

Vietnam Bond Fund

Financial statements

31 December 2016



Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

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Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

GENERAL INFORMATION

THE FUND

Vietnam Bond Fund ("the Fund") was established as an open-ended securities investment fund in Vietnam in accordance with Initial Public Offering Certificate No. 04/GCN-UBCK dated 27 February 2013; Registration certificate for open ended fund No. 04/GCN-UBCK issued by the State Securities Commission ("SSC") on 10 June 2013 and Decision No. 398/QD-UBCK issued by SSC dated 7 May 2015 on the amendment of the certificate registration of the public investment fund. As such, the Fund was licensed to operate for an unlimited period.

Total number of initial distributed fund units was 9,957,482.26 amounting to VND99,574,822,600 at par value of VND10,000 per Fund unit. As at 31 December 2015, the capital of the Fund at par value contributed by investors was VND75,556,761,100. During 2016, the Fund issued additional 988,896.53 Fund units amounting to VND9,888,965,300 and redeemed 1,150,125.35 Fund units amounting to VND11,501,253,500. The capital of the Fund at par value contributed by investors as at 31 December 2016 amounted to VND73,944,472,900.

The Fund has no employee and is managed by Vietnam Investment Fund Management Joint Stock Company ("the Fund Management Company") which was established in accordance with License No. 45/UBCK-GP issued by the SSC on 8 January 2009.

The Fund is located at Unit 1701-04, 17th Floor, Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam.

Net asset value valuation period (NAV):

- ▶ Weekly basis: NAV is weekly valued on every Friday. In case the valuation date falls in a weekend or holiday, the valuation shall be carried on the next working day right after.
- ▶ Monthly basis: NAV is monthly valued on the first day of the next month regardless the valuation date falls in a weekend or holiday.

Frequency of fund unit trading is arranged every Friday.

The main objective of the Fund is to earn profit from debt securities (including but not limited to Vietnamese Government bonds, Government guaranteed bonds, municipal bonds, corporate bonds of issuers operating under Vietnamese law, ect), valuable papers and money market instruments. In addition, the Fund's investment objective may be entirely adjusted subject to the General Meeting of Investors' Resolution in compliance with the current regulations, which is reported to the State Securities Commission.

The Fund's strategy is active management based on fundamental analysis of macro-economic conditions, as well as quantitative models, statistic or corporate analysis in making investment decisions which optimizes profit for the portfolio. The analysis of corporate bonds is based on at least a credit rating model developed by a technical supporter and the Fund Management Company.

Vietnam Investment Fund Management Joint Stock Company

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GENERAL INFORMATION (continued)

CUSTODIAN AND SUPERVISORY BANK

The Fund was approved by the SSC that its Custodian and Supervisory Bank is Standard Chartered Bank (Vietnam) Limited ("Standard Chartered Bank"), under amended Decision of Certificate Registration No. 398/QD-SSC dated 7 May 2015.

The Custodian and Supervisory Bank was appointed by the General Meeting of Investors. Functions of the Custodian and Supervisory Bank include safe keeping, depository of securities, certificates of legitimate ownership of the Fund; business contracts, other documents related to assets of the Fund and supervisory activities of the Fund's assets management by the Fund Management Company. Rights and obligations of the Depository and Supervisory Bank are stipulated in Fund Charter.

FUND MANAGEMENT COMPANY

Vietnam Investment Fund Management Joint Stock Company is the authorised representative of the Fund, on behalf of the Fund to execute the ownership towards the assets of the Fund in an honest and careful manner. The Fund Management Company complies with the provisions of law and Fund Charter Management Company and manages the Fund's assets as stipulated in Fund Charter in compliance with the rules of professional ethics, voluntariness, fairness, honesty and for the best interests of the Fund.

BOARD OF REPRESENTATIVES

The members of the Board of Representatives during the year ended 31 December 2016 and at the date of the financial statements are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/reappointment/resignation</i>
Ms Nguyen Boi Hong Le	Chairwoman	Reappointed on 5 April 2016
Ms Le Thi Thu Huong	Member	Reappointed on 5 April 2016
Ms Pham Thi Thanh Thuy	Member	Appointed on 5 April 2016
Mr Nguyen Kien Cuong	Member	Resigned on 5 April 2016

LEGAL REPRESENTATIVE

The legal representative of the Fund Management Company during the year ended 31 December 2016 and at the date of the financial statements is Mr. Tran Thanh Tan - Chief Executive Officer - Vietnam Investment Fund Management Joint Stock Company - Fund Management Company.

AUDITORS

The auditors of the Fund are Ernst & Young Vietnam Limited.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

REPORT OF BOARD OF REPRESENTATIVES

The Board of Representatives of Vietnam Bond Fund ("the Fund") presents its report and the financial statements of the Fund for the year ended 31 December 2016.

THE RESPONSIBILITY OF THE FUND MANAGEMENT COMPANY'S BOARD OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Board of Management of Vietnam Investment Fund Management Joint Stock Company ("the Fund Management Company") is responsible for preparation and presentation of the financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting policies applicable to open-ended funds as per Circular No. 198/2012/TT-BTC dated 15 November 2012 regulating the accounting system applicable to open-ended funds, Circular No. 183/2011/TT-BTC dated 16 December 2011 regulating the establishment and management of open-ended funds, Circular No. 15/2016/TT-BTC dated 20 January 2016 amending and supplementing several articles of the Circular No. 183/2011/TT-BTC dated 16 December 2016 and Circular No. 181/2015/TT-BTC dated 13 November 2015 regulating the accounting system applicable to exchange traded funds issued by the Ministry of Finance and comply with statutory requirements relevant to preparation and presentation of financial statements which give a true and fair view of the financial position of the Fund as at 31 December 2016 and of the results of its operations and its cash flows for the year then ended. In preparing those financial statements, the Fund Management Company's Board of Management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards applicable to the Fund have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Board of Management of the Fund Management Company is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Fund and to ensure that the accounting records comply with the applied accounting system. The Board of Management is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Management of the Fund Management Company confirmed that it has complied with the above requirements in preparing the financial statements for the year ended 31 December 2016.

Vietnam Investment Fund Management Joint Stock Company Vietnam Bond Fund

REPORT OF THE BOARD OF REPRESENTATIVES (continued)

APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Representatives hereby approved the accompanying financial statements which give a true and fair view of the financial position of the Fund as at 31 December 2016 and of the results of its operations, changes in net assets, transactions of Fund units and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting policies applicable to open-ended funds as per Circular No. 198/2012/TT-BTC dated 15 November 2012 regulating the accounting system applicable to open – ended funds, Circular No. 183/2011/TT-BTC dated 16 December 2011 regulating the establishment and management of open-ended funds, Circular No. 15/2016/TT-BTC dated 20 January 2016 amending and supplementing several articles of the Circular No. 183/2011/TT-BTC dated 16 December 2016 and Circular No. 181/2015/TT-BTC dated 13 November 2015 regulating the accounting system applicable to exchange traded funds issued by the Ministry of Finance and comply with statutory requirements relevant to preparation and presentation of financial statements.

On behalf of the Board of Representatives:



Ms. Nguyen Boi Hong Le
Chairwoman

Ho Chi Minh City, Vietnam

14 March 2017

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY

I. GENERAL INFORMATION

1. **Objectives:**

Consistent with the Registration certificate for open ended fund issued by the SSC, the Statute and the Prospectus of the Fund;

2. **Operation effectiveness:**

According to the Fund's financial statements have been reviewed or audited, as of the reporting period, changes in net assets value (NAV) of the Fund is 7,20 (%) compared with the NAV of the Fund previous period; The Fund does not have the investment growth value and reference index.

3. **Policies and investment strategies:**

Fund's strategy is active management based on fundamental analysis of macro conditions, as well as quantitative models, statistic or corporate analysis in decision-making. The objective is optimizing profits for the portfolio. On corporate bonds, the analysis shall base on at least one of credit rating models that are developed by VFM and fund's consultant - DCDM.

4. **Classification:** Public open ended fund

5. **Recommendation of investment term:** None

6. **Current risk profile (low, medium, high):** Low

7. **Starting date:** 10 June 2013

8. **Operation scale at the reporting date** (as at 31 December 2016)

Net assets value: VND **102,184,671,330**

Number of units: **7,394,447.29** units

9. **Reference index:** None

10. **Dividend policy:** None

11. **Profit per Fund unit:** None

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

II. PERFORMANCE INFORMATION

1. Assets port-folio

Asset port-folio	31/12/2016 (%)	31/12/2015 (%)	31/12/2014 (%)
1. Investment securities	0.0	53.5	60.7
2. Other assets	100.0	46.5	39.3
Total	100.00	100.00	100.00

2. Key performance indicators

Indicators	31/12/2016	31/12/2015	31/12/2014
2.1 Average NAV for the period	102,184,671,330	95,325,926,014	85,144,431,750
2.2 Total number of Fund units	7,394,447.29	7,555,676.11	7,175,245.67
2.3 NAV per fund unit (units)	13,819.10	12,616.46	11,866.41
2.4 Maximum NAV per fund unit in the period	13,819.10	12,617.54	11,983.24
2.5 Minimum NAV per fund unit in the period	12,622.81	11,877.20	10,256.06
2.6 Closing price per fund unit at the reporting date	N/A	N/A	N/A
2.7 Maximum closing price per fund unit at the reporting date	N/A	N/A	N/A
2.8 Minimum closing price per fund unit at the reporting date	N/A	N/A	N/A
2.9 Growth rate (%)/fund unit	-173.07%	-151.13%	533.87%
2.9.1 Capital growth rate (%)/fund unit (movement of market price)	-235.37%	-95.56%	-201.13%
2.9.2 Net profit growth rate (%)/fund unit (distributed profit)	62.30%	-55.57%	735.00%
2.10 Gross distribution per fund unit	None	None	None
2.11 Net distribution per fund unit	None	None	None
2.12 Ex-right date	None	None	None
2.13 Operating expenses proportion (%)	2.31%	2.29%	2.11%
2.14 Investment turnover ratio (%)	253.50%	459.88%	248.76%

Vietnam Investment Fund Management Joint Stock Company

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REPORT OF FUND MANAGEMENT COMPANY (continued)

II. PERFORMANCE INFORMATION (continued)

3. Growth rate over periods

Period	Total increase in NAV/fund unit	Annual growth rate of NAV/fund unit
- 1 year	9.53	9.53
- 3 year	34.78	10.46
- From establishment	38.19	9.53
- Growth rate of reference indicators	N/A	N/A

4. Annual growth rate

Year	31/12/2016 (%)	31/12/2015 (%)	31/12/2014 (%)
Growth rate (%)/01 fund unit	9.53	6.32	15.73

Note: Annual growth rate needs to reflect on the moment of comparative. For example, at the time of 31/12, the figures included in the expression is also as at 31/12 each year.

III. MARKET ASSESSMENT DURING THE PERIOD

In general, 2016 was a successful year for the bond market, and all investors in the bond market. The market size had a strong increase, equivalent to 25% of GDP in 2015 in which the value of government bonds was equivalent to 21% of GDP.

Ministry of Finance (MoF) and the Vietnam State Treasury (VST) succeeded in raising capital from government bonds with a total value of bonds issued during the year reached 281.75 trillion, with the first time issuing 20-year, 30-year and 7-year period government bonds, increasing the average term of bonds issued in 2016 average maturity of issuing bonds in 2016 up to 8.7 years from 6.1 years in 2015. However, the excitement of the primary market focused on government bonds with the value of successful bond issues increased by 42.5% as compared to 2015 while the value of government guaranteed bonds and the value of local government bonds in 2016 were equivalent to 71.9% and 12.5% of the implementation value in 2015 respectively. Corporate bond market received more attention from the bond issuers, and the total bond issued value was equivalent to 0.92% of GDP.

In 2016, the secondary market grew sharply with the total value of direct transactions reached VND991.9 trillion, increased by 72% as compared to 2015. The average value of direct transactions per session on the secondary market reached 3,932.1 billion, grew by 67.5% in comparison with 2,347.5 billion/session in 2015. In addition, the value of the repurchasing and reselling of bonds (REPO) transactions also rose by 101% in 2016 as compared to 2015. The total value of the first sale and repurchase transactions in 2016 reached VND 603.5 trillion.

Yields on government bonds of all bond term at 31 December 2016 decreased from 40 points to 119 points in comparison with the beginning of the year, in which, the 5-year and 7-year bond yields decreased the most. There were two decrease adjustments to bond yields in Quarter 1 and Quarter 3 before the increase in Quarter 4. Fluctuation in bond yields related closely with the interest rates of the money market.

According to particulars in 2016, with the loose monetary policy and changes in exchange rate policies of the State Bank of Vietnam, the high level of liquidity on the interbank market led to strong increase in banks' demand to invest in government bonds. Investment demand from the banking system is the main factor which led to the increase in the value of successful government bonds issues on the primary market and the rise in the value of transactions on the secondary market.

Vietnam Investment Fund Management Joint Stock Company

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REPORT OF FUND MANAGEMENT COMPANY (continued)

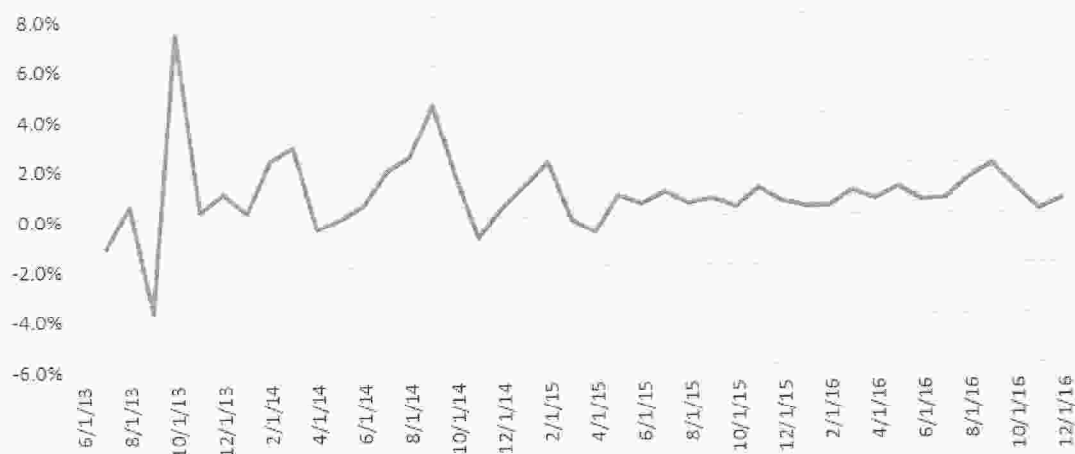
IV. DETAIL OF KEY PERFORMANCE INDICATORS

1 Detail of key performance indicators

Indicators	1 year to the reporting date (%)	The nearest 3 years to the reporting date (%)	From establishment to the reporting date (%)
A			
Net profit growth/ fund unit	62.3%	-55.6%	735.0%
Capital growth/fund unit	-235.4%	-95.6%	-201.1%
Total growth value/fund unit	-173.1%	-151.1%	533.9%
Annual growth rate (%)/fund unit	9.53%	10.46%	9.53%
Total investment growth value	None	None	None
Market value change per fund unit	None	None	None

- ▶ Capital, Total growth value, Annual growth rate: Based on the average net asset value (NAV) per fund unit;
- ▶ Reference index: Based on the published price at the newest moment.
- ▶ The index and information presented must be based on the reviewed or audited financial statements. Otherwise, there must be a clear disclosure of such information.
- ▶ Monthly growth rate chart of the Fund during the nearest 3 years.

Tăng trưởng hàng tháng quỹ VFMVFB
giai đoạn 2013 - 2016



- ▶ Change in NAV.

Indicators	31/12/2016	31/12/2015	Tỷ lệ thay đổi
A	1	2	$3 = ((1) - (2)) / (2)$
Net asset value (NAV) of the Fund	102,184,671,330	95,325,926,014	7.20%
Net asset value (NAV) per fund unit	13,819.10	12,616.46	9.53%

Vietnam Investment Fund Management Joint Stock Company

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REPORT OF FUND MANAGEMENT COMPANY (continued)

IV. DETAIL OF KEY PERFORMANCE INDICATORS (continued)

1. Detail of key performance indicators (continued)

In the period 31/12/2015-31/12/2016, VFMVFB has its (Net Asset Value) NAV per share increased by 9.53% as a result of income from investment and the price gain of the stocks portfolio. Total Net Asset Value (NAV) increased by 7.20%, lower than the growth of NAV per share due to the selling of VFMVFB fund units and withdrawing money from the fund by investors, which made the fund's size smaller in comparison with the beginning period.

2. Statistic information of investors and their number of fund units held at the reporting date (the newest date):

Criteria (units)	Number of investors	Number of fund units held	% of holding
A	1	2	3
Under 5,000	24	40,292.33	0.55
From 5,000 to 10,000	0	0	0.00
From 10,000 to 50,000	4	64,294.72	0.87
From 50,000 to 500,000	2	194,508.87	2.63
Over 500,000	2	7,095,351.37	95.95
Total	32	7,394,447.29	100.00

Notes: Presentation of fund units hold by investor from the least to the most.

3. Implicit expenses and discounting: None

V. PROSPECT OF MARKET

National Assembly has targeted a GDP growth rate of 6.7% in 2017. This growth target is a challenge when Vietnam's economic situation is facing unexpected changes both in politics and economics in 2017. The economic analysis shows that Vietnam is in the short-term economic growth cycle to the end of Quarter II- 2017 before the growth target can be adjusted and GDP growth is forecasted to be at 6.3%. The analysis also shows that the priority objective of the Government is macroeconomic stability in 2017, so, we can expect that no monetary policy effects on exchange rates, interest rates in the first six month. The State Bank of Vietnam will continue to use flexible center exchange rate policy and the role of the last seller/buyer on the market to maintain the stability of exchange rate. Deposit and lending rates increase slightly, but good liquidity on the interbank market keeps deposit and lending rates stable. The State Bank of Vietnam will continue to maintain its loose monetary policy to support growth and may allow the raise in US dollar deposit interest rate from the current rate of 0%. In the current situation, inflation can have inverse changes as compared to the trend in 2016, increasing at the beginning of the year and declining towards the end of the year.

We expect that at the beginning of the year 2017 government bonds transactions will continue to be actively traded when there are still no changes in monetary policy and the demand of the banking system to invest in government bonds is still high. Plans to issue government bonds in the primary market at VND250 trillion have been evaluated to be achievable. The market will continue to stay active, especially with the participation of the deposit insurance and social insurance. The speed of the market growth will remain at high levels in 2017.

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REPORT OF FUND MANAGEMENT COMPANY (continued)

VI. OTHER INFORMATION

Funds operating personnel, Board of Representative, and Board of Management of Fund Management Company:

	<i>Name</i>	<i>Position</i>	<i>Qualifications</i>	<i>Working Process</i>
Funds operating personnel	Luong Thi My Hanh	Deputy General Director - Investment Research Division	Master of Economics	- From 2010 to now: Deputy General Director - Investment Research Division of Vietnam Investment Fund Management Joint Stock Company.
	Tran Le Minh	Deputy General Director - Director of Hanoi Branch	Master of Financial Management	- From 2011 to now: Deputy General Director - Director of the Hanoi branch - Vietnam Investment Fund Management Joint Stock Company.
Board of Representative	Nguyen Boi Hong Le	Chairwoman	Master of Business Administration	- From 2010 to 2012: Head of Securities Trading Securities Department of Petroleum Joint Stock Company - From 2012 to present: Economics and Management Petroleum Specialist of Vietnam Petroleum Institute
	Le Thi Thu Huong	Member	BA in Accounting - Auditing	- From 2011 to 2012: Deputy Director of AS audit Ltd - From 2012 to now: Deputy General Director of Trust audit Ltd
	Pham Thi Thanh Thuy	Member	Lawyer	- From 2010 to present: Head of the Legal Compliance Department of Vietnam Investment Fund Management Joint Stock Company.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

VI. OTHER INFORMATION (continued)

	Name	Position	Qualifications	Working Process
Board of management of Fund Management Company	Tran Thanh Tan	General Director	Master of Business Administration	- From 2003 - present: General Director of Vietnam Investment Fund Management Joint Stock Company.
	Luong Thi My Hanh	Deputy General Director - Investment Research Division	Economic Master	- From 2010 to now: Deputy General Director - Investment Research Division of Vietnam Investment Fund Management Joint Stock Company.
	Nguyen Minh Dang Khanh	Deputy General Director – CFO	Master of Finance - Economic	- From 2011 to now: Deputy General Director and CFO of Vietnam Investment Fund Management Joint Stock Company.
	Tran Le Minh	Deputy General Director - Director of Hanoi Branch	Financial management Master	- From 2011 to now: Deputy General Director - Director of the Hanoi branch - Vietnam Investment Fund Management Joint Stock Company.
	Tran Van Hieu	Acting Deputy General Director - Raising capital Division	Master of Business Administration	- From 2010 to 2012: Management Director of Pana Harrison Asia Limited Vietnam insurance broker Company - From 2012 to 2014: Project Director of Generali Vietnam Company - From 2014 to 2015: Director of Mobilizing of Vietnam Investment Fund Management Joint Stock Company. - From 2016 to present: Acting Deputy General Director of Vietnam Investment Fund Management Joint Stock Company.



Mr Tran Thanh Tan 
Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2017

SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of the Vietnam Bond Fund ("the Fund") for the financial period from 1st Jan 2016 to 31th Dec 2016, recognize that the Fund operated and was managed in the following matters:

a) During our supervision of the Fund's investments and asset transactions in 2016, the Fund's investment portfolio deviated from the prevailing regulations for open-ended funds, Fund Prospectus, and other relevant policies, details as below:

- Clause 17, Article 2, Circular No 183/2011/TT-BTC ("Circular 183") dated 16th December 2011 providing guidance on establishment and management of the open-ended fund and Point c, Clause 1, Article 10, Fund Charter effective from March 2015 regulate: "Bond open-ended fund invests in various types of bonds and valuable papers and where investment in such assets accounts for 80% or more of the NAV of such Fund." In case of deviation, The Fund Management Company ("FMC") has to adjust the fund's investment portfolio to meet the investment limit within the recovery timeframe as regulated by prevailing regulations.

At valuation dates in January, February, 3rd March, and 31st March 2016, the Fund's investment portfolio deviated against the prevailing regulations and the Fund Charter. Accordingly, the Fund's investment proportion in bonds and valuable papers accounted for less than 80% of the fund's net assets value.

Clause 1, Article 1, Circular 15/2016/TT-BTC ("Circular 15") amending and supplementing several articles of Circular 183 effective from 15th March 2016 and Clause 1, Article 10, Fund Charter effective from April 2016 regulate that: "Bond open-ended funds invest in various kinds of treasury bills, bonds and other fixed-income instruments with the proportion of investment in such assets that makes up at least eighty percents (80%) of the net asset value." Accordingly term deposits are considered as one of fixed-income instruments.

Therefore, at valuation dates from 8th April 2016 to 31th Dec 2016, the Fund's investment portfolio has complied with the investment limits in accordance with Clause 1, Article 1, Circular 15 and Clause 1, Article 10, Fund Charter.

- Clause 4, Article 15, Circular 183 regulates the total value of major investment items in the fund's investment portfolio must not exceed forty percent (40%) of the fund's total asset value. At valuation dates from 29th January 2016 to 11st March 2016, the fund's investment in major investment incurred deviation against the limit of 40% of the fund's total asset value. In case of deviation, FMC has to adjust the fund's investment portfolio to meet the investment limit within the recovery timeframe as regulated by prevailing regulations.

Clause 10, Article 1, Circular 15/2016/TT-BTC ("Circular 15") amending and supplementing several articles in Circular 183 effective from 15th March 2016 and Clause 1, Article 10, Fund Charter effective from April 2016 regulate the rule indicating that total value of significant investment items in the fund's investment portfolio shall not exceed forty percent (40%) of the fund's total asset value is non-applicable for bond funds.

- Clause 4, Article 15, Circular 183, Clause 10, Article 1, Circular 15, and Clause 1, Article 10, Fund Charter regulate the Fund must not invest more than 20% of total asset value of the Fund in outstanding securities of an issuing organization, including valuable papers, negotiable instruments, bonds (except government bonds), voting shares, non-voting shares, and convertible bonds. In case of deviation, FMC has to adjust the fund's investment portfolio to meet the investment limit within the recovery timeframe as regulated by prevailing regulations.

At valuation dates in February, the Fund's investment in outstanding securities of an issuing organization exceeded 20% of the Fund's total assets. At the valuation date on 4th March 2016, the Fund's investment in outstanding securities of an issuing organization accounts for 17.16% of the Fund's total assets, which complied with the prevailing regulation within the recovery timeframe.

As at 31th Dec 2016, the Fund's investment portfolio has complied with the investment limits under Fund Charter, Fund Prospectus, and other relevant regulatory requirements.

- b) Assets Valuation and Pricing of the Fund units were carried out in accordance with Fund Charter, Fund Prospectus, and other prevailing regulations.
- c) Fund subscriptions and redemptions were carried out in accordance with Fund Charter, Fund Prospectus, and other prevailing regulations.
- d) In 2016, the Fund did not pay any dividend to Fund Unit Holders.

Hanoi, 14th Mar 2017

Supervisory Bank Representative



Le Sy Hoang

Unit Head, Securities Services Operations

Supervisory Bank Officer

Vu Huong Giang

Supervisory Bank Manager





Ernst & Young Vietnam Limited
28th Floor, Bitexco Financial Tower
2 Hai Trieu Street, District 1
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252
Fax: +84 8 3824 5250
ey.com

Reference: 61070172/18609153

INDEPENDENT AUDITORS' REPORT

To: The investors of Vietnam Bond Fund

We have audited the accompanying financial statements of Vietnam Bond Fund ("the Fund") as prepared on 14 March 2017 as set out on pages 16 to 59, which comprise the statement of financial position and the statement of investment portfolio as at 31 December 2016, the income statement, statement of changes in net assets, transactions of Fund units and the cash flow statement for the year then ended and the notes thereto.

Responsibility of the Fund Management Company's Board of Management

The Board of Management of Vietnam Investment Fund Management Joint Stock Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to preparation and presentation of the open-ended funds' financial statements and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund Management Company's Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position and investment portfolio of the Fund as at 31 December 2016, and of the results of its operations, changes in its net assets, transactions of fund units and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to preparation and presentation of the open-ended funds' financial statements.

Ernst & Young Vietnam Limited



Saman Bandara
Deputy General Director
Audit Practicing Registration
Certificate No. 2036-2013-004-1



Vo Ngoc Minh
Auditor
Audit Practicing Registration
Certificate No. 2105-2013-004-1

Ho Chi Minh City, Vietnam


14 March 2017

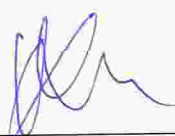
Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

INCOME STATEMENT
for the year ended 31 December 2016

B01-QM

Code	ITEMS	Notes	Current year VND	Previous year VND
01	I. Income from investing activities		11,370,278,922	7,918,002,267
03	1. Interest income	11	8,739,740,952	8,086,487,987
04	2. Gain/(loss) from securities trading	12	2,600,229,751	(145,609,008)
05	3. Differences on revaluation of securities investments	13	30,308,219	(22,876,712)
10	II. Expenses from investing activities	14	588,956,953	561,044,387
11	1. Transaction costs for securities trading		125,506,490	182,288,201
13	2. Interest expense		463,450,463	378,756,186
20	III. Operating expenses		1,819,242,098	1,756,569,331
20.1	1. Fund management fee	21.1	890,130,435	839,123,504
20.2	2. Depository fee		183,107,999	165,046,668
20.3	3. Supervising fee		198,000,000	211,859,998
20.4	4. Fund administration fee		132,000,000	135,850,002
20.5	5. Transfer agent fee		117,218,877	131,252,569
20.7	6. Meeting expenses		4,840,000	4,537,500
20.8	7. Audit fee		97,900,000	81,400,000
20.10	8. Other operating expenses	15	196,044,787	187,499,090
23	IV. Net income from investing activities		8,962,079,871	5,600,388,549
24	V. Other Income and other expenses		-	-
30	VI. Profit before tax		8,962,079,871	5,600,388,549
31	1. Realized profit		8,931,771,652	5,623,265,261
32	2. Unrealized gain/(loss)		30,308,219	(22,876,712)
40	VII. Corporate income tax expense		-	-
41	VIII. Profit after tax		8,962,079,871	5,600,388,549


Ms Vuong Thi Tram Anh
Fund Accountant


Mr Nguyen Minh Dang Khanh
Deputy Chief Executive Officer cum
Financial Controller


Mr Tran Thanh Tan
Chief Executive Officer



Ho Chi Minh City, Vietnam

14 March 2017

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

B02-QM

Code	ITEMS	Notes	Ending balance VND	Beginning balance VND
100	A. ASSETS			
110	I. Cash and cash equivalents	4	75,523,833,444	8,749,866,110
111	1. Cash at bank for the open-ended Fund operations		823,833,444	89,866,110
112	2. Deposits with terms less than three (3) months		74,700,000,000	8,660,000,000
120	II. Investments		26,000,000,000	83,140,000,000
121	1. Investments	5	26,000,000,000	83,140,000,000
130	III. Receivables	6	971,947,221	3,777,882,262
133	1. Receivables and dividends, accrued interest receivable from investments		971,947,221	3,776,462,908
136	1.1. Dividends and interest receivable		971,947,221	3,776,462,908
137	2. Other receivables		-	1,419,354
100	TOTAL ASSETS		102,495,780,665	95,667,748,372
300	B. LIABILITIES			
313	1. Transfer agent fee		3,516,000	390,000
314	2. Tax payables and obligations to the State Budget		614,955	-
316	3. Accrued expenses	7	106,179,300	144,920,900
319	4. Fund management fee payable	8	186,198,280	181,910,658
320	5. Other payables		14,600,800	14,600,800
300	TOTAL LIABILITIES		311,109,335	341,822,358
400	C. NET ASSET VALUE ATTRIBUTABLE TO HOLDERS OF FUND UNITS (C=A-B)		102,184,671,330	95,325,926,014
411	1. Share capital	9	73,944,472,900	75,556,761,100
412	1.1 Capital issued		152,432,989,700	142,544,024,400
413	1.2 Capital redeemed		(78,488,516,800)	(66,987,263,300)
414	2. Share premium	9	233,621,787	724,668,142
420	3. Retained earnings	10	28,006,576,643	19,044,496,772
430	D. NET ASSET VALUE PER FUND UNIT	9	13,819.10	12,616.46

Vietnam Investment Fund Management Joint Stock Company
 Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION (continued)
 as at 31 December 2016

B02-QM

OFF BALANCE SHEET ITEM

Code	ITEM	Note	Ending balance	Beginning balance
004	1. Number of outstanding fund units	17	7,394,447,29	7,555,676.11

Ms. Vuong Thi Tram Anh
 Fund Accountant

Mr. Nguyen Minh Dang Khanh
 Deputy Chief Executive Officer
 cum Financial Controller



Mr. Tran Thanh Tan
 Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2017

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

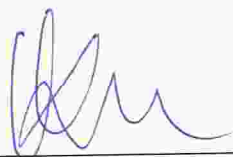
STATEMENT OF CHANGES IN NET ASSETS, TRANSACTIONS OF FUND UNITS
for the year ended 31 December 2016

B03-QM

Code	ITEMS	Current year VND	Previous year VND
I	The Fund's NAV, beginning balance	95,325,926,014	85,144,431,750
II	Changes in net assets during the year	8,962,079,871	5,600,388,549
	<i>In which:</i>		
1	- <i>Changes in NAV arising from market fluctuation and the Fund's investment activities during the year</i>	8,962,079,871	5,600,388,549
III	Changes in NAV due to repurchase and new issues of fund units	(2,103,334,555)	4,581,105,715
	<i>In which:</i>		
1	- <i>Proceeds from additional offering of fund units</i>	13,284,729,105	19,941,524,309
2	- <i>Payment for redemption of fund units</i>	(15,388,063,660)	(15,360,418,594)
IV	The Fund's NAV, ending balance	102,184,671,330	95,325,926,014



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cum Financial Controller



Mr Tran Thanh Tan
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Ho Chi Minh City, Vietnam

14 March 2017

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund


STATEMENT OF INVESTMENT PORTFOLIO
as at 31 December 2016

B04-QM

No.	Items	Quantity	Market price as at 31 December 2016 VND	Total value VND	Percentage of the Fund's total assets as at 31 December 2016 (%)
I	Certificates of deposits	26	26,000,000,000	26,000,000,000	25.37%
1	Issued by HD Saison Finance Co., Ltd	16	16,000,000,000	16,000,000,000	
2	Issued by Home Credit Co., Ltd	10	10,000,000,000	10,000,000,000	
II	Other assets		971,947,221	971,947,221	0.95%
1	Interest receivable from certificates of deposits		949,638,888	949,638,888	
2	Interest receivable from term deposits		22,308,333	22,308,333	
3	Other receivables		-	-	
III	Cash and cash equivalents		75,523,833,444	75,523,833,444	73.68%
1	Deposits with terms under three (3) months		74,700,000,000	74,700,000,000	
2	Cash at bank		823,833,444	823,833,444	
V	Total investment portfolio		102,495,780,665	102,495,780,665	100.00%



Ms Vuong Thi Tram Anh
Fund Accountant



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Deputy Chief Executive Officer
cum Financial Controller



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Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2017

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

CASH FLOW STATEMENT
for the year ended 31 December 2016

B05-QM

No	ITEMS	Notes	Current year VND	Previous year VND
	I. CASH FLOWS FROM INVESTING ACTIVITIES			
01	1. Profit before tax		8,962,079,871	5,600,388,549
	<i>Adjustments for increase/(decrease) in NAV from investing activities:</i>			
02	1.1 Unrealized (gain)/loss from investing activities	13	(30,308,219)	22,876,712
03	1.2 Accrued expenses		(17,200,700)	50,873,400
05	2. Profit from investing activities before changes in working capital		8,914,570,952	5,674,138,661
06	Decrease/(increase) in investments		57,170,308,219	(4,358,376,712)
07	Decrease/(increase) in other receivables		1,419,354	(1,419,354)
08	Decrease/(increase) in interest receivable from investments		2,804,515,687	(1,966,397,748)
12	Increase in payable to distribution agent		3,126,000	390,000
14	Decrease in tax and statutory obligations		614,955	-
16	Decrease other payable		(21,540,900)	-
17	Increase in fund management fee payable		4,287,622	-
19	Net cash flows from/(used in) investing activities		68,877,301,889	(651,665,153)
	II. CASH FLOWS FROM FINANCING ACTIVITIES			
31	1. Capital contribution	9	13,284,729,105	19,941,524,309
32	2. Capital redemption	9	(15,388,063,660)	(15,360,418,594)
30	Net cash flows (used in)/from financing activities		(2,103,334,555)	4,581,105,715
40	III. Net increase in cash and cash equivalents during the year		66,773,967,334	3,929,440,562
50	IV. Cash and cash equivalents at the beginning of the year	4	8,749,866,110	4,820,425,548

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2016

B05-QM

No	ITEMS	Notes	Current year VND	Previous year VND
55	V. Cash and cash equivalents at the end of the year	4	75,523,833,444	8,749,866,110
56	Deposits at banks at the end of the year:		75,523,833,444	8,749,866,110
57	- Cash at bank for the Fund's operation		823,833,444	89,866,110
60	- Deposits with terms less than three (3) months		74,700,000,000	8,660,000,000
61	VI. Changes in cash and cash equivalents during the year		66,773,967,334	3,929,440,562



Ms Vuong Thi Tram Anh
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Ho Chi Minh City, Vietnam

14 March 2017

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2016 and for the year then ended

B06-QM

1. THE FUND

The Fund

Vietnam Bond Fund ("the Fund") was established as an open-ended securities investment fund in Vietnam in accordance with Initial Public Offering Certificate No. 04/GCN-UBCK dated 27 February 2013; Registration certificate for open ended fund No. 04/GCN-UBCK issued by the State Securities Commission ("SSC") on 10 June 2013 and Decision No. 398/QD-UBCK issued by SSC dated 7 May 2015 on the amendment of the certificate registration of the public investment fund. As such, the Fund was licensed to operate for an unlimited period.

The Fund has no employee and is managed by Vietnam Investment Fund Management Joint Stock Company ("the Fund Management Company") which was established in accordance with License No. 45/UBCK-GP issued by the SSC on 8 January 2009.

The Fund is located at Unit 1701-04, 17th Floor, Melinh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City, Vietnam.

Fund Management Company

Vietnam Investment Fund Management Joint Stock Company is the authorized representative of the Fund, on behalf of the Fund to execute the ownership towards the assets of the Fund in an honest and careful manner. The Fund Management Company complies with the provisions of law and charter of Fund Management Company and manages the Fund's assets as stipulated in Fund Charter in compliance with the rules of professional ethics, voluntariness, fairness, honesty and for the best interests of the Fund.

Custodian and Supervisory Bank

The Fund was approved by the SSC that its Custodian and Supervisory Bank is Standard Chartered Bank (Vietnam) Limited, under amended Decision of Certificate Registration No. 398/QD-SSC dated 7 May 2015.

The Custodian and Supervisory Bank was appointed by the General Meeting of Investors. Functions of the Custodian and Supervisory Bank include safe keeping, depository of securities, certificates of legitimate ownership of the Fund, business contracts, other documents related to assets of the Fund and supervisory activities of the Fund's assets management by the Fund Management Company. Rights and obligations of the Depository and Supervisory Bank are stipulated in Fund Charter.

1.2 The Fund characteristics

Capital size

Total number of initial distributed fund units was 9,957,482.26 amounting to VND99,574,822,600 at par value of VND10,000 per Fund unit. As at 31 December 2015, the capital of the Fund at par value contributed by investors was VND75,556,761,100. During period ended 31 December 2016, the Fund issued additional 988,896.53 Fund units amounting to VND9,888,965,300 and redeemed 1,150,125.35 Fund units amounting to VND11,501,253,500. The capital of the Fund at par value contributed by investors as at 31 December 2016 amounted to VND73,944,472,900.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

1. THE FUND CHARACTERISTICS (continued)

1.2 *The fund characteristics* (continued)

Main objective

The main objective of the Fund is to earn profit from trading of debt securities (including but not limited to Vietnamese Government bonds, Government guaranteed bonds, municipal bonds, corporate bonds of issuers operating under Vietnamese law, ect), valuable papers and money market instruments. In addition, the Fund's investment objective may be entirely adjusted subject to the General Meeting of Investors' Resolution in compliance with the current regulations, which is reported to the State Securities Commission.

The Fund's strategy is active management based on fundamental analysis of macro-economic conditions, as well as quantitative models, statistic or corporate analysis in making investment decisions which optimizes profit for the portfolio. The analysis of corporate bonds is based on at least a credit rating model developed by a technical supporter and the Fund Management Company.

Net asset value valuation period

Net asset value valuation period (NAV):

- ▶ Weekly basis: NAV is weekly valued on every Friday. In case the valuation date falls in a weekend or holiday, the valuation shall be carried on the next working day right after.
- ▶ Monthly basis: NAV is monthly valued on the first day of the next month regardless the valuation date falls in a weekend or holiday.

Frequency of trading

Frequency of fund unit trading is arranged every Friday.

Investment restrictions

Investment restrictions of the fund:

- a. Do not invest more than twenty percent (20%) of the Fund's total asset value in outstanding securities of an issuer, including valuable papers, negotiable instruments, bonds (except Government bond), voting shares, non-voting preferred shares, and convertible bonds (except Government bonds);
- b. Do not invest in securities of an issuer, which are more than ten percent (10%) of the total value of outstanding securities of that issuer (except Government bonds);
- c. Do not invest more than thirty percent (30%) of the Fund's total asset value in the following assets: deposits at commercial banks as stipulated by banking laws; money market instruments, foreign currencies, valuable papers, negotiable instruments in accordance with banking laws; listed bonds, listed shares, and registered shares of issuers operating under Vietnamese law; shares, bonds to be listed or registered by the issuers operating under Vietnamese law; listed and registered derivatives at Stock Exchange as a hedge which are issued by the company or by a group of companies that have mutual ownership relations (except Government bonds). The investment in derivative securities equals the value committed in the contract as defined in Fund Charter;
- d. Do not invest more than ten percent (10%) of the Fund's total asset value in bonds, shares ready to be listed or registered by the issuers operating under Vietnamese law;
- e. At any time, the total commitment value in the transactions of derivative securities, outstanding loans and other payables of the Fund must not exceed the NAV of the Fund;

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

1. THE FUND CHARACTERISTICS (continued)

1.2 *The fund characteristics* (continued)

Investment restrictions (continued)

- f. Do not invest in securities investment funds, shares of securities investment companies that are established and operate in Vietnam;
- g. Do not directly invest in real estates, precious stones and metals;
- h. Bonds and derivative securities issued by companies operating under Vietnamese law (including corporate bonds, bonds with warrants, convertible bonds and embedded derivatives). The total exposure on these assets shall not exceed thirty percent (30%) of NAV, in which the investment in derivatives securities equals the value committed in the contract as defined in Fund Charter.

Except for cases stated in point e, f, g above, the Fund's investment structure may vary within fifteen percent (15%) as compared to the limits prescribed above and only due to the following reasons:

- a. The fluctuation of the market prices of assets in the Fund's investment portfolio;
- b. Making eligible payments of the Fund;
- c. Implementation of trading orders of investors;
- d. Merger, consolidation and acquisition activities of issuers;
- e. The new fund has just been licensed for establishment due to the splitting, merge, consolidation, and the operation time has not exceeded six (6) months from the date of issuance of certificate of fund registration; and
- f. The Fund is under dissolution process.

2. BASIS OF PREPARATION

2.1. *Accounting standards and system*

The financial statements of the Fund, presented in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Enterprise Accounting System, accounting regulations and guidance applicable to open-ended funds as per Circular No. 198/2012/TT-BTC ("Circular No. 198") dated 15 November 2012 regulating the accounting system applicable to open – ended funds, Circular No. 183/2011/TT-BTC ("Circular No. 183") dated 16 December 2011 regulating the establishment and management of open – ended funds, Circular No. 15/2016/TT-BTC dated 20 Jan 2016 amending, supplementing some articles of Circular No. 183 dated 16 December 2011, Circular No. 181/2015/TT-BTC dated 13 November 2015 regulating the accounting system applicable to exchange traded funds issued by the Ministry of Finance and Vietnamese Accounting Standards ("VAS") issued by the Ministry of Finance including:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

2. BASIS OF PREPARATION (continued)

2.1. Accounting standards and system (continued)

The financial statements have been prepared on historical cost basis, except investments that have been measured at fair value (*Note 3.2*).

The accompanying financial statements have been prepared using accounting principles, procedures and reporting practices generally accepted in Vietnam. Accordingly, the accompanying financial statements are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices, and furthermore are not intended to present the financial position, result of operations, the changes in net assets, transactions of fund units and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

According to Circular 198, the Fund's financial statements include the following reports:

1. Statement of financial position
2. Income statement
3. Statement of changes in net assets, transactions of fund units
4. Statement of investment portfolio
5. Cash flow statement
6. Notes to the financial statements

2.2 Applied accounting documentation system

The Fund's applied accounting documentation system is the General Journal system.

2.3 Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

2.4 Accounting currency

The Fund maintains its accounting records in VND and the financial statements are presented in VND.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise current accounts and term deposits with terms of equal or less than three months from the transaction dates, highly liquid short-term investments that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment purpose or other purposes.

3.2 Investments

Investments are initially recognized at cost which excludes transaction costs at transaction date. Transaction costs are recognized as transaction cost for investing activities in the income statement at the transaction date.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Investments (continued)

Investments are subsequently measured at market value or fair value (in case there is no market value) on the NAV valuation date or at the end of fiscal year in accordance with Circular No. 183/2011/TT-BTC dated 16 December 2011 regulating the establishment and management of open-ended funds, Circular No. 15/2016/TT-BTC dated 20 January 2016 amending and supplementing several articles of the Circular No. 183/2011/TT-BTC dated 16 December 2011, Circular No.181/2015/TT-BTC dated 13 November 2015 regulating about accounting policies of Exchange Traded Fund and Open-ended fund issued by the Ministry of Finance and Fund Charter. Changes in fair value are recognized in the income statement in accordance with Circular No. 198/2012/BTC dated 15 November 2012 issued by the Ministry of Finance guiding the accounting system applicable to open-ended funds. Fair value is determined using the acceptable valuation methods as follows:

No.	Type of asset	Principles for valuation of transactions on the market
Cash and cash equivalent, money market instrument		
1.	Cash (VND)	Cash balance in demand deposit account on the date prior to the valuation date.
2.	Foreign currency	The balances are converted to VND equivalent at the buying exchange rate of Joint Stock Commercial Bank for Foreign Trade of Vietnam on the date prior to the valuation date.
3.	Term deposit	Principal balances plus accrued interest receivables as at the date prior to the valuation date.
4.	Treasury bills, bank notes, commercial papers, transferable deposit certificates, bonds due within three (3) months and discounted money market instruments	Purchase price plus accrued interest receivables as at the date prior to the valuation date.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Investments (continued)

No.	Type of asset	Principles for valuation of transactions on the market
Bonds		
5.	Listed bonds	<ul style="list-style-type: none"> - Quoted price or another name (clean price), depending on the internal regulations of the Stock Exchange, which is being shown on the transaction system of the Stock Exchange for normal trading transactions on the latest transaction date prior to the valuation date plus accrued interest receivables (if listed price excluded accrued interest); - In case of no transaction in more than two (2) weeks prior to the valuation date or transactions with unusual price fluctuation according to Valuation manual approved by the Board of Representatives, bonds are measured in priority order as follows: <ul style="list-style-type: none"> + Price determined by the method approved by the Board of Representatives (detailed in Valuation manual); + Purchase price plus accrued interest receivables; + Face value plus accrued interest receivables.
6.	Unlisted bonds	<p>Bonds are measured in priority order as follows:</p> <ul style="list-style-type: none"> - Quoted price or another name (clean price), depending on the internal regulations of the Stock Exchange, which is being shown on the transaction system of the Stock Exchange for unlisted bonds on the latest transaction date prior to the valuation date plus accrued interest receivables; - Average prices of successful trading prices in the lasted period prior to the valuation date obtained from at least three (3) securities companies which are not related parties and are approved by the Board of Representatives; - Price determined by the method approved by the Board of Representatives (detailed in Valuation manual); - Purchase price plus accrued interest receivables; - Face value plus accrued interest receivables.
7.	Warrant on convertible bonds	<ul style="list-style-type: none"> - Average prices obtained from three (3) securities companies which are not related parties and are approved by the Board of Representatives ; - In case of no transactions, the reference price is determined by the method approved by the Board of Representatives.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Investment* (continued)

No.	Type of asset	Principle for valuation of the transactions on the market
Shares		
8.	Listed shares on Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange	<ul style="list-style-type: none"> - Closing price (or another name regulated internally of the Stock Exchange) on the latest transaction date prior to the valuation date; - In case of no transaction in more than two (2) weeks prior the valuation date, shares are measured in priority order as follows: <ul style="list-style-type: none"> + Closing price (or another name regulated internally of the Stock Exchange) on the transaction date within 12 months prior to the valuation date; + Purchase price; + Book value; + Price determined by the method approved by the Board of Representatives.
9.	Shares of public companies registered for trading on the UpCom system	<ul style="list-style-type: none"> - Closing price (or another name regulated internally of the Stock Exchange) on the latest transaction date prior to the valuation date; - In case of no transaction in more than two (2) weeks prior valuation date, the closing price (or another name regulated internally of the Stock Exchange) on the latest transaction date within 12 months prior to the valuation date is selected; or <ul style="list-style-type: none"> + Purchase price; or + Book value; or - Price determined by the method approved by the Board of Representatives.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Investment* (continued)

No.	Type of asset	Principle for valuation of the transactions on the market
10.	Shares registered and deposited but not listed and registered for trading	<ul style="list-style-type: none"> - Average prices obtained from three (3) securities companies which are not related parties and are approved by the Board of Representatives on the latest transaction date prior to the valuation date; - In case of no prices being obtained in full from three (3) securities which are not related parties and are approved by the Board of Representatives, shares are measured in priority order as follows: <ul style="list-style-type: none"> + Average price obtained from two (2) securities companies which are not related parties and are approved by the Board of Representatives; + Price of the latest reporting period but not more than three (3) months prior to the valuation date; + Purchase price; + Book value; + Price determined by the method approved by the Board of Representatives.
11.	Shares suspended for trading, or cancelled listing or transaction registration	<p>Shares are measured in priority order as follows:</p> <ul style="list-style-type: none"> - Book value; - Face value; - Price determined by the method approved by the Board of Representatives.
12.	Shares of organization falling into winding-up or bankruptcy	<p>The valuation shall be implemented in descending order of priority with the following prices:</p> <ul style="list-style-type: none"> - 80% of liquidating value of such shares on latest balance sheet date prior to valuation date; <p>Price determined by the method approved by Board of Representatives.</p>



Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Investment (continued)

No.	Type of asset	Principle for valuation of the transactions on the market
Derivative securities		
13.	Listed derivative securities	Closing price on latest transaction date prior to valuation date.
14.	Listed derivative securities with no transaction within two weeks or more	Price determined by the method approved by the Board of Representatives.
15.	Commitment value from derivative contracts	<p>Commitment value (global exposure) is the monetary value or amount to match the exposure arising from the Fund's derivative obligation. Commitment value is calculated by taking into account the fair value of the underlying assets, liquidity risks, market risks and the time required to liquidate the position.</p> <p>When calculating the committed amount, fund management companies may apply:</p> <ul style="list-style-type: none"> - Net offset principle of derivative position (reverse) for the same outstanding security; - Net offset principle of derivative position and spot delivery position of the same security; - Other principles are in accordance with the international practice to ensure the risk management.
Other assets		
16.	Other permitted investment assets	Price determined by the method in compliance with the current regulations.

Classification

Investments in the investment portfolio of the Fund are classified into financial assets (shares, bonds, monetary instruments, derivative instruments, etc.) and transaction methods (trading via Stock Exchange or Over-the-counter ("OTC")). The investments trading via OTC only include investments which are ready to be listed.

Recognition

The Fund recognizes investments in securities at the transaction date.

De-recognition

Securities investments are derecognized when the rights to receive cash flows from those investments in securities are terminated or the Fund does not hold any risks and benefits associated with ownership of securities.

Cost of trading securities is calculated by using the weighted average method.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

B06-QM

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Investment* (continued)

Right issue

Right issue is initially recognized in investment at nil value (0). Right issue is subsequently measured at fair value which is premium of securities market price at reporting date and price at announcing date multiplied by the ratio of the right exercised to buy one new share.

3.3 *Net asset value and net asset value per fund unit*

Net asset value is the total value of assets owned by the Fund after deducting related payables (such as management fee, supervisory fee, custody fee, administration fee, agent fee and other fees) on the date preceding the revaluation date.

Net asset value per fund unit is calculated by dividing net asset value of the Fund by the total number of outstanding fund units as at the most recent trading day preceding the valuation date. Net asset value is rounded in accordance with relevant accounting and auditing regulations.

3.4 *Repurchase agreements*

Securities sold under agreements to repurchase at a specified future date ("repos") alongside with ownership transfer to and from counterparties are still recognized in financial statements. Cash received according to the agreements is recognized as a liability in the balance sheet. The difference between sale price and repurchase price is recognized as interest expense and allocated into the income statement over the effective term of the agreements using the straight-line method. The sellers have rights to receive interest and other related income (if any).

3.5 *Contributed capital and surplus*

3.5.1 *Contributed capital*

The Fund's units with discretionary dividends are classified as contributed capital, which includes capital issued and capital redeemed.

Capital issued

Capital issued reflects fund capital contribution of the Fund from the investors by purchasing fund unit upon the initial offering to the public and supplementary capital contribution of subsequent offerings from the Fund or by switching fund units of other open-ended funds which are monitored by Fund Management Company.

Capital issued is reflected at face value.

Capital redeemed

Capital redeemed reflects the gross redemption amount paid to investor in subsequent Fund's Certificate redemption cycles after establishment date or switching between open-ended funds under the management of Fund Management Company.

Capital redeemed is selected at face value.

Share premium

Share premium is the difference between NAV of the fund unit and its face value which it issues/redeems.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 *Contributed capital and surplus* (continued)

3.5.2 *Retained earnings*

Retained earnings reflect undistributed gain/loss as at the reporting date, which includes realized profit and unrealized profit.

Realized profit is the difference between the Fund's total income, revenue after eliminating the unrealized gain or loss from revaluation of the Fund's investments and expense during the year.

Unrealized profit is the difference between total gain or loss arising from revaluation of the Fund's investments during the year.

At the end of the fiscal year, the Fund calculates realized and unrealized profit during the year and records them in "*Retained earnings*".

3.5.3 *Profit/assets distributed to investors*

This account reflects the profit/assets distributed to investors during the year and the transfer of distributed profit to "*Retained earnings*" at the year-end.

The Fund recognizes the profit/assets distributed to investors, Resolution by the General Meeting of Investors in compliance with Fund Charter and prevailing securities laws.

3.6 *Receivables*

Receivables are presented in the financial statements as the carrying value of receivables from sales of investments, dividends and interest receivable from investments and other receivables.

Provision for doubtful debts is set up based on the aging schedule of overdue debts or expected losses which may occur in case where a debt has not been due for payment but an economic organization has become bankrupt or liquidated; or individual debtor is missing, ran away, being prosecuted, under a trial or serving a sentence or dead. Provision expense is recognized into expense of the income statement. Provision for receivables from sales of securities is recognized as expense increased during the year. Provision for receivables from dividends, coupons and deposit interest is recognized as income decreased during the year.

Provision for overdue debts is made in accordance with Circular No. 228/2009/TT-BTC and Circular No. 89/2013/TT-BTC amending and supplementing Circular No. 228/2009/ TT-BTC as follows:

<u>Overdue</u>	<u>Provision rate</u>
From over six (6) months up to under one (1) year	30%
From one (1) year up to under two (2) years	50%
From two (2) years up to under three (3) years	70%
From three (3) years and above	100%

3.7 *Payables and accrued expenses*

Payables and accrued expenses are recognized at cost relating to payables for redemption of fund units, payables for trading securities, payables to the Fund's Board of Representatives, payables to the Fund Management Company and the Depository and Supervisory Bank and other payables.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Expenses

The Fund's investing expenses are recognized on an accrual basis. Expenses arising from sales of investments are recorded as operating expenses during the period. Expenses of Fund are mainly as follows:

Management fee

Management fee is accounted 0.9% of the net asset value for the financial year. It is paid to the Fund Management Company to provide management service to the Fund and the fee rate is fixed during the period of service provided.

Management fee is calculated in formula as:

Fund management fee for the period = 0.9% (per annum) x NAV at the pre-valuation date x Number of days in the period of valuation / Numbers of days in the financial year (365 or 366)

Custodian and supervisory fee

Custodian and supervisory fee is the fee paid to the Custodian and Supervisory Bank to provide custodian and supervisory service to the Fund. The fee is calculated based on NAV at pre-valuation date and paid monthly. The monthly fee is total fee accrued for the period of valuation.

Type	Rate (NAV/year)	Minimum monthly rate (VND/month)
Supervisory fee	0.04%	15,000,000 (if the frequency of transaction is weekly) excluded VAT (if any)
		17,000,000 (if the frequency of transaction is daily) excluded VAT (if any)
Custodian fee	0.04%	15,000,000 (if the frequency of transaction is weekly)
		18,000,000 (if the frequency of transaction is daily)

The formula of calculation for each period of valuation is determined as:

Custodian and supervisory fee (excluded transaction fee) for the period of valuation = Rate (per annum) x NAV at the pre-valuation date x Number of days in the period of valuation / Numbers of days in the financial year (365 or 366).

Administration fee

Administration fee is the fee paid monthly to the Company providing administration service for the Fund, with the detail of rate as:

Rate (NAV/year)	Minimum monthly rate (VND/month)
0.03%	10,000,000 (if the frequency of transaction is weekly)
	15,000,000 (if the frequency of transaction is daily)

The formula of calculation for each period of administration fee is determined as:

Administration fee for the period of valuation = Rate (per annum) x NAV at the pre-valuation date x Number of days in the period of valuation / Numbers of days in the financial year (365 or 366).

Vietnam Investment Fund Management Joint Stock Company

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Expenses (continued)

Transfer agent fee

Transfer agent fee is the fee paid to suppliers for providing transfer agent service to the Fund. The rate is fixed at VND10 million per month and allocated for periods of valuation during the month. The transaction fee to buy, sell, swap, owner-right transfer and bank transfer is 0.01% of transaction value in the new purchase, repurchase, transfer transaction and free for the first 400 transactions per month. The fee rate of taking up option is VND1,000,000 once providing a list of options. Total maximum transfer agent fee is 0.03% NAV/year. Total minimum transfer agent fee is VND96 million per annum (i.e VND8 million per month), which is always applied onwards.

Transfer agent fee is calculated at the year end, based on the average NAV of the financial year and adjusted at the first month of next year (if any). The fee rate, method and payment term are regulated detail in the service contract between the Fund management company and the Supplier.

3.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest (include interest from deposits, certificates of deposits and bonds)

Revenue is recognized as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Income from securities trading activities

Income from securities trading activities is recognized into the income statement when the Fund receives the deal confirmation from Vietnam Security Depository, which is certified by the Supervisory Bank (for listed securities) and when assets transfer contracts are settled (for unlisted securities).

3.10 Tax

Under the Vietnamese current regulations, the Fund is not subject to corporate income tax. However, the Fund is required to withhold income tax of individual and institutional investors in the following transactions:

Vietnam Investment Fund Management Joint Stock Company

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Tax (continued)

Dividend payments to investors

When the Fund distributes dividends to its investors, the Fund Management Company must comply with Circular No. 78/2014/TT-BTC dated 18 June 2014, Circular No. 111/2013/TT-BTC dated 15 August 2013 issued by the Ministry of Finance and Circular No. 92/2015/TT-BTC dated 15 June 2015 on guidelines for VAT and personal income tax incurred by residents doing business, amendments to some articles on personal income tax of the Law No. 71/2014/QH13 on the amendments to tax laws and the Government's Decree no. 12/2015/NĐ-CP dated 12 February 2015 on guidelines for the law on the amendments to tax laws and decrees on taxation, Circular No. 96/2015/TT-BTC dated 25 August 2014 guidelines for corporate income tax in the Government's Decree no. 12/2015/NĐ-CP dated 12 February 2015 on guidelines for the Law on amendments to laws on taxation and amendments to decrees on taxation; amendments to some articles of Circular No. 78/2014/TT-BTC dated 18 June 2014, Circular no. 119/2014/TT-BTC dated 25 August 2014, and Circular No. 151/2014/TT-BTC dated 10 October 2014 of the MoF, Official Letter No. 10945/BTC-TCT dated 19 August 2010 on guidelines for tax policies for investors. Accordingly, when the Fund distributes dividends to its institutional investors, regardless of domestic or foreign, the Fund Management Company is required to withhold 22% of distributed profit (except for distributed profit portions already imposed with corporate income tax in the previous stage and bond interest collected from tax-free bonds in accordance with the current regulations). In addition, when the Fund distributes dividends to its individual investors, it must withhold the personal income tax at 5% of dividend amounts.

Fund units redemption

The Fund Management Company is required to withhold, declare and pay income tax of transactions relating to fund units redemption from individuals (domestic or foreign) and foreign Institutions in accordance with regulations regarding to foreign transactions. The applied tax rate for unlisted securities transfer transactions is 0.1% of transfer value in accordance with Circular No. 78/2014/TT-BTC dated 18 June 2014, Circular No. 111/2013/TT-BTC dated 15 August 2013 and Circular No. 103/2014/TT-BTC dated 6 August 2014 issued by the Ministry of Finance.

The Fund does not withhold income tax of domestic investors who are the organizations since these domestic organizations shall be responsible for their income tax declaration and payment.

3.11 Related parties

Parties/persons are considered to be related if one party/person has the ability, directly or indirectly, to control other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Other investment funds under the management of the same Fund Management Company, the Fund Management Company and shareholders of the Fund Management Company are considered as related parties to the Fund. The substance of each party's relationship is more important than its legal form.

3.12 Off balance sheet items

Off balance sheet items stated in Circular No. 198/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance on accounting system applicable to open-ended funds are presented in the relevant notes in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments

For the purpose of disclosure in the financial statements regarding the importance of financial instruments on the balance sheet and the income statement, as well as the nature and the degree of risk incurred from financial instruments in accordance with Circular No. 210/2009/TT-BTC issued by the Ministry of Finance, the Fund classifies the financial instruments into one of the following categories:

Financial assets

► *Financial asset at fair value through profit or loss:*

Is a financial asset that meets either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - There is evidence of a recent actual pattern of short-term profit-taking; or
 - It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the Fund as at fair value through profit or loss.

► *Held-to-maturity investments:*

Are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Fund has the positive intention and ability to hold to maturity other than:

- a) Those that the Fund upon initial recognition designates as at fair value through profit or loss;
- b) Those that are designated as available-for-sale; and
- c) Those that meet the definitions of loans and receivables.

► *Loans and receivables:*

Are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) Those that the Fund intends to sell immediately or in the near term, which shall be classified as held for trading and those that the Fund upon initial recognition designates as at fair value through profit or loss;
- b) Those that the Fund upon initial recognition designates as available for sale; or
- c) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration which shall be classified as available for sale.

► *Available-for-sale assets:*

Are non-derivative financial assets that are designated as available for sale or are not classified as:

- a) Financial assets at fair value through profit or loss;
- b) Held-to-maturity investments; or
- c) Loans and receivables.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Financial instruments* (continued)

Financial liabilities

► *Financial liabilities at fair value through profit or loss*

is a financial liability that meets either of the following conditions:

- a) It is classified as held for trading. A financial liability is classified as held for trading if:
 - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
 - It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the Fund as at fair value through profit or loss.

► *Financial liabilities at amortized cost*

Financial liabilities are not categorized as at fair value through profit or loss will be classified financial liabilities at amortized cost.

The classification of the above financial instruments is for the only purpose of presentation and disclosure and is not for describing the valuation method of the financial instruments. The accounting policies relating to valuation of financial instruments are presented in corresponding notes.

3.14 *Nil balance*

Items or balance stipulated in Circular No. 198/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance regarding the accounting standards and systems for open-ended funds, which are not presented in these financial statements, are considered nil balance.

4. CASH AT BANK AND CASH EQUIVALENTS

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Deposits in VND with term less than three (3) months	74,700,000,000	8,660,000,000
<i>Including:</i>		
- Vietnam International Joint Stock Commercial Bank	20,000,000,000	6,000,000,000
- Standard Chartered Bank	20,000,000,000	-
- Asia Commercial JS Bank	19,700,000,000	1,460,000,000
- Joint Stock Commercial Bank for Investment and Development of Vietnam	15,000,000,000	1,200,000,000
Demand deposit at the Custodian and Supervisory Bank for the Fund's operation	823,833,444	89,866,110
	75,523,833,444	8,749,866,110

Vietnam Investment Fund Management Joint Stock Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

5. INVESTMENTS

	Revaluation difference as at 31 December 2016			
	At cost VND	Market value or fair value VND	Increase VND	Decrease VND
	[1]	[2]	[3]	[4]
31 December 2016				
Certificates of deposits	26,000,000,000	26,000,000,000	-	-
				26,000,000,000
				[5]=[1]+[3]-[4]
Revaluation difference as at 31 December 2015				
	At cost VND	Market value or fair value VND	Increase VND	Decrease VND
	[1]	[2]	[3]	[4]
31 December 2015				
Listed bonds	51,170,308,219	51,140,000,000	-	(30,308,219)
Certificates of deposits	32,000,000,000	32,000,000,000	-	-
	83,170,308,219	83,140,000,000	-	(30,308,219)
				51,140,000,000
				32,000,000,000
				83,140,000,000
				[5]=[1]+[3]-[4]

Vietnam Investment Fund Management Joint Stock Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

5. INVESTMENTS (continued)

Details of investments as at 31 December 2016 are as follows:

	<u>Quantity</u>	<u>Purchasing price</u>	<u>Interest rate</u>	<u>Issue date</u>	<u>Maturity date</u>
31 December 2016					
Certificates of deposits issued by HD Saison Finance Co., Ltd	6	6,000,000,000	11.50%	11 July 2016	11 July 2018
Certificates of deposits issued by HD Saison Finance Co., Ltd	10	10,000,000,000	13.00%	8 April 2015	8 April 2017
Certificates of deposits issued by Home Credit Co., Ltd	10	10,000,000,000	11.00%	19 September 2016	19 September 2019
		<u>26,000,000,000</u>			

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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6. RECEIVABLES

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Receivables and dividends, accrued interest receivables from investments	971,947,221	3,776,462,908
Interest receivables from deposit certificates	949,638,888	316,777,779
Interest receivables from term deposits	22,308,333	7,630,334
Interest receivables from bonds	-	3,452,054,795
Other receivables	-	1,419,354
Prepaid transfer agency fee for Vietnam Securities Depository	-	1,419,354
	971,947,221	3,777,882,262

7. ACCRUED EXPENSES

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Audit fee	48,950,000	81,400,000
Annual reporting fee	33,179,300	16,720,000
Remuneration payables to the Board of Representatives	18,000,000	18,000,000
Annual general meeting fee	6,050,000	7,260,000
Brokerage Fee Payable	-	21,540,900
	106,179,300	144,920,900

8. FUND MANAGEMENT SERVICE PAYABLE

	<i>Ending balance</i> VND	<i>Beginning balance</i> VND
Fund management fee	77,698,280	72,810,658
Transfer agent fee	66,000,000	66,000,000
Supervising fee	16,500,000	16,500,000
Depository fee	15,000,000	15,000,000
Fund administration fee	11,000,000	11,000,000
Securities trading fee	-	600,000
	186,198,280	181,910,658

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9. STATEMENT OF CHANGES IN OWNERS' EQUITY

	<u>Beginning balance</u>	<u>Movement during the year</u>	<u>Ending balance</u>
Capital issued			
Number of fund units (<i>unit</i>)	14,254,402.44	988,896.53	15,243,298.97
Subscribed capital at face value (VND)	142,544,024,400	9,888,965,300	152,432,989,700
Share premium (VND)	3,382,162,509	3,395,763,805	6,777,926,314
Total capital issued (VND)	145,926,186,909	13,284,729,105	159,210,916,014
Capital redeemed			
Number of fund units (<i>unit</i>)	(6,698,726.33)	(1,150,125.35)	(7,848,851.68)
Redeemed capital at face value (VND)	(66,987,263,300)	(11,501,253,500)	(78,488,516,800)
Share premium (VND)	(2,657,494,367)	(3,886,810,160)	(6,544,304,527)
Total capital redeemed (VND)	(69,644,757,667)	(15,388,063,660)	(85,032,821,327)
Number of outstanding fund units (<i>unit</i>)	<u>7,555,676.11</u>	<u>(161,228.82)</u>	<u>7,394,447.29</u>
Contributed capital (VND)	<u>76,281,429,242</u>	<u>(2,103,334,555)</u>	<u>74,178,094,687</u>
Retained earnings (VND)	<u>19,044,496,772</u>	<u>8,962,079,871</u>	<u>28,006,576,643</u>
NAV	<u>95,325,926,014</u>		<u>102,184,671,330</u>
NAV per fund unit	<u>12,616.46</u>		<u>13,819.10</u>

10. RETAINED EARNINGS

	<u>Current year VND</u>	<u>Previous year VND</u>
Beginning balance	19,044,496,772	13,444,108,223
Realized profit in the year	8,931,771,652	5,623,265,261
Unrealized gain/(loss) in the year	30,308,219	(22,876,712)
	<u>28,006,576,643</u>	<u>19,044,496,772</u>

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11. INTEREST INCOME

	<i>Current year</i> VND	<i>Previous year</i> VND
Interest income received in the year	7,767,793,731	7,752,216,860
Bond coupons received in the year	2,978,759,488	3,085,784,564
Interest from certificates of deposits received in the year	3,413,722,219	-
Interest from term deposits received in the year	1,361,042,782	4,659,583,223
Interest from demand deposits received in the year	14,269,242	6,849,073
Accrued interest at the year-end	971,947,221	334,271,127
Interests from certificates of deposits	949,638,888	316,777,779
Interest from term deposits	22,308,333	7,630,334
Bond coupons	-	9,863,014
	8,739,740,952	8,086,487,987

12. GAIN/(LOSS) FROM SECURITIES TRADING

	<i>For the year ended 31 December 2016</i>			<i>Gain/(loss)</i> <i>from</i> <i>selling</i> <i>investments</i> <i>in 2015</i> VND
	<i>Total value of</i> <i>investments sold</i> VND	<i>Weighted average</i> <i>cost at the end of</i> <i>transaction date</i> VND	<i>Gain from selling</i> <i>investments</i> <i>in 2016</i> VND	
Listed bonds	268,496,090,040	271,023,567,538	2,527,477,498	(516,284,564)
Certificates of deposits	6,072,752,253	6,000,000,000	72,752,253	370,675,556
	274,568,842,293	277,023,567,538	2,600,229,751	(145,609,008)

13. DIFFERENCE ON REVALUATION OF SECURITIES INVESTMENTS

	<i>Purchase price</i> <i>per book</i> <i>value</i> VND	<i>Market value</i> <i>or fair value</i> VND	<i>Revaluation</i> <i>difference</i> <i>as at</i> <i>31 December</i> <i>2016</i> VND	<i>Revaluation</i> <i>difference</i> <i>as at</i> <i>31 December</i> <i>2015</i> VND	<i>Revaluation</i> <i>difference</i> <i>recognized</i> <i>in current</i> <i>year</i> VND
Listed bonds	26,000,000,000	26,000,000,000	-	-	-
Certificates of deposits	-	-	-	(30,308,219)	30,308,219
	26,000,000,000	26,000,000,000	-	(30,308,219)	30,308,219

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14. EXPENSES FROM INVESTING ACTIVITIES

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Transaction costs on buying, selling investments	123,206,490	181,038,201
- Transaction costs on buying investments	39,356,230	87,037,801
- Transaction costs on selling investments	83,850,260	94,000,400
Off-setting fee payable to VSD	2,300,000	1,250,000
Interest expense (*)	463,450,463	378,756,186
	588,956,953	561,044,387

(*) Interest expense incurred from the Repo contract of Government bonds.

14.1 *Transaction costs for buying investments*

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Bonds	39,356,230	77,108,450
Repurchase agreements	-	9,929,351
	39,356,230	87,037,801

14.2 *Transaction costs for selling investments*

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Bonds	53,709,960	83,596,800
Repurchase agreements	30,140,300	9,853,600
Certificates of deposits	-	550,000
	83,850,260	94,000,400

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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14. EXPENSES FROM INVESTING ACTIVITIES (continued)

The fund's transactions for the year ended 31 December 2016 were mainly made through the following securities companies:

No.	Name (code) of securities companies through which the fund's transactions exceed 5% total fund's transaction value for the year	Relationship with the fund management company	Ratio of the fund's transactions through each security			Average brokerage fee in the market	
			Transacted amount of the fund for the year VND	Total transacted value of the fund for the year VND	Ratio of the fund's transactions through each security for the year		Average brokerage fee
(1)	(2)	(3)	(4)	(5)	(6)=(4)/(5)	(7)	(8)
1	Bao Viet Security Joint Stock Company	No	369,663,596,645	782,426,450,463	47.25%	0.02%	0.02%-0.03%
2	Vietcombank Securities Corporation	No	200,938,153,818	782,426,450,463	25.68%	0.02%	0.02%-0.03%
3	Ho Chi Minh City Securities Corporation	Related	110,874,200,000	782,426,450,463	14.17%	0.02%	0.02%-0.03%
4	Bank for Investment and Development of Vietnam Securities Joint Stock Company	No	100,950,500,000	782,426,450,463	12.90%	0.02%	0.02%-0.03%
Total			782,426,450,463		100.00%		

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15. OTHER OPERATING EXPENSES

	<i>Current year</i> VND	<i>Previous year</i> VND
Remuneration of the Fund's Board of Representatives	117,000,000	117,000,000
Expense/(reversal) for annual reporting fee (*)	47,523,300	(16,465,660)
Bank charges	20,921,487	17,497,700
Annual management fee	10,000,000	10,000,000
Internet banking fee	-	28,366,250
Fund establishment expense	-	16,500,000
Fund's Board of Representatives Business traveling, meeting expenses (**)	-	14,600,800
Others	600,000	-
	196,044,787	187,499,090

(*) According to Meeting Minute No. VFB-BDD-04-Quy III 2016 dated 18 October 2016, the budget for annual reporting fee of the Fund in 2016 was VND33,179,300 approved by the Board of Representatives which was fully accrued by the Fund. However, the Fund has made additional payment for annual reporting fee of 2015 amounting to VND14,344,000 in this year.

(**) In 2016, the Fund has accrued the travel and meeting expense of Board of Representatives amounting to VND14,600,800. However, the Fund has reversed the travel and meeting expense of Board of Representatives accrued in 2015 amounting to VND14,600,800.

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16. NET ASSET VALUE

Net asset value for the year ended 31 December 2016

Period of NAV	For the year ended 31 December 2016			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
	NAV			VND
	VND			VND
Last period/ December	95,325,926,014	7,555,676.11	12,616.46	6.35
First period of January	95,373,891,380	7,555,676.11	12,622.81	8.38
Second period of January	95,437,223,153	7,555,676.11	12,631.19	4.18
Third period of January	95,468,824,839	7,555,676.11	12,635.37	21.67
Fourth period of January	95,651,177,114	7,557,151.70	12,657.04	1.15
Fifth period of January	95,645,645,826	7,556,022.90	12,658.19	3.17
Last period of January	95,621,144,131	7,552,200.79	12,661.36	15.70
First period of February	95,739,749,838	7,552,200.79	12,677.06	23.37
Second period of February	95,916,238,334	7,552,200.79	12,700.43	55.48
Third period of February	96,335,219,859	7,552,200.79	12,755.91	39.74
Fourth period of February	96,609,785,465	7,550,200.79	12,795.65	9.25
Last period of February	96,654,022,945	7,548,200.79	12,804.90	(31.64)
First period of March	96,415,166,326	7,548,200.79	12,773.26	7.95
Second period of March	96,624,700,717	7,559,898.45	12,781.21	75.52
Third period of March	97,163,453,469	7,557,398.45	12,856.73	(74.76)
Fourth period of March	96,564,591,461	7,554,744.95	12,781.97	35.56
Last period of March	96,745,474,873	7,547,900.48	12,817.53	7.19
First period of April	96,325,253,634	7,510,900.48	12,824.72	8.81
Second period of April	95,644,294,086	7,452,684.65	12,833.53	15.58
Third period of April	95,670,434,795	7,445,684.65	12,849.11	23.57
Fourth period of April	95,807,351,413	7,442,684.65	12,872.68	4.40
Last period of April	95,685,522,185	7,430,684.65	12,877.08	16.57
First period of May	95,808,700,143	7,430,684.65	12,893.65	35.95
Second period of May	97,749,524,852	7,560,133.57	12,929.60	53.40
Third period of May	98,542,038,850	7,590,080.50	12,983.00	20.26
Fourth period of May	98,656,797,486	7,587,080.50	13,003.26	

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2016 (continued)

	For the year ended 31 December 2016			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
<i>Period of NAV</i>	VND		VND	VND
Last period of May	98,776,495,043	7,591,222.57	13,011.93	8.67
First period of June	98,808,103,149	7,591,222.57	13,016.09	4.16
Second period of June	98,998,290,797	7,588,222.57	13,046.30	30.21
Third period of June	99,159,160,874	7,585,222.57	13,072.67	26.37
Fourth period of June	99,701,784,855	7,608,314.60	13,104.31	31.64
Last period of June	99,789,098,733	7,628,449.70	13,081.17	(23.14)
First period of July	99,399,400,341	7,585,449.70	13,103.95	22.78
Second period of July	99,545,411,444	7,572,979.32	13,144.81	40.86
Third period of July	98,728,420,227	7,520,016.33	13,128.75	(16.06)
Fourth period of July	98,908,308,367	7,514,266.63	13,162.73	33.98
Last period of July	98,611,368,317	7,488,635.44	13,168.13	5.40
First period of August	98,558,330,311	7,488,635.44	13,161.05	(7.08)
Second period of August	98,921,319,578	7,486,195.29	13,213.83	52.78
Third period of August	98,420,020,100	7,409,987.68	13,282.07	68.24
Fourth period of August	98,880,316,322	7,409,987.68	13,344.19	62.12
Last period of August	99,032,310,808	7,414,703.30	13,356.20	12.01
First period of September	98,996,492,378	7,414,703.30	13,351.37	(4.83)
Second period of September	99,278,449,569	7,414,703.30	13,389.40	38.03
Third period of September	99,423,546,465	7,414,703.30	13,408.97	19.57
Fourth period of September	99,785,355,315	7,402,569.53	13,479.82	70.85
Last period of September	100,794,889,593	7,402,569.53	13,616.20	136.38
First period of October	100,742,551,188	7,405,360.58	13,604.00	(12.20)
Second period of October	100,349,248,490	7,405,360.58	13,550.89	(53.11)
Third period of October	101,467,438,210	7,405,360.58	13,701.89	151.00

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2016 (continued)

	For the year ended 31 December 2016		
	NAV VND	Number of fund units	NAV per fund unit VND
<i>Period of NAV</i>			
Fourth period of October	108,753,599,702	7,966,794.04	13,650.86
Fifth period of October	102,120,771,300	7,437,902.03	13,729.78
Last period of October	102,196,175,918	7,437,902.03	13,739.91
First period of November	102,225,184,652	7,437,902.03	13,743.81
Second period of November	102,176,302,216	7,437,902.03	13,737.24
Third period of November	102,045,886,488	7,437,902.03	13,719.71
Fourth period of November	101,715,942,442	7,405,360.58	13,735.44
Last period of November	101,815,618,494	7,405,360.58	13,748.90
First period of December	101,831,677,209	7,405,360.58	13,751.07
Second period of December	101,948,202,919	7,405,360.58	13,766.81
Third period of December	101,692,198,185	7,378,354.12	13,782.50
Fourth period of December	101,808,213,272	7,378,354.12	13,798.22
Fifth-period of December	102,087,054,647	7,390,294.42	13,813.66
Last period of December	102,184,671,330	7,394,447.29	13,819.10
Average NAV for the period	98,878,703,565		
Maximum variance of NAV per fund unit in the year			151.00
Minimum variance of NAV per fund unit in the year			1.15

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16. NET ASSET VALUE

Net asset value for the year ended 31 December 2015

	For the year ended 31 December 2015			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
<i>Period of NAV</i>	VND		VND	VND
Last period/ December	85,144,431,750	7,175,245.67	11,866.41	-
First period of January	85,221,848,299	7,175,245.67	11,877.20	10.79
Second period of January	85,299,257,212	7,175,245.67	11,887.99	10.79
Third period of January	85,452,641,683	7,175,245.67	11,909.36	21.37
Fourth period of January	85,476,529,240	7,175,245.67	11,912.69	3.33
Fifth period of January	86,213,855,523	7,175,245.67	12,015.45	102.76
Last period of January	86,338,354,006	7,175,245.67	12,032.80	17.35
First period of February	86,549,149,749	7,175,245.67	12,062.18	29.38
Second period of February	86,875,387,293	7,175,245.67	12,107.65	45.47
Third period of February	87,726,712,148	7,222,861.84	12,145.69	38.04
Fourth period of February	87,863,903,054	7,222,861.84	12,164.69	19.00
Last period of February	87,984,136,742	7,229,970.77	12,169.36	4.67
First period of March	88,057,847,162	7,229,970.77	12,179.55	10.19
Second period of March	88,670,306,267	7,275,673.60	12,187.22	7.67
Third period of March	91,572,893,547	7,505,092.26	12,201.43	14.21
Fourth period of March	93,832,285,127	7,687,903.61	12,205.18	3.75
Last period of March	93,942,802,884	7,733,510.46	12,147.49	(57.69)
First period of April	93,978,968,163	7,733,510.46	12,152.17	4.68
Second period of April	94,033,884,211	7,737,600.26	12,152.84	0.67
Third period of April	94,057,516,545	7,738,418.17	12,154.61	1.77
Fourth period of April	93,239,999,992	7,738,053.76	12,049.54	(105.07)
Last period of April	93,835,961,270	7,738,053.76	12,126.55	77.01
First period of May	93,888,376,798	7,738,053.76	12,133.33	6.78
Second period of May	93,837,518,538	7,738,053.76	12,126.75	(6.58)
Third period of May	93,848,086,893	7,738,053.76	12,128.12	1.37
Fourth period of May	93,955,400,451	7,740,512.50	12,138.13	10.01
Fifth period of May	94,010,237,659	7,740,512.50	12,145.22	7.09

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2015 (continued)

	For the year ended 31 December 2015			
	NAV	Number of fund units	NAV per fund unit	Increase/(decrease) of NAV per fund unit
Period of NAV	VND		VND	VND
Last period of May	94,051,613,359	7,740,512.50	12,150.56	5.34
First period of June	94,081,526,725	7,740,512.50	12,154.43	3.87
Second period of June	94,204,071,763	7,740,512.50	12,170.26	15.83
Third period of June	94,219,924,649	7,743,289.43	12,167.94	(2.32)
Fourth period of June	94,388,721,196	7,746,107.73	12,185.30	17.36
Last period of June	94,486,493,167	7,747,370.72	12,195.94	10.64
First period of July	94,606,146,917	7,747,370.72	12,211.38	15.44
Second period of July	94,771,049,235	7,746,555.07	12,233.96	22.58
Third period of July	94,827,274,534	7,747,323.75	12,240.00	6.04
Fourth period of July	94,989,670,834	7,747,323.75	12,260.96	20.96
Fifth period of July	95,158,640,267	7,747,323.75	12,282.77	21.81
Last period of July	95,183,778,082	7,747,323.75	12,286.02	3.25
First period of August	95,383,100,185	7,747,323.75	12,311.74	25.72
Second period of August	95,537,581,532	7,747,485.22	12,331.43	19.69
Third period of August	95,385,059,291	7,746,033.02	12,314.05	(17.38)
Fourth period of August	93,021,715,137	7,566,641.67	12,293.65	(20.40)
Last period of August	92,934,789,398	7,556,008.33	12,299.45	5.80
First period of September	92,967,439,474	7,556,008.33	12,303.77	4.32
Second period of September	93,040,203,975	7,556,008.33	12,313.40	9.63
Third period of September	93,115,883,361	7,552,222.83	12,329.59	16.19
Fourth period of September	93,353,744,863	7,552,222.83	12,361.09	31.50
Last period of September	106,099,492,831	8,573,551.42	12,375.20	14.11
First period of October	106,104,932,799	8,573,551.42	12,375.84	0.64
Second period of October	106,242,720,982	8,573,551.42	12,391.91	16.07
Third period of October	93,663,473,586	7,547,758.86	12,409.44	17.53

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2015 (continued)

	For the year ended 31 December 2015			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
Period of NAV	VND		VND	VND
Fourth period of October	93,773,129,036	7,549,122.26	12,421.72	12.28
Fifth period of October	93,678,560,052	7,549,122.26	12,409.19	(12.53)
Last period of October	93,716,823,215	7,549,122.26	12,414.26	5.07
First period of November	94,292,456,268	7,549,122.26	12,490.51	76.25
Second period of November	94,409,724,104	7,549,122.26	12,506.05	15.54
Third period of November	94,560,731,121	7,550,552.92	12,523.68	17.63
Fourth period of November	94,613,811,939	7,550,552.92	12,530.71	7.03
Last period of November	94,729,735,827	7,550,552.92	12,546.06	15.35
First period of December	94,786,158,815	7,550,552.92	12,553.53	7.47
Second period of December	95,226,008,634	7,550,552.92	12,611.79	58.26
Third period of December	95,221,915,047	7,550,552.92	12,611.25	(0.54)
Fourth period of December	95,334,085,812	7,555,676.11	12,617.54	6.29
Last period of December	95,325,926,014	7,555,676.11	12,616.46	(1.08)
Average NAV for the period	93,211,321,025			(105.07)
Maximum variance of NAV per fund unit in the year				(0.54)
Minimum variance of NAV per fund unit in the year				

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17. OFF BALANCE SHEET ITEM

Number of outstanding fund units by redemption time

	<i>Book value</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Less than one year	<u>7,394,447.29</u>	<u>7,555,676.11</u>

18. SOME INDICES

<i>No</i>	<i>Indices</i>	<i>Current year</i>	<i>Previous year</i>
1	Performance indicators		
1	Fund management fee paid to the Fund Management Company/Average NAV in the year	0.90	0.90
2	Depository fee, supervising fee paid to the Supervisory Bank/Average NAV in the year	0.39	0.40
3	Fund administration fee, transfer agent fee and other service fee that the Fund Management Company paid to the service providers/Average NAV in the year	0.25	0.29
4	Audit fee paid to auditing firm (if any) / Average NAV in the year	0.10	0.09
5	Expenses of legal consulting service, quotation service and other services, remunerations of the Board of Representatives/Average NAV in the year	0.12	0.13
6	Total operating expense/Average NAV in the year (*)	2.31	2.29
7	Turnover ratio of investment portfolio in the period = (Total purchase value in the year + Total sales value in the year)/(2 * Average net asset value (NAV) in the year)	253.50	459.88

(*) Operating expenses do not include broker fee.

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18. **SOME INDICES** (continued)

No	Indices	Current year	Previous year
II	Other indices		
1	The Fund's scale, beginning balance		
	Total value of outstanding fund units, beginning balance (face value) (VND)	75,556,761,100	71,752,456,700
	Total number of outstanding fund units, beginning balance	7,555,676.11	7,175,245.67
2	Change in scale during the year		
	Number of fund units additionally offered	988,896.53	1,621,422.91
	Value of fund units additionally offered in the year (face value) (VND)	9,888,965,300	16,214,229,100
	Number of fund units redeemed	(1,150,125.35)	(1,240,992.47)
	Value of fund units paid to investors' upon their orders in the period (face value) (VND)	(11,501,253,500)	(12,409,924,700)
3	The Fund's scale, ending balance		
	Total value of outstanding fund units, ending balance(face value) (VND)	73,944,472,900	75,556,761,100
	Total number of outstanding fund units, ending balance	7,394,447.29	7,555,676.11
4	Number of fund units held by the Fund Management Company and related parties/Total fund units	28.20%	27.55%
5	Number of fund units held by the 10 biggest investors/Total fund units	99.57%	99.67%
6	Number of fund units held by foreign investors/Total fund units	96.22%	94.17%
7	Number of investors participating in the Fund, included custodian transactions	32	24
8	NAV of the fund units (VND)	13,819.10	12,616.46

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19. FINANCIAL RISK MANAGEMENT POLICIES

The Fund is exposed to market risk, credit risk and liquidity risk. The process of risk management is critical to the Fund's continuing profitability. The Fund Management Company has designed a risk control system to ensure a sufficient balance between expected cost of risk and risk management cost. The Board of Management of the Fund Management Company continuously monitors the process of risk management to ensure a sufficient balance between risk and risk control.

The Board of Management of the Fund Management Company has reviewed and decided to apply the following risk management policies for the above risks.

19.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: interest rate risk, currency risk, price risk and other price risk, such as security price risk. Financial instruments affected by market risk include deposits and securities investments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to market risk for changes in interest rate relates primarily to the Fund's cash on hand and cash at bank. These assets are highly liquid in nature and they are not held for speculative purposes.

The Fund Manager manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes within its risk management limits.

The Fund Manager believes that interest rate risk does not have any impact on the Fund's operations, as it does not hold any debt securities.

Interest rate sensitivity

A sensitivity analysis is not performed for interest rate risk as the Fund's exposure to interest-rate risk is minimal at reporting date.

Price risk

The Fund's listed Government bonds are exposed to market price risk arising from uncertainties about future prices of investment bonds. The Fund manages price risk by placing a limit on bond investments. The Fund's Investment Committee also reviews and approves all bond investment decisions.

As at reporting date, the Fund does not have any investment to listed bonds.

19.2 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund was incorporated and operates in Vietnam. As such, its reporting and transaction currency is denominated in VND. The Fund is not exposed to foreign currency risk, because the Fund does not hold any assets nor liabilities denominated in foreign currency as at 31 December 2016.

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19. FINANCIAL RISK MANAGEMENT POLICIES (continued)

19.3 *Credit risk*

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. These credit exposures exist within financing relationships including deposits with banks and other financial instruments.

The Fund's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Fund's Investment management department in accordance with the Fund's policy. The Fund evaluates the concentration of credit risk in respect to deposits at banks is too low.

It is the Fund's policy to enter into financial instruments with reputable counterparties.

The Investment management department closely monitors the creditworthiness of the Fund's counterparties (e.g., brokers, custodian, banks, etc.) by reviewing their credit worthiness, financial statements and press releases on a regular basis.

19.4 *Liquidity risk*

The liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations due to shortage of capital. The Fund's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and financial liabilities.

The Fund invests primarily in securities market and other financial instruments, which are under normal market conditions are easily convertible to cash. The Fund monitors liquidity risk by maintaining sufficient amount of cash and cash equivalents for the Fund's operation and to mitigate the effect of fluctuations in cash flows.

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20. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount and fair value of financial instruments of the Fund as at 31 December 2016 are presented as follows:

	<i>Carrying amount</i> VND	<i>Fair value</i> VND
Financial assets		
Cash and cash equivalents		
- Cash at banks	823,833,444	823,833,444
- Deposits with terms less than three (3) months	74,700,000,000	74,700,000,000
Investments		
- Certificates of deposits	26,000,000,000	26,000,000,000
Receivables	971,947,221	971,947,221
Total	102,495,780,665	102,495,780,665
Financial liabilities		
Transfer agent fee	3,516,000	3,516,000
Payables for fund management services	186,198,280	186,198,280
Other accrued expenses	102,780,100	102,780,100
Total	292,494,380	292,494,380

The fair values of the financial assets and liabilities represent the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced sales or liquidation.

The following methods and assumptions are being used to estimate the fair values:

- Fair values of cash and cash equivalents, receivables, payables to transfer agent fee, accrued expense and payables for fund management service approximate their book values due mainly to the short-term maturities of these instruments.

21. RELATED PARTIES AND OTHER KEY CONTRACTS

21.1 Related parties

a) *The Fund Management Company*

According to Fund Charter, the Fund Management Company is entitled to the management fee. The management fee is monthly calculated by 0.9% of the Fund's NAV in the financial year.

	<i>Current year</i> VND	<i>Previous year</i> VND
Fund management fee	890,130,435	839,123,504

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21. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)

21.1 Related parties (continued)

b) Remunerations of the Board of Representatives

Other than the remunerations, there are no other transactions or contracts to which the Fund and any member of the Board of Representatives is a party to where a member of Board of Representatives has a material interest. Remunerations of the Board of Representatives are recognized as expenses of the Fund.

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Remunerations of the Board of Representatives	117,000,000	117,000,000

21.2 Other key contracts

Custodian and Supervisory Bank

The Fund is obliged to pay the Custodian and Supervisory Bank annual supervisory fee equal to 0.04% of the Fund's NAV (the minimum amount was VND15,000,000 per month if the Fund's trading frequency is once a week and the minimum amount of VND18,000,000 per month if the trading frequency of the Fund is daily).

In addition, Standard Chartered Bank (Vietnam) Limited also carries out fund administration service. The Fund has an obligation to pay Standard Chartered Bank (Vietnam) Limited the minimum amount is 0.03% (minimum of VND10,000,000 per month if trading frequency is once a week and minimum of VND15,000,000 per month if trading frequency of the Fund is daily).

Details of service fees in the period are as follows:

	<i>Current year</i>	<i>Previous year</i>		
	<i>Standard Chartered VND</i>	<i>Deutsche Bank AG VND</i>	<i>Standard Chartered VND</i>	<i>Total VND</i>
Supervising fee	198,000,000	78,092,902	133,767,096	211,859,998
Depository fee	180,000,000	44,370,968	104,129,033	148,500,001
Fund administration fee	132,000,000	48,808,065	87,041,937	135,850,002
Transfer agent fee	-	49,639,665	-	49,639,665
Bank charges	20,921,487	7,172,000	10,325,700	17,497,700
Internet banking fee	-	25,410,000	2,956,250	28,366,250
Transaction fee	-	-	13,450,000	13,450,000

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2016 and for the year then ended

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22. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain corresponding figures on the financial statements of the previous year have been reclassified to be comparable with that for the current year's financial statement.

Extract from the statement of financial position as at 31 December 2015

	<i>Note</i>	<i>Presented VND</i>	<i>Adjustment VND</i>	<i>Restated VND</i>
Payable expenses	7	159,512,700	(14,600,800)	144,920,900
Other payable expenses		-	14,600,800	14,600,800

23. EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events occurred after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.



Ms. Vuong Thi Tram Anh
Fund Accountant



Mr. Nguyen Minh Dang Khanh
Deputy Chief Executive Officer
cum Financial Controller



Mr. Tran Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2017