also helps to maintain discipline in their investment activities.

Example:

An investor participates in Systematic Investment. In the first year, the investor pays 3 million VND quarterly in order to purchase Fund Certificates. The number of Fund Certificates that the investor purchases are equivalent to the monthly Fund Certificate Price as follows (assuming no Subscription Fee)

| Quarter | Price (NAV per Fund Unit) | Amount Invested | No. of Funds allocated |
|---------|---------------------------|-----------------|------------------------|
| 1       | 10,000                    | 3,000,000       | 300                    |
| 2       | 12,000                    | 3,000,000       | 250                    |

|       |        |            |         |
|-------|--------|------------|---------|
| 3     | 15,000 | 3,000,000  | 200     |
| 4     | 11,000 | 3,000,000  | 272.72  |
| Total |        | 12,000,000 | 1022.72 |

Investors' average cost of investment per fund unit is:

Average cost of investment =  $12,000,000/1,022.72 = 11,733$  VND/Fund Unit

Average Selling Price/Subscription Price =  $(10,000 + 12,000 + 15,000 + 11,000)/4 = 12,000$  VND

This example illustrates the benefits obtained by Investors participating in Systematic Investment without regularly monitoring Fund Certificate price (NAV)

More over, when participating in Systematic Investment, Investors have the following benefits:

- Pay lower Subscription Fee
- Participate with a smaller subscription amount compared to regular subscription.

Note for Investors: Systematic Investment does have benefits, but can not guarantee profits for Investors.

#### ***b. Participation Requirements***

- **Minimum participation period:** twelve (12) consecutive periods for monthly SIP , or four (04) consecutive periods for quarterly SIP.

Note: the SIP will continue until investors terminate the payment.

- **Minimum amount:** 1,000,000 (one million) VND/month (for monthly SIP) or 3,000,000 (three million) VND/quarter (for quarterly SIP)
- **Registration to participate:** Investor registers to participate in the SIP by filling in the form "Systematic Investment Plan Agreement" and submit the form to Distributor or placing orders to participate in the SIP through electronic trading method.
- **Payment deadline:** Deadline for making payments is 17:00 on the tenth of every month (for monthly SIP) or on the tenth of January, April, July and October (for quarterly SIP). Investors can actively transfer the investment money to the account of the Fund monthly/quarterly or place a Standing instruction/Direct Debit at the banks where Investors open their accounts.
- **Dealing date:** Fund Certificate subscription orders shall be executed on the Dealing Date after the 10th of every month (for monthly SIP) or after the 10th of January, April, July and October (for quarterly SIP).
- **Inception date of SIP:** is the first allotment date of Fund Certificate purchasing.
- **Discontinue SIP:** SIP is deemed to discontinue in the event Investor do not make one full installment on time,, sells, switches, or tranfers the Fund Units purchased under SIP to another fund within one (01) year since the inception of the SIP
- **Exit fee:** In case of discontinuing SIP within one (01) year since inception of the SIP, Investor shall pay an exit fee as percentage of the redemption/switching amount sold in addition to the normal Redemption/Switching Fee. Exit fee is determined at the time the Investor terminates the Plan and is paid when the Investor sells/switches the Fund Units.

In case of non-commercial transferring Fund Certificates, the exit fee will be applied at the time of transferring. Afterwards, Fund Certificates held by the transferee will become freely transferable Fund Certificates.

### **3.5.1. Flexible Systemmatic Investment Plan (SIP)**

Flexible SIP has the same characteristics as SIP. The unique feature of this plan is that investors will not be penalized for terminating the plan. Investors are allowed to miss the payment for 2 consecutive months for Monthly SIP Month and 1 period for Quarterly SIP. When Investor missed the payment for 3 consecutive months for Monthly SIP Month and 2 periods for Quarterly SIP, Flexible SIP shall be terminated.

### **3.5.2. Basic Investment Plan**

The Basic Investment Plan is designed to meet the needs of Investors whose objectives are Investment and Saving.

### **3.5.3. VIP Plan**

The VIP Plan is designed for Investors who participate in the Fund with a large investment value and a long-term net asset growth target. With a flexible redemption mechanism, Investors who participate in the Fund can still be proactive in their financial planning.

### **3.5.4. SSIAM Link Plan**

SSIAM Link Plan is aimed at long-term investors who have a clear financial plan. By participating in this Plan, Investors will be able to connect more to SSIAM and other financial institution partners.

When participating in Basic Investment Plan, Investors place orders through one of the Distributors listed in Annex 2 of this Prospectus. When investing in the VIP Investment Plan or SSIAM Link Investment Plan, Investors please place orders through SSIAM.

Investors contact Distributors or refer SSIAM's announcement for more information on Service Fees corresponding to investment plans.

## **3.6. Partial Execution or suspension of redemption orders/ switching orders**

3.6.1. The Fund Management Company has the right to execute part of an Investor's redemption or switching orders under the following circumstances:

- a. The total value of redemption orders (including switch-out order) minus the total value of subscription orders (including switch-in order) on the Dealing Date exceeds ten percent (10%) of the Net Asset Value of the Fund; or
- b. The implementation of all of the Investors' redemption orders shall lead to the Net Asset Value of the fund falling below fifty (50) billion VND. In this case, the Fund Management Company can partially execute the redemption/switching orders until the Net Asset Value reaches exactly fifty (50) billion VND.
- c. The selling of securities in the portfolio for cash to make payment for redemption orders cannot be executed due to the following circumstances:
  - Low market liquidity.
  - One (or more) securities in the Fund's portfolio is suspended for trading following decision of the stock exchange.

3.6.2. Regarding partial execution mentioned in Point 3.6.1 above, Fund Management Company shall apply the same-rate-principle.

- The executed value will be allocated for all Investors registered for redemption/switching at the same period, using the same rate between executed value and registered value.

The number of redeemed fund certificates in this case shall be calculated using the following formula:

$$X_i = SLDK_i * \frac{\sum GTPB}{\sum GTGD}$$

In this formula:

$X_i$ : The actual fund certificates that Investor can redeem (or the number of fund certificates actually executed in the redemption/switching order). The result shall be rounded to two decimal places;

$SLDK_i$ : Number of fund certificates that an investor has registered to redeem/switch;

$GTPB$ : Total executed value of redemption and switching transactions that the Fund Management Company can allot in one trading cycle;

$GTGD$ : Total value of redemption and switching transactions registered by the Investor in one trading cycle.

- The unexecuted part of redemption/switching orders will be prioritized for the next dealing period before the new redemption/switching orders and follow the same pro-rata basis. The unexecuted part of redemption amount will continue to be made on the same pro-rata basis of the executed value and the registered value of the transaction. In case Investors do not want to continue to redeem/switch for the remainder, the Investor must send cancellation order to the Distributor before the cut-off time.
- In case of partial redemption, the minimum requirement for holding balance shall not apply.

**Fund Certificate trading may be suspended if one of following events happens:**

- Fund Management Company cannot execute redemption orders as requested due to force majeure conditions;
- Fund Management Company is unable to determine the Net Asset Value of the fund at the Valuation Date because securities in the fund's portfolio are suspended for trading following decision of the stock exchange.
- Other cases that the State Securities Commission deems necessary.

The Fund Management Company must report to the Fund Representative Board, the State Securities Commission within twenty four (24) hours since the occurrence of any of the Fund's trading suspensions, and continue to carry out the transaction of fund certificates as soon as these events terminate.

Duration for suspension of Fund Certificate trading shall be notified to Investors by the Fund Management Company depending on the actual situation but no more than ninety (90) days from the last Fund Certificate Dealing Date.

Within thirty (30) days after the expiration of suspension of fund certificate trading period as provided above, the Fund Management Company shall hold a General Investors' Meeting to consult Investors of the dissolution, splitting of the Fund or the extension of the suspension duration.

Within the time frame to convene the General Investors' meeting, if the reasons for such suspension of fund certificate trading terminate, the Fund Management Company may cancel the convention of the General Investors' meeting.

### **3.7. Non-commercial transactions (transfer of ownership, present, gift, inheritance...)**

- Non-commercial transactions for an institution/individual shall be executed at Distributors.
- Investor fills in all the information in the "Open-ended Fund Transfer Order" and provide all the necessary required documents according to applicable regulations to Distributors before the Cut-Off Time of each trading cycle.
- Transfer fee: see section *Fees and Charges* below
- Investor must pay all the applicable fees and taxes related to the non-commercial transfer according to applicable regulations.

### **3.8. Notes for foreign Investors**

- Before opening the open-ended fund trading accounts, foreign Investor must register securities trading code prescribed in regulation about operations of foreign Investors in the stock market, issued by the Ministry of Finance.
- Foreign individual/institutional Investors are defined in Decision 123/2015/TT-BTC by the Ministry of Finance, dated December 06, 2012 regarding the investment activities of foreign investors in Vietnam stock market and Circular No. 05/2004/TT-NHNN issued by the State Bank guiding opening and using foreign indirect investment capital (IICA) account in commercial banks to perform foreign indirect investments in Vietnam. Purchases of Fund Certificates must be made through foreign investor's IICA account. Investors must provide confirmation of IICA account opening from the commercial bank to Distributors at the time of opening trading accounts of Fund Certificates.
- Any subscription amount transferred from any bank accounts other than IICA account will be considered invalid. Foreign investors must take responsibility if the transfer amount is not transferred from IICA account in accordance with the relevant law.
- Authorized persons for trading of foreign Investors in Vietnam must meet the conditions regulated in Clause 6, Article 3 of Circular No. 123/2015/TT-BTC by the Ministry of Finance Guiding Foreign Investors activities In Vietnam Stock Market.

## **4. ANNOUNCEMENT OF NET ASSET VALUE AND TRADING RESULT**

### **4.1. Determination and disclosure of the Net Asset Value**

- The Fund Management Company is responsible for determining the Net Asset Value of the Fund and the Net Asset Value of a Fund unit, based on the market price or fair value (in case of lacking market prices) of assets in the Fund's portfolio.
- The Net Asset Value of the Fund and the Net Asset Value of a Fund unit must be confirmed by the Supervisory Bank. The confirmation must be made in writing, or can be accessed via the electronic information system of the Supervisory Bank 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 twenty four (24) hours.
- Within three (03) working days from the date of valuation, the Net Asset Value of the Fund and the Net Asset Value of a Fund unit shall be public on the website of the Fund Management Company, Distributors and mass media in accordance with the regulations on information disclosure in the stock market.
- The Fund Management Company may authorize related service providers to determine the Net Asset Value of the Fund, the Net Asset Value of a Fund unit based on the prices quoted by service providers. The Fund Management Company is

responsible for checking, supervising in order to ensure that the determination of the Net Asset Value is accurate and in compliance with applicable laws.

- The Net Asset Value of the Fund shall be determined periodically and publicly notified on the mass media after being verified by Supervisory Bank and the information is valid until the next announcement.

#### **4.2. Principles of Valuation Method of the Net Asset Value**

- **Valuation Date**

The Net Asset Value of the Fund is determined on Dealing Date of Fund Certificates. In case the Valuation Day falls on a public holiday, the Fund Management Company will announce the Investors, Distributors and other relevant service providers and publish the announcement on website.

For monthly valuation, the Valuation Day is always the last day of month.

- **Method of valuation**

The Net Asset Value (NAV) means the total asset value of the Fund's portfolio minus liabilities of Fund, including fees, debts and obligation payments of the Fund at the date prior to the valuation date.

The Net Asset Value of a Fund unit is the Net Asset Value of the fund divided by the total number of outstanding fund units on the Dealing Date closest to the valuation date. 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.

The valuation method is detailed in "Valuation handbook" prepared by the Fund Management Company in accordance with the provisions of the laws and clearly mentioned in Appendix 5 of this Prospectus.

## **XI. FUND OPERATING RESULT**

### **1. Financial reports**

Semi-annual financial statements/annual financial statements will be reviewed semi-annually/annually by a selected independent auditor. Financial reports and the audited reports shall be published and updated annually by the Fund Management Company after being approved by General Investors' meeting.

Investors can refer to the financial reports published on the Fund Management Company's website or contact the Fund Management Company's head office.

### **2. Fees, charges and performance bonus**

#### **2.1. Fees paid by Investors**

##### **a. Subscription Fee for subsequent investment post IPO**

- Is the fee that Investors have to pay when subscribing for fund unit in subsequent trading cycle post IPO. This fee is payable upon the issuance and is calculated as a percentage of the subscription amounts.
- Subscription Fee for all investment plans through normal purchase and SIP: **not exceed 5% subscription amount** (Please find the announcement of the Fund Management Company for more information).

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##### **b. Redemption Fee**

- Redemption fee is the fee that Investors must pay when redeeming Fund units in subsequent trading cycles post IPO. Such fee is deducted from the redemption amount and calculated as a percentage of the redemption amount executed.
- Redemption Fee applied for subsequent trading post IPO: **not exceed 3% of redeemed amount** based on holding period (Please find the announcement of the Fund Management Company for more information).

**c. Switching fee**

- Is the fee Investors must pay when placing switching order in subsequent trading cycles after the establishment of the Fund. Investors do not have to pay any Subscription or Redemption Fee for the switching orders.
- Switching fee for all investment plans: 0% applied for all switching transactions.

**d. Transfer fee**

- Is the fee Investors must pay for non-commercial transfer transactions e.g donations, gifts and inheritance...)
- Transfer fee: 0%/transfer.

**e. Fees payment**

The above mentioned fees shall be paid to the Fund Management Company and Distributors. The payment made to Distributors shall be calculated as per the Distributor contract signed between the Fund Management Company and Distributor. The Fund will give instruction to pay these fees to the Fund Management Company and Distributors based on the calculation results made by related service providers.

**2.2. Fees paid by the Fund**

**a. Fund Management Fee**

- Fund Management Fee is the fee paid to the Fund Management Company to carry out the fund management service for the Fund. The Fund Management Fee is calculated as percentage of the Fund's NAV.
- Fund Management Fee of the Fund is 1.75%\*NAV per annum. In every case, total of the Fund Management Fee, Fund administration fee and transfer agency fee shall comply with the maximum fee charge consistent with applicable regulations.
- Fund Management Fee at each trading cycle is calculated as below:

Fund Management Fee for the valuation cycle = % Management fee (year) x NAV on valuation day x number of actual days of the valuation cycle/ number of actual days in a year (365 or 366)

- Monthly Fund Management Fee is the total accrued fees for valuation periods performed in the month. Monthly Fund Management Fee is calculated as follows:

Monthly Fund Management Fee = [% management fee (year) x NAV on valuation day of the first valuation cycle in the month x actual number of days from the beginning of the month to the valuation day of the first valuation cycle in the month / actual days in a year (365 or 366)] + total Fund Management Fees of the remaining valuation cycles in the month + [% management fee (year) x NAV on the valuation day at the end of the month x actual remaining days in the month/ actual days in a year (365 or 366)].

**b. Custody and supervision fee**

- Custody and supervision fee shall be paid to the Custody and Supervising Bank for providing the custody and supervising services for the Fund. This fee is calculated at every valuation cycle based on the NAV of Fund.
- Custody fee payable to Supervisory Bank: 0.05% NAV annual, minimum of VND 11,500,000 /month.
- Supervising fee payable to Supervisory Bank: 0.03% NAV annual, minimum of VND 16,000,000 /month, not including VAT.



- The maximum of custody and supervising fee needs to comply with applicable law.
- Custody and supervising fee at each valuation cycle are calculated as below:

Custody and supervision fee (not including securities transaction fee) = % Custody and supervision fee (year) x NAV on the valuation day x number of actual days of the valuation cycle/ number of actual days in a year (365 or 366)

- Monthly custody and supervision fee is the total accrued fees for valuation periods performed in the month. Monthly custody and supervision fee is calculated as follows:

Monthly custody and supervision fee (not including securities transaction fee) = [% custody and supervision fee (year) x NAV on valuation day of the first valuation cycle in the month x actual number of days from the beginning of the month to the valuation day of the first valuation cycle in the month / actual days in a year (365 or 366)] + total custody and supervision fees of the remaining valuation cycles in the month + [% custody and supervision fee (year) x NAV on the valuation day at the end the month x actual remaining days in the month/ actual days in a year (365 or 366)].

### c. Fund administration fee

- The fund administration fee is the fee paid to the fund administration service provider.
- Fund administration fee payable to fund administration service provider: 0.04% NAV annual, minimum of VND 41,500,000/month, not including VAT.
- Fee for the preparation of financial statements for the Fund is VND 70,500,000 per annum.
- Fund administration fee at each valuation cycle is calculated as below:

Fund administration fee = % fund administration fee (year) x NAV on the valuation day x actual days of the valuation cycle/ actual days in a year (365 or 366)

- Monthly fund administration fee is the total accrued fees for valuation periods performed in the month. Monthly fund administration fee is calculated as follows:  
Monthly fund administration fee = [% fund administration fee (year) x NAV on the valuation day of the first valuation cycle in the month x actual number of 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 valuation day at the end of month x actual remaining days in the month/ actual days in a year (365 or 366)].

### d. Transfer agent fee

- Transfer agent fee is the fee the Fund pays to the transfer agent service provider.
- Transfer agent fee:
  - Fixed fee: VND 10,000,000/month.
  - Transaction fee (for purchase, sales of, switching, rights transfer, bank transfer): free for the first 400 transactions/ month. From 401th transactions onwards, transaction fee will be 0.01% of value of the transaction.
- Transfer agent fee at each valuation cycle is calculated as below:

Fixed fee = VND 10,000,000 \* actual number of days of the valuation cycle/actual number of days of the month.

Transaction fee = 0.01% of transaction value

Transaction value = number of Fund Certificates of the transaction \* NAV/Unit at dealing date.

(All the fees mentioned above do not include VAT)

#### **e. Other expenses and fees**

Other operating expenses of the Fund may include:

- Expenses and fees relating to auditing services for the Fund;
- Legal advisory fee, quotation fee and other reasonable fees for the Fund;
- Expenses relating to printing, publication, and announcement of the Fund's activities, issuance of the Prospectus, summary Prospectus, financial reports, annual reports, trade confirmations, account statements, and other documents for Investors, expenses for public announcement; expenses for organizing General Investors' Meeting and Board of the Fund Representatives;
- Reasonable, valid brokerage fees relating to the transactions of the Fund's assets;
- Expenses for engaging independent organizations to provide valuation, asset valuation services for the Fund;
- Expenses for amending the Fund Charter, Prospectus, Prospectus Summary , and Pricing Book for the benefit of Investors;
- Remuneration for the Board of the Fund Representatives;
- Other reasonable fees and expenses approved by the Board of the Fund Representatives;
- Insurance expenses (if applicable)
- Administration fee (application fee for IPO license and Certificate of Fund Establishment).
- Taxes, fees and charges payable in accordance with applicable laws;
- Interest payable from loans incurred by the Fund in accordance with applicable laws and the Fund Charter.
- Other reasonable, valid fees and expenses in accordance with the applicable laws.

### **3. Operating ratios**

Within forty five (45) days from the end of the second and fourth quarters every year, the Fund Management Company shall disclose information on the Fund's operating expense ratio as well as the Fund's portfolio turnover rate on the website of the Fund Management Company and Distributors after being verified and confirmed by the Supervisory Bank.

#### **3.1. Operating expenses ratios of the Fund**

- Operating expenses of the Fund shall include the following after-tax costs:
  - The Fund Management Fee paid to the Fund Management Company;
  - Custody and supervision fees paid to the Supervisory Bank;
  - Fund administration fee, transfer agent fee and other costs paid by the Fund management company to related service providers;
  - Audit fees;
  - Legal advisory fee, quotation fee and other reasonable fees for the Fund and compensation fees for the Board of the Fund Representatives;
  - Expenses relating to printing, publication, and announcement of the Fund's activities, issuance of the Prospectus, summary Prospectus, financial reports, annual reports, trade confirmations, account statements, and other documents for Investors, expenses for public announcement; expenses for organizing General Investors' Meeting and Board of the Fund Representatives;
  - Reasonable fees relating to the transactions of the Fund's assets;
- Operating expense ratio of the fund is determined by the following formula:

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

Average Net Asset Value of the fund in the year is the total Net Asset Value of the Fund at the Valuation Days divided by number of Valuation Day in the year.

### 3.2. Turnover rate of the Fund's portfolio

- Turnover rate of the Fund's portfolio is determined as follows:

$$\text{Turnover rate of the portfolio (\%)} = \frac{(\text{Total value of purchase in the period} + \text{total value of sales in the period}) \times 100\%}{2 \times \text{Average Net Asset Value of the Fund in the year}}$$

### 3.3. Profit distribution policy

- The Fund shall distribute profit when:
  - The Fund fulfills or has financial capability to fulfill its taxation obligations and other financial obligations regulated by the applicable law;
  - The Fund has established sufficient provisions as regulated by the Fund Charter;
  - After finishing the profit distribution, the Fund is still able to fulfill its obligations of debts, other payments that are due.
- Profit distribution will be sourced from retained earning of the Fund. Profit distribution to be carried out based on the proposal of Fund Management Company and must be approved by the annual General Investors' Meeting or the Board Fund Representatives (if authorized).
- Profit distribution may be in cash or in fund unit.
- The Fund Management Company shall deduct all tax, charge, fee as regulated by law prior to profit distribution to Investor.
- Name of the Investor is included in the list of Investors receiving dividend announced by SSIAM on record date are considered eligible to receive dividends. In case the Investors has transferred some of their units in the time period between the record date and the payment date, the transferors will receive profit.
- Dividend distribution and dividend reinvestment: when the Fund pays dividend in cash, Investor may choose to receive cash or to reinvest in additional fund units. If Investor chooses to reinvest in the Fund, this dividend amount after tax and fees will be used to subscribe the fund units in next Dealing Date at its Subscription Price. Investor does not have to pay Subscription Fee for the reinvestment. The minimum subscription order will not be applied in this case.
- Investor needs to register their choice of receiving cash dividend or reinvesting in the Open-ended Fund Account Opening Application Form as per the template form in Appendix 2. If no choice is indicated in the form, reinvestment dividend is the default option.
- After profit is distributed, the Fund Management Company must send the final report on the fund profit sharing to Investors, including the following:
  - Form of profits distribution (in cash or in fund units);
  - Total profit for the period and accumulated profits, details of each profit category;

- Profit valuation division, the number of fund units issued for distribution (in the case of profit distribution in fund units);
- The Net Asset Value per fund unit before and after profit distribution
- The influences on the Net Asset Value of the Fund after the distribution.

#### **4. Tax policy**

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

#### **5. Forecast of the Fund's operating result**

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

#### **6. Time and locations providing Fund's operating reports**

The Fund's operating reports include:

- NAV report: published within three (3) days from the Valuation Date (Fund certificates Dealing Date)
- Periodic operating reports prepared periodically in accordance with applicable law

These reports will be published on the website of the Fund Management Company, and provided to Investors at the head office of Fund Management Company and at the appointed Distributors.

### **XII. CONFLICT OF INTEREST**

1. To eliminate the conflict of interests between the Fund and other funds managed by the Fund Management Company, the conflict of interest between the Fund and the Fund Management Company, the Fund Management Company is obliged to ensure:
  - Segregation of investment strategy, investment objectives of each fund managed by the Fund Management Company;
  - Segregation of the assets of the Fund Management Company with the assets of the Funds managed by the Fund Management Company; assets of the Investors, assets of different funds managed by the Fund Management Company
2. All securities transactions of the Company Owner (Saigon Securities Inc. (SSI)), Fund Management Company's Chairman, members of the Board of Directors, Supervisor, Fund manager must be reported and monitorily appropriately consistent with the Fund Charter and applicable laws.
3. Internal control and risk management system has been established to monitor conflict of interests within the Fund Management Company.

### **XIII. INFORMATION DISCLOSURE**

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

- Website of Fund Management Company, website of Distributors; or
- Other mass media consistent with applicable regulations.

Fund Management Company must send trading statistics, account balances, and reports on changes in the Net Asset Value of the Fund to Investors periodically e.g monthly, quarterly and yearly.

The Fund Management Company shall provide to Investor the Fund's documents including Fund's Prospectus, Fund's financial statements, operation reports of the Fund, report of transaction fee of the Fund's investment operation, report on the criteria assessing the performance of the Fund as required by applicable law. These documents shall be provided free

of charge to Investor via Website of the Fund Management Company or sent directly to Investor's email.

If requested by Investors, Fund Management Company must provide risk management process, outlining the investment restrictions, methods of risk prevention and management used to manage assets of the Fund.

#### **XIV. CONTACT ADDRESSES FOR INVESTORS' INQUIRIES**

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

SSIAM shall respond to all questions of Investor via phone (84.4) 3936 6327 or Investor can email their questions to [ssiam@ssi.com.vn](mailto:ssiam@ssi.com.vn)

#### **XV. COMMITMENT**

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

#### **XVI. APPENDICES**

1. Appendix 1: Fund Certificate Trading Process And Instruction
2. Appendix 2: List of Distributors and Points of Order Acceptance
3. Appendix 3: Summary of Fund Charter
4. Appendix 4: Methods of Asset valuation

**SSI ASSET MANAGEMENT CO., LTD.**

## **APPENDIX 1: FUND CERTIFICATE TRADING PROCESS AND INSTRUCTION**

### **Step 1: Open an open-ended fund trading account**

Investor trading Fund Certificate the first time after IPO needs to open an open-ended fund trading account by completing the "Open-ended Fund Application Form" in Appendix 2 and submit the form to Distributor and provide necessary documents as directed by Distributor.

### **Step 2: For subscription order, transfer subscription money to Fund's account**

Investor transfers subscription money to the Fund account at Supervisory Bank. Fund account number will be provided to Investor by Distributor.

### **Step 3: Submit order form**

Investor fills in the Subscription/ Redemption/ Switching/ Transfer forms, Systematic Investment Plan form, order cancellation form, change of investor registration detail form in Appendix 2 and submit the form to Distributor. In case Investors have registered to use online trading method, the Investors place the Order to subscribe /redeem/ switch Fund certificates through registered online trading.

Step 4: Distributor examines the completeness and accuracy of the information recorded on the "Open-ended Fund Account Opening Application Form" and "Open-ended Fund Subscription Form", and may request Investor to amend or provide additional information in accordance with applicable regulations.

Step 5: Distributor transfers the forms to the Fund's Transfer Agent.

Step 6: Transfer Agent executes transaction orders and allocates Fund Units to valid orders.

Step 7: Transaction confirmation will be sent to Investors within three (03) working days after the Fund's Dealing Date.

Step 8: Redemption payment.

Redemption payment will be transferred to Investor's bank account registered in Application form within five (05) working days after the Dealing Date.

## APPENDIX 2: LIST OF POINTS OF ORDER ACCEPTANCE OF DISTRIBUTORS

SSI-SCA Fund Certificate is distributed at appointed distributors as below:

### 1. SSI Asset Management Co., Ltd (SSIAM)

**Head Office:** 5<sup>th</sup> Floor, 1C Ngo Quyen, Hoan Kiem District, Hanoi

Tel: +84 24 39366321 - Fax: +84 24 39366337

**Points of order acceptance of SSIAM include:**

**Head Office:** 5<sup>th</sup> Floor, 1C Ngo Quyen, Hoan Kiem District, Hanoi

Tel: +84 24 39366321 - Fax: +84 24 39366337

### 2. SAIGON SECURITIES INC. (SSI)

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

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

**Points of order acceptance of SSI include:**

#### **NORTHERN AREA**

**Ha Noi Branch:** 1C Ngo Quyen, Hoan Kiem, Ha Noi

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

**My Dinh Branch:** Level G, The Manor Building, My Dinh, Me Tri, Tu Liem, Ha Noi

Tel: +84 24 37946699; Fax: +84 24 37946677

**Hai Phong Branch:** 22 Ly Tu Trong, Hong Bang District, Hai Phong City

Tel: +84 231 3569123; Fax: +84 231 3569130

**Investors please contact below branches for guidance on transaction procedure:**

**Tran Hung Dao Branch:** 10th Floor, Capital Tower Building, 109 Tran Hung Dao, Cua Nam Ward, Hoan Kiem District, Hanoi

Phone: +84 24 39413383 - Fax: +84 24 39413385

**Nguyen Chi Thanh Branch:** 8<sup>th</sup> Floor, TNR Tower, 54A Nguyen Chi Thanh Street, Lang Thuong Ward, Dong Da District, Hanoi

Phone: +84 24 37734999 - Fax: +84 24 37714999

#### **SOUTHERN AREA**

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

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

**Nguyen Cong Tru Branch:** 92-94-96-98 Nguyen Cong Tru, District 1, HCM City

Tel: +84 28 38218567; Fax: +84 28 38213867

**Vung Tau Branch:** 4 Le Loi, Vung Tau City

Tel: +84 254 3521906; Fax: +84 254 3521907

**Nha Trang Branch:** 50 Le Thanh Phuong, Nha Trang City

Tel: +84 258 3816969; Fax: +84 258 3816968

### 3. BAO VIET SECURITIES JSC (BVSC)

**Head Office:** 8 Le Thai To, Hoan Kiem District, Ha Noi

Tel: (+84.24) 3928 8080; Fax: (+84.24) 3928 9888

**Points of order acceptance of BVSC include:**

**Head Office:** 8 Le Thai To, Hoan Kiem District, Ha Noi

Tel: (+84.24) 3928 8080; Fax: (+84.24) 3928 9888

**Nguyen Cong Tru Transaction Office:** 11 Nguyen Cong Tru, District 1, Ho Chi Minh City

Tel: (84-28) 3.821 8564; Fax: (84-28) 3.821 8566

**4. VIETCOMBANK SECURITIES CO., LTD (VCBS)**

**Head Office:** Level 12&17, Vietcombank building, 198 Tran Quang Khai, Hoan Kiem, Ha Noi

Tel: 024.39366990; Fax: 024.39360262

**Points of order acceptance of VCBS include:**

**Head Office:** Level 12&17, Vietcombank building, 198 Tran Quang Khai, Hoan Kiem, Ha Noi

Tel: 024.39366990; Fax: 024.39360262

**Ho Chi Minh City Branch:** Level 1&7, Green Star building, 70 Pham Ngoc Thach, Ward 6, District 3, Ho Chi Minh City

Tel: 028.38208116; Fax: 028.38208117

**5. ACB SECURITIES COMPANY (ACBS)**

**Head Office:** 41 Mac Dinh Chi, Da Kao precinct, Dist 1, Ho Chi Minh City

Tel: 028.38234159 Fax: 028.38235060

**Points of order acceptance of ACBS include:**

**Transaction Office – Headquarter:** 41 Mac Dinh Chi, Da Kao precinct, Dist 1, Ho Chi Minh City

Tel: 028.38234159 Fax: 028.38235060

**Le Ngo Cat Branch:** 107N Truong Dinh, Ward 6, Dist 3, Ho Chi Minh City

Tel: 028.5404 3054 Fax: 028 3930 2427

**Hanoi Branch:** 10 Phan Chu Trinh, Hoan Kiem Dist, Hanoi

Tel: 024.39429395 Fax: 024.39429408

**6. HO CHI MINH SECURITIES CORPORATION (HSC)**

**Head Office:** 5th floor, AB building, No. 76 Le Lai, Ben Thanh precinct, Dist 1, Ho Chi Minh City

**Points of order acceptance of HSC include:**

**Transaction Office - Headquarter:** 5th floor, AB building, No. 76 Le Lai, Ben Thanh precinct, Dist 1, Ho Chi Minh City

Tel: 028.38233299 Fax: 028.3823330

**Hanoi Branch:** 4<sup>th</sup>&5<sup>th</sup> floors, 66A building Tran Hung Dao, Hoan Kiem Dist, Hanoi

Tel: 024. 39334693 Fax: 024. 39334822

**7. MB SECURITIES CORPORATION (MBS)**



**Head Office:** MB Building, No. 3 Lieu Giai, Ba Dinh Dist, Hanoi

Tel: 024.37262600 Fax: 024.37262601

**Points of order acceptance of MBS include:**

**Transaction Office – Headquarter:** MB Building, No. 3 Lieu Giai, Ba Dinh Dist, Hanoi

Tel: 024.37262600 Fax: 024.37262601

**Nguyen Cong Tru Transaction Office:** 1<sup>st</sup> floor, 150 Nguyen Cong Tru, Nguyen Thai Binh precinct, Dist 1, Ho Chi Minh City

Tel: 028.73057386 Fax: 028.39140938

## **8. VNDIRECT SECURITIES CORPORATION (VNDS)**

**Head Office:** No. 1 Nguyen Thuong Hien, Hai Ba Trung, Hanoi

Tel: 024.39724568 Fax: 024.39724600

**Points of order acceptance of VNDS include:**

**Transaction Office – Headquarter:** No. 1 Nguyen Thuong Hien, Hai Ba Trung, Hanoi

Tel: 024.39724568 Fax: 024.39724600

**Ho Chi Minh Branch:** THE 90th PASTEUR building, No. 90 Pasteur, Dist 1, Ho Chi Minh City

Tel: 028.3914 6925 Fax: 028.39146924

## **9. VINAGLOBAL SECURITIES CORPORATION (VGS)**

**Head Office:** 15th Floor, Diamond Flower Building, No. 1 Hoang Dao Thuy (Lot C1, Trung Hoa Nhan Chinh New Urban Area), Nhan Chinh Ward, Thanh Xuan District, Hanoi

Tel: (84) 24 3377 6699 Fax: (84) 24 3222 3070

**Points of order acceptance of VGS include:**

**Head Office:** 15th Floor, Diamond Flower Building, No. 1 Hoang Dao Thuy (Lot C1, Trung Hoa Nhan Chinh New Urban Area), Nhan Chinh Ward, Thanh Xuan District, Hanoi

Tel: (84) 24 3377 6699 Fax: (84) 24 3222 3070

## **10. VIET NAM CONSTRUCTION SECURITIES**

**Head Office:** F301, Grand Plaza Hanoi, 117 Tran Duy Hung, Trung Hoa ward, Cau Giay district, Hanoi, Vietnam.

Tel: (84) 24 3926 0099 Fax: (84) 24 3926 3411

**Points of order acceptance of VGS include:**

**Head Office:** F301, Grand Plaza Hanoi, 117 Tran Duy Hung, Trung Hoa ward, Cau Giay district, Hanoi, Vietnam.

Tel: (84) 24 3926 0099 Fax: (84) 24 3926 3411

## **11. TRINITY SECURITIES CO., LTD (SELLING AGENT)**

**Head Office:** 179 Bangkok City Tower, 25th – 26th, 29th Floor, South Sathon road, Tungmahamek, Sathon, Bangkok 10120 THAILAND

Tel: +662 088 9100 Fax: +662 343 9685

**Points of order acceptance of Trinity Securities Co., Ltd include:**

**Head Office:** 179 Bangkok City Tower, 25th – 26th, 29th Floor, South Sathon road,  
Tungmahamek, Sathon, Bangkok 10120 THAILAND



## APPENDIX 3: THE METHOD FOR DETERMINATION OF ASSET VALUE

### A- Asset Value

| No.   | Type of Asset   | Principle for valuation of the transactions on the market   |
|---|---|---|
| Cash and cash equivalents, money market instruments |   |   |
| 1   | Cash (VND)  | Cash balance on date before the Valuation Date  |
| 2   | Foreign currency  | The value is converted into VND using Vietcombank's average exchange rate on date prior to the Valuation Date.  |
| 3   | Term deposit  | <p>Deposit value plus accrued interest as of the date prior to the Valuation Date, of which</p> <p>Accrued Interest = deposit value x interest rate x n/360</p> <p>n: number of actual days from deposit date to the date prior to the Valuation Date</p> <p>(Note: Accrued interest is accounted for as income, not reflected in asset valuation)</p>  |
| 4   | Listed treasury bills, bank drafts, commercial papers, transferable deposit certificates, and discounted money market instruments   | <p>In case there is transaction within 2 weeks until valuation date, the valuation is Closing price of the nearest transaction date on the transaction system HSX, HNX</p> <p>In case of NO transaction for more than two (02) weeks until Valuation Date, the valuation is determined in the following order of priority:</p> <ul style="list-style-type: none"> <li>▪ Book value; or</li> <li>▪ Valuation methods approved by the Board of Fund Representatives</li> </ul>  |
| 5   | Unlisted treasury bills, bank drafts, commercial papers, transferable deposit certificates, and discounted money market instruments | <p>The valuation is determined in the following order of priority:</p> <ul style="list-style-type: none"> <li>▪ Book value; or</li> <li>▪ Valuation methods approved by the Board of Fund Representatives.</li> </ul>   |
| Bonds   |   |   |
| 6   | Listed bonds  | <p><b>6.1. Listed Government Bonds</b></p> <p>a. In case there is transaction within 2 weeks until valuation date and difference in rate between discount rate (on transaction system) and standard interest rate lies within limits defined in Appendix 01 below: the valuation is closing price** on the transaction system at the Stock Exchanges (HSX and HNX) of the normal transaction at nearest dealing date prior to valuation date plus the cumulative interest (if the price does not include accumulative interest).</p> <p>b. In case either there is NO transaction for more than 2 weeks</p> |

until valuation date or there is transaction within 2 weeks until valuation date but difference in interest rate between discount rate (on transaction system) and standard interest rate is beyond limits in Appendix 01 below, the valuation is determined in the following order of priority:

- ✓ The valuation is determined based on discount rate which is average discount rate from 03 feeding price institutions provided within 2 weeks prior to valuation date. (In case of lacking feeding prices, refer to Appendix 03)
- ✓ Book value;
- ✓ Valuation methods approved by the Board of Fund Representatives.

**6.2. Corporate bonds, guaranteed government bonds, municipal bond**

- a. In case there is transaction within 2 weeks until valuation date and difference in rate between the discount rate\* of the current valuation date and the discount rate of the nearest valuation date prior to valuation date lies in limits defined in Appendix 2 below: the valuation is the closing price\*\* on the transaction system at the Stock Exchanges (HSX and HNX) of the normal transaction at nearest dealing date prior to valuation date plus the cumulative interest (if the price does not include accumulative interest)
- b. In case either there is NO transaction for more than 2 weeks until valuation date or there is transaction within 2 weeks until valuation date but difference in rate between the discount rate\* of the current valuation date and the discount rate of the nearest valuation date prior to valuation date is beyond limits defined in Appendix 2 below; or bond is valued for the first time, the valuation is determined in the following order of priority:

- ✓ The valuation is determined based on discount rate which is average discount rate from 03 feeding price institutions provided within 2 weeks prior to valuation date. (In case of lacking feeding prices, refer to Appendix 03) ;
- ✓ Book value;
- ✓ Valuation methods approved by the Board of Fund Representatives.

**6.3. Convertible Bonds to Shares**

- a. On the date before conversion date: The price is determined in accordance with Section 6.2
- b. On conversion date: valuation is determined in accordance with criteria of share valuation.

\*) Discount interest rate: In case the Bond has one (01) transaction per day, the discount rate is the interest rate corresponding to the transaction. In case the Bond has more than one (01) transaction per

|        |                |  |
|--------|----------------|--|
|        |                | <p>day, the discount rate is the weighted average interest rate of all transactions intra day on the Stock Exchange.</p> <p>Weighted average interest rate is calculated as follow:</p> $\text{Discount rate} = \frac{\text{coupon rate} \times \text{Face value}}{\text{Closing price}}$ <p>Closing price is determined corresponding to item **)</p> <p>* *) Closing price: In case the Bond has one (01) transaction per day, closing price is referred to dealing system of Stock Exchange. In case the Bond has more than one (01) transaction per day, closing price is the weighted average price of all transactions intra day on the Stock Exchange.</p> <p>Weighted average price is calculated as follow:</p> $\text{Closing price} = \frac{\sum_{i=1}^n P_i \times V_i}{\sum_{i=1}^n V_i}$ <p>In which:</p> <p>P<sub>i</sub> is the price of transaction i intra day<br/> V<sub>i</sub> is the volume of transaction I intra day</p> |
| 7      | Unlisted bonds | <p><b>7.1. Listed Government Bonds</b></p> <p>Valuation is determined in book value.</p> <p><b>7.2. Corporate bonds, guaranteed government bonds, municipal bond</b></p> <p>The valuation is determined in the following order of priority:</p> <ul style="list-style-type: none"> <li>✓ The valuation is determined based on discount rate which is average discount rate from 03 feeding price institutions provided within 2 weeks prior to valuation date. (In case of lacking feeding prices, refer to Appendix 03) ;</li> <li>✓ Book value;</li> <li>✓ Valuation methods approved by the Board of Fund Representatives.</li> </ul> <p><b>7.3. Convertible Bonds to Shares</b></p> <p>a. before conversion date: valuation is determined as 7.2 this Article.</p> <p>b. At conversion date: valuation is determined followed criteria of share valuation.</p>   |
| Shares |                |  |

|    |  |  |
|----|--|--|
| 8  | Shares listed on Ho Chi Minh City Stock Exchange and Ha Noi Stock Exchange                                 | <ul style="list-style-type: none"> <li>- Closed price on latest date having transaction prior to Valuation Date;</li> <li>- In case of no transaction in more than two (02) weeks until valuation date (including suspended trading, or delisting or cancelling of register for trading ), the valuation is determined in the following order of priority: <ul style="list-style-type: none"> <li>+ Purchase price; or</li> <li>+ Book value; or</li> <li>+ Price determined by other methods which were approved by the Board of Fund Representatives.</li> </ul> </li> </ul>   |
| 9  | Shares of public companies registered for trading on UpCom   | <ul style="list-style-type: none"> <li>- Closed price on latest date having transaction prior to the Valuation Date</li> <li>- In case of no transaction in more than two (02) weeks until Valuation Date, the valuation is determined in the following order of priority: <ul style="list-style-type: none"> <li>+ Purchase price; or</li> <li>+ Book value; or</li> <li>+ Price determined by other methods which were approved by the Board of Fund Representatives.</li> </ul> </li> </ul>   |
| 10 | Shares which were registered and held in custody but not yet listed, shares not yet registered for trading | <ul style="list-style-type: none"> <li>- Average value based on quoted price (average price of transactions in valuation period) of at least 03 quotation organizations who are not affiliated parties in the latest trading day before the Valuation Date.</li> <li>- In case of not enough quotation of at least 03 quotation organizations, the valuation is determined in following order of priority: <ul style="list-style-type: none"> <li>+ Average quoted price; or</li> <li>+ Price of latest quotation period but not more than three (03) months until Valuation Date; or</li> <li>+ Purchase price; or</li> <li>+ Book value; or</li> <li>+ Price determined by other methods which were approved by the Board of Fund Representative board.</li> </ul> </li> </ul> |
| 11 | Shares of organizations in the process of winding-up or bankruptcy   | <ul style="list-style-type: none"> <li>Is one of the following prices :</li> <li>- 80% of liquidating value of such shares on latest date of preparing balance sheet prior to Valuation Date ; or</li> <li>- Price determined by other methods, which were approved by the Board of Fund Representatives.</li> </ul>   |
| 12 | Stocks, other contributed capital  | <ul style="list-style-type: none"> <li>Is one of the following prices:</li> <li>+ Purchase price/contributed capital value; or</li> <li>+ Book value; or</li> <li>+ Price determined by other methods which were approved by the Board of Fund Representatives.</li> </ul>   |
| 13 | Share purchase rights  | Value of purchase right = $\text{Max}\{0; (\text{Share price} - \text{Exercise price}) \times \text{right}\}$  |

|                       |   |  |
|-----------------------|---|--|
|                       |   | ratio}   |
| Derivative securities |   |  |
| 14                    | Listed derivative securities  | Closed price on latest day having transactions prior to the Valuation Date.                |
| 15                    | Listed derivative securities without transaction within two weeks or more | Price determined by other methods that were approved by the Board of Fund Representatives. |
| Other assets          |   |  |
| 16                    | Other permitted investment assets   | Price determined by other methods that were approved by the Board of Fund Representatives. |

Notes:

Accumulated interest: the interest that is calculated from the latest interest paying date to the date prior to Valuation Date;

Book value of a share is determined on basis of the latest financial statement that has been audited or reviewed.

In this section of the appendix, day means calendar day.

B- Total liabilities:

Total liabilities of the funds are debts or payment obligation of the Fund to the date prior to the Valuation Date. The method of determining the values of the debts and payment obligation must be confirmed by Supervisory Bank and conform to the provisions of applicable laws.

Net Asset Value of the Fund (NAV) = Total assets of the Fund – Total liabilities of the Fund

Net Asset Value per fund unit = Net Asset Value of the Fund / Total number of outstanding fund units as of the trading date before the Valuation Date; and is rounded to 2 decimal places.

C - Commitment value from derivative contracts

1) Commitment value (global exposure) is the value converted to money which Fund is the party with the obligation of contract implementation. The commitment value is determined upon the market value of underlying assets, payment risks, market changes and the time necessary for position liquidation.

2) In calculating the commitment value, Fund Management Company may apply:

- Net offset principle of derivative position (reverse) for the same underlying securities, for example the long position of a call option of XYZ securities reduces (makes up) the commitment value from the short position of a call option of XYZ securities;

- Net offset principle of derivative position and spot delivery position of the same securities, for example the long position (holding) of XYZ securities makes up (reduces) the commitment value deriving from the short position of XYZ securities call option;

- Other principles according to the international practice ensuring the risk management.

| No. | Type of Asset | Commitment value |
|-----|---------------|------------------|
|-----|---------------|------------------|



|   |  |  |
|---|--|--|
| 1 | Stock option (purchase of put option, sale of put option, sale of call option) | Delta adjusted market value of option position <sup>2</sup> = Number of contracts x Number 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)  | Delta adjusted Market value of option position <sup>4</sup> = Number of contracts x Face value x current market price of bonds x delta coefficient                                 |
| 3 | Index future contract  | Market value of future position = Number of contracts x value calculated on 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 bonds for delivery                       |
| 5 | Other contracts  | Using valuation model selected by the Fund Management Company, agreed by the Supervisory Bank and approved by the Board of Fund representatives.                                   |

<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 first derivation of option price over underlying securities price. In the simple case, the delta coefficient may be considered 1. In case of complex case, the delta coefficient shall be determined by Fund Management Companies and Supervisory Bank and approved by the Board of Fund Representatives.

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