

Vietnam Bond Fund

Financial statements

31 December 2017

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 indefinite 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 2016, the capital of the Fund at par value contributed by investors was VND73,944,472,900. During 2017, the Fund issued additional 48,323,198.67 fund units, amounting to VND483,231,986,700 and redeemed 33,288,689.25 fund units, amounting to VND332,886,892,500 at par value. The capital of the Fund at par value contributed by investors as at 31 December 2017 amounted to VND224,289,567,100.

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 (NAV) valuation period:

- ▶ 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 of 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, etc.), 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

Vietnam Bond Fund

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 the 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 the Charter of the Fund Management Company and manages the Fund's assets as stipulated in Fund Charter in compliance with the code 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 and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/reappointment</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

LEGAL REPRESENTATIVE

The legal representative of the Fund Management Company during the year and at the date of this report 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

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REPORT OF BOARD OF REPRESENTATIVES

The Board of Representatives of Vietnam Bond Fund ("the Fund") is pleased to present this report and the financial statements of the Fund for the year ended 31 December 2017.

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 the financial statements of each financial year which give a true and fair view of the financial position of the Fund as at 31 December 2017 and of the results of its operations, changes in its net assets, transactions of fund units and its cash flows for the year. 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 accompanying financial statements.

Vietnam Investment Fund Management Joint Stock Company Vietnam Bond Fund

REPORT OF 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 2017 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 Accounting System applicable to open-ended funds and statutory requirements relevant to preparation and presentation of open-ended funds' financial statements.

On behalf of the Board of Representatives:



Ms. Nguyen Boi Hong Le
Chairwoman

Ho Chi Minh City, Vietnam

14 March 2018

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 which have been reviewed or audited, as of the reporting period, changes in net assets value (NAV) of the Fund is 251.67 (%) 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:

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.

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 2017):

Net assets value: VND359,357,225,052

Number of units: 22,428,956.71 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 portfolio

Asset portfolio	31/12/2017 (%)	31/12/2016 (%)	31/12/2015 (%)
1. Investment securities	59.06	0.00	53.50
2. Other assets	40.94	100.00	46.50
Total	100.00	100.00	100.00

2. Key performance indicators

Indicators	31/12/2017	31/12/2016	31/12/2015
Average NAV for the period	359,357,225,052	102,184,671,330	95,325,926,014
Total number of Fund units	22,428,956.71	7,394,447.29	7,555,676.11
NAV per fund unit (units)	16,022.02	13,819.10	12,616.46
Maximum NAV per fund unit in the period	16,033.44	13,819.10	12,617.54
Minimum NAV per fund unit in the period	13,822.49	12,622.81	11,877.20
Closing price per fund unit at the reporting date	N/A	N/A	N/A
Maximum closing price per fund unit at the reporting date	N/A	N/A	N/A
Minimum closing price per fund unit at the reporting date	N/A	N/A	N/A
Growth rate (%)/fund unit	15,365.64	-173.07	-151.13
Capital growth rate (%)/fund unit (movement of market price)	15,359.57	-235.37	-95.56
Net profit growth rate (%)/fund unit (distributed profit)	6.07	62.30	-55.57
Gross distribution per fund unit	None	None	None
Net distribution per fund unit	None	None	None
Ex-right date	None	None	None
Operating expenses proportion (%)	1.26	2.31	2.29
Investment turnover ratio (%)	196.06	253.50	459.88

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	15.94	15.94
- 3 years	35.02	10.53
- From establishment	60.22	10.87
- Growth rate of reference indicators	N/A	N/A

4. Annual growth rate

Year	31/12/2017 (%)	31/12/2016 (%)	31/12/2015 (%)
Growth rate (%) / 01 fund unit	15.94	9.53	6.32

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

1. Primary market

In general, 2017 was a successful year for Vietnam's stock market in general and bond market in practical. The market size had a strong increase, in which the value of government bonds was equivalent to 35% of GDP in 2017.

Ministry of Finance (MoF), Hanoi Stock Exchange and the Vietnam State Treasury (VST) succeeded in raising capital from government bonds with a total value of bonds issued during the year reached 189 trillion dong, in which, Vietnam State Treasury raised 158 trillion dong, completing about 94% its adjusted annual plan (from 183 trillion dong adjusted down to 158 trillion dong). All issued bonds have maturity from 5 years above; particularly, proportions of bonds having 20-year and 30-year period increased considerably by 9.98% and 14.7% total issued volume, respectively. Primary market spreads its dynamism to even government guaranteed bonds and local government bonds as issuance of these bonds reached 100% their issuance targets. It is mentioned that due to the current regulation, the volume of issuing new bonds equals to the volume of bond matured, so total quantity of bonds in the market remains fairly stable.

In 2017, the Prime Minister implemented the direction to develop bond market: striving to increase balance of bond market equivalent to 45% GDP in 2020 and 65% GDP in 2030. In which, balance of government bonds, government guaranteed bonds and local government bonds equal to 38% GDP in 2020 and 45% GDP in 2030; balance of corporate bond equal to 7% GDP in 2020 and 20% GDP in 2030.

Vietnam Investment Fund Management Joint Stock Company

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REPORT OF FUND MANAGEMENT COMPANY (continued)

III. MARKET ASSESSMENT DURING THE PERIOD (continued)

2. Secondary market

In 2017, the secondary market continued the growing trend of previous years and experienced a dramatic growth with average value of 8.8 trillion dong per session, increased by 33% compared to 2016, and the volume increased merely by 8.4% in 2017. In particular, there were over 25% of sessions with value above 10 billion dong per session; especially, the value of the repurchasing and reselling of bonds (REPO) transactions rose by 74.1% as compared to 2016, contributing 48.5% of total trading value of the market. Hence, government bond market continued to develop in depth, and improve quality enhancement on overall market.

Yields on government bonds of all bond term as at 31 December 2017 declined from 63 points to 188 points in comparison with the beginning of the year; in which, 30-year maturity bond decreased the most, followed by 20-year and 15-year maturities. Bond yields experienced two significant adjustments in quarter 2 and quarter 4. Fluctuation of bond yields in 2017 was affected by two factors. In particular, Vietnam State Treasury began to deposit in terms at commercial banks (since May 2017) and withdraw the investment of State-owned corporates at year-end (November and December).

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	1	2	3
Net profit growth/ fund unit	6.07	N/A	N/A
Capital growth/fund unit	15,359.57	N/A	N/A
Total growth value/fund unit	15,365.64	N/A	N/A
Annual growth rate (%)/fund unit	15,365.64	N/A	N/A
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.

Vietnam Investment Fund Management Joint Stock Company

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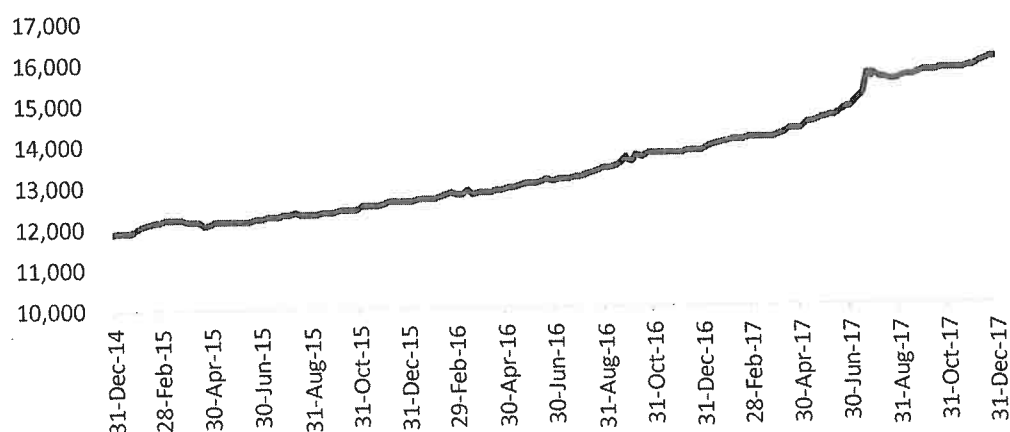
REPORT OF FUND MANAGEMENT COMPANY (continued)

IV. DETAIL OF KEY PERFORMANCE INDICATORS (continued)

1. Detail of key performance indicators (continued)

- ▶ Monthly growth rate chart of the Fund during the newest 3 years:

Biến động NAV/CCQ quỹ VFB giai đoạn 3 năm tới ngày 31/12/2017



- ▶ Change in NAV:

Indicators	31/12/2017	31/12/2016	Tỷ lệ thay đổi
A	1	2	$3 = ((1) - (2)) / (2)$
Net asset value (NAV) of the Fund	359,357,225,052	102,184,671,330	251.67%
Net asset value (NAV) per fund unit	16,022.02	13,819.10	15.94%

The year 2017 is the one that Vietnam Bond Fund (VFB) achieved the highest investment performance since its operation (June 2013) and also the second year that an increase in Net Asset Value per fund certificate (NAV) over 15%. After 12 months of 2017, NAV per fund certificate reached 16,022.02 dong as at 31 December 2017, increasing by 15.94% as compared to the same period last year (growth rate of 2016 was by 15.74%). As a result, VFB became the best performing fund in the market and prevailed reference index regarding investment performance. Furthermore, capital raising for the Fund also achieved impressive outcomes in 2017 with total NAV was 359.36 billion dong at year end, increasing by 351.92% in comparison with beginning of the period.

Vietnam Investment Fund Management Joint Stock Company
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REPORT OF FUND MANAGEMENT COMPANY (continued)

IV. DETAIL OF KEY PERFORMANCE INDICATORS (continued)

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	60	70,008.22	0.31
From 5,000 to 10,000	21	137,537.09	0.62
From 10,000 to 50,000	34	766,131.62	3.42
From 50,000 to 500,000	29	3,483,778.51	15.53
Over 500,000	7	17,969,501.27	80.12
Total	151	22,428,956.71	100.00

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

3. **Implicit expenses and discounting:** None

V. PROSPECT OF MARKET

Vietnam is in a special stage of the growth cycle when all factors support its high growth rate. Specifically, Vietnam's economy is approaching towards the peak of recovery period. Vietnamese government, on the other hand, continue to maintain its expansionary fiscal policy and monetary policy carefully. Simultaneously, Vietnam is in a period of low inflation rate and interest rate. The above factors together with advantages of attracting FDI are greatly supporting the economic growth. Vietnam is expected to maintain its high GDP growth rate in medium term when macroeconomic environment becomes stabilized and economic drivers from expansion of domestic production and consumption are maintained. Vietnam is going to be an attractive destination for foreign investment when its weaknesses including institutions, infrastructures and qualifications of human resources, which were already identified and improved actively in 2017, will be continuously addressed in the period of 2018-2020.

Internal and external risks which could damage macroeconomic stability and slow down production and business activities of Vietnam tend to experience a downward trend. Two identified risks namely high public debt ratio and state budget deficit were restricted in 2017, in particular, public debt ratio reduced to 61.3% of GDP (considerably lower compared to ceiling level of 65% and the target of 63.5% for 2017 – this is the result of efforts in controlling public debt and high GDP growth rate) while State budget deficit ratio was 2.31% of GDP (decreased substantially from 4.28% in 2016 and was lower considerably than the target of 3.5% set initially). In the upcoming years, the risks are going to be well controlled by policies as announced by the Government. Besides, external risks such as Sea East conflict and Korean conflict reduced significantly since events in quarter 4 of 2017 and January 2018. In short term, Vietnam's economy has no pressure of confronting the risks of damaging economic stability.

In 2018, government bond market is expected to continue its activeness as current macroeconomic status quo enters stabilized stage and the Government still has a great room to implement its administrative policies. In addition, the market in 2018 will depend more on the law of supply and demand since the Vietnam State Treasury has not as much pressure of bond issuance as previous years; whereas organizations keep investing in bonds to protect solvency ratios. Market growth rate at a level as high as 2017, participation of Social Insurance as a primary bidding member, and Vietnam State Treasury's role as a secondary trading member are supposed to be unknowns for the market in 2018.

Vietnam Investment Fund Management Joint Stock Company
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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 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 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 now: 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 to now: General Director of Vietnam Investment Fund Management Joint Stock Company
	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
	Nguyen Minh Dang Khanh	Deputy General Director - CFO	Master of Finance - Economics	- 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	Master of Financial Management	- 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: Executive 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 Capital Raising 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 2018

SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of the Vietnam Bond Fund ("the Fund") for the financial period from 01st January 2017 to 31st December 2017, recognize that the Fund operated and was managed in the following matters:

- a) During our supervision of the Fund's investments and asset transactions for the period from 01st January 2017 to 31st December 2017, the Fund's investment portfolio deviated from the prevailing regulations in the open-ended funds, Fund Prospectus and other prevailing regulations, details as below:

Clause 10, Article 1, Circular 15/2016/TT-BTC ("Circular 15") amending and supplementing several articles in Circular No.183/2011/TT-BTC ("Circular 183") and Article 11, Fund Charter regulate that: "Investment portfolio of open-ended fund must not invest more than 10% of the total asset value of the fund in shares, bonds to be listed or registered by the issuers that operate as per Vietnam's law; corporate bonds issued by listed organizations for which payment security is provided by credit institutions or which issuing organizations undertake to repurchase". In case of deviation, the Fund Management Company has to adjust the Fund's investment portfolio to comply with the prevailing regulations within the recovery timeframe.

At valuation dates from 22nd September 2017 to 27th October 2017, the Fund's investment in to-be-listed bonds deviated from Item 10, Article 1, Circular 15 and Article 11, Fund Charter.

The Fund Management Company adjusted the Fund's investment portfolio to comply with the prevailing regulations within the recovery timeframe for the above deviations at valuation date 31st October 2017.

At 31st December 2017, The Fund's investment portfolio complied with prevailing regulations for the open-ended funds, Fund Prospectus and other relevant regulatory policies.

- 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) For the period from 01st January 2017 to 31st December 2017, the Fund did not pay dividend to Fund Unit Holders.

Standard Chartered Bank (Vietnam) Limited
Head Office

P1810-1815, Keangnam Hanoi Landmark,
E6 Pham Hung, Me Tri Ward,
South Tu Liem District, Hanoi

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Swift: SCBLVNVX



Hanoi, 14th March 2018

SUPERVISORY BANK REPRESENTATIVE



Vu Huong Giang

Supervisory Bank Senior Manager

SUPERVISORY BANK OFFICER

Trung Thi Hoang Yen

Supervisory Bank Manager



Standard Chartered Bank (Vietnam) Limited
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Here for good



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Reference: 61070172/19430313

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 2018 as set out on pages 17 to 60, which comprise the statement of financial position and the statement of investment portfolio as at 31 December 2017, 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 Board of Management of the Fund Management Company

The Board of Management of Vietnam Investment Fund Management Joint Stock Company as the Fund Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and statutory requirements relevant to preparation and presentation of 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 the 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.



Building a better
working world

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Fund as at 31 December 2017, and of the results of its operations, changes in its net asset value, trading of fund units and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to preparation and presentation of open-ended funds' financial statements.



Ernst & Young Vietnam Limited


Trinh Hoang Anh
Deputy General Director
Audit Practicing Registration
Certificate No. 2036-2013-004-1



Ho Nguyen Thanh
Auditor
Audit Practicing Registration
Certificate No. 3459-2015-004-1

Ho Chi Minh City, Vietnam

14 March 2018

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund


INCOME STATEMENT
for the year ended 31 December 2017

B01-QM

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	I. Income from investing activities		47,003,200,450	11,370,278,922
03	1. Interest income	11	19,498,994,752	8,739,740,952
04	2. Gain from securities trading	12	13,292,010,607	2,600,229,751
05	3. Unrealized gain on revaluation of securities investments	13	14,212,195,091	30,308,219
10	II. Expenses from investing activities	14	941,812,001	588,956,953
11	1. Transaction costs for securities trading		492,380,645	125,506,490
13	2. Interest expense		449,431,356	463,450,463
20	III. Operating expenses		3,113,239,947	1,819,242,098
20.1	1. Fund management fee	21.1	2,216,514,829	890,130,435
20.2	2. Custody fee		188,049,747	183,107,999
20.3	3. Supervising fee	21.2	199,121,719	198,000,000
20.4	4. Fund administration fee	21.2	134,022,776	132,000,000
20.5	5. Transfer agent fee		105,600,000	117,218,877
20.7	6. (Reversal)/General Meeting expenses		(2,565,000)	4,840,000
20.8	7. Audit fee		97,900,000	97,900,000
20.10	8. Other operating expenses	15	174,595,876	196,044,787
23	IV. Net income from investing activities		42,948,148,502	8,962,079,871
30	VI. Profit before tax		42,948,148,502	8,962,079,871
31	1. Realized gain	10	28,735,953,411	8,931,771,652
32	2. Unrealized gain	10	14,212,195,091	30,308,219
40	VII. Corporate income tax expense		-	-
41	VIII. Profit after tax		42,948,148,502	8,962,079,871


Ms Vuong Thi Tram Anh
Fund Accountant


Mr Nguyen Minh Dang Khanh
Deputy Chief Executive Officer
and Chief Financial Officer



Ho Chi Minh City, Vietnam

14 March 2018

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

B02-QM

Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance
100	A. ASSETS			
110	I. Cash at bank and cash equivalents	4	19,219,316,500	75,523,833,444
111	1. Cash at bank for the Fund operations		1,219,316,500	823,833,444
112	2. Deposits with terms less than three (3) months		18,000,000,000	74,700,000,000
120	II. Investments		341,541,071,258	26,000,000,000
121	1. Investments	5	341,541,071,258	26,000,000,000
130	III. Receivables	6	15,277,693,492	971,947,221
133	1. Receivables and dividends, accrued interest receivables from investments		15,277,693,492	971,947,221
136	1.1. Dividends and interest not yet entitled to receive		15,277,693,492	971,947,221
100	TOTAL ASSETS		376,038,081,250	102,495,780,665
300	B. LIABILITIES			
313	1. Payables to Distributors		855,889,314	3,516,000
314	2. Tax and payables to the State		219,254,357	614,955
316	3. Accrued expenses	7	275,892,125	106,179,300
317	4. Payables to investors related to subscription of fund units		38,450,000	-
318	5. Payables to investors related to redemption of fund units		14,807,485,993	-
319	6. Fund management fee payables	8	455,082,846	186,198,280
320	7. Other payables		28,801,563	14,600,800
300	TOTAL LIABILITIES		16,680,856,198	311,109,335
400	C. NET ASSET VALUE ATTRIBUTABLE TO HOLDERS OF FUND UNITS (C=A-B)		359,357,225,052	102,184,671,330
411	1. Share capital	9	224,289,567,100	73,944,472,900
412	1.1 Capital issued		635,664,976,400	152,432,989,700
413	1.2 Capital redeemed		(411,375,409,300)	(78,488,516,800)
414	2. Share premium	9	64,112,932,807	233,621,787
420	3. Retained earnings	10	70,954,725,145	28,006,576,643
430	D. NET ASSET VALUE PER FUND UNIT	9	16,022.02	13,819.10

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2017


B02-QM

OFF BALANCE SHEET ITEM

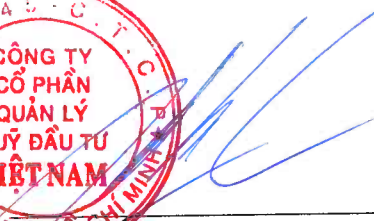
Code	ITEMS	Notes	Ending balance	Beginning balance
004	1. Number of outstanding fund units	9, 17	22,428,956.71	7,394,447.29



Ms. Vuong Thi Tram Anh
Fund Accountant



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

Mr. Ho Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2018

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 2017

B03-QM

Currency: VND

Code	ITEMS	Current year	Previous year
I	The Fund's NAV, beginning balance	102,184,671,330	95,325,926,014
II	Changes in NAV during the year	42,948,148,502	8,962,079,871
	<i>In which:</i>		
II.1	- <i>Changes in NAV arising from market fluctuation and the Fund's investment activities during the year</i>	42,948,148,502	8,962,079,871
III	Changes in NAV due to subscription, redemption of fund units	214,224,405,220	(2,103,334,555)
	<i>In which:</i>		
III.1	- <i>Proceeds from additional subscription of fund units</i>	734,843,692,338	13,284,729,105
III.2	- <i>Payment for redemption of fund units</i>	(520,619,287,118)	(15,388,063,660)
IV	The Fund's NAV, ending balance	359,357,225,052	102,184,671,330



Ms Vuong Thi Tram Anh
Fund Accountant



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



Mr Tran Thanh Van
Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2018

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

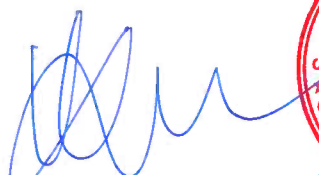
STATEMENT OF INVESTMENT PORTFOLIO
for the year ended 31 December 2017

B04-QM

No.	Items	Quantity	Market price as at 31 December 2017 VND	Total value VND	Percentage of the Fund's total assets as at 31 December 2017 (%)
I	Bond	2,000,000	222,077,500,000	222,077,500,000	59.06%
1	TD1621448	500,000	53,675,000,000	53,675,000,000	
2	TD1732402	500,000	56,143,000,000	56,143,000,000	
3	TD1747410	500,000	62,259,500,000	62,259,500,000	
4	CII11713	500,000	50,000,000,000	50,000,000,000	
II	Certificates of deposits	119	119,463,571,258	119,463,571,258	31.77%
1	Issued by HD Saison Finance Co., Ltd	51	51,463,571,258	51,463,571,258	
2	Issued by Home Credit Co., Ltd	50	50,000,000,000	50,000,000,000	
3	Issued by VP Bank Finance Co., Ltd	18,000	18,000,000,000	18,000,000,000	
III	Other assets		15,277,693,492	15,277,693,492	4.06%
1	Interest receivable from bond investment		10,602,151,826	10,602,151,826	
2	Interest receivable from certificates of deposits		4,641,625,000	4,641,625,000	
3	Interest receivable from term deposits		33,916,666	33,916,666	
IV	Cash and cash equivalents		19,219,316,500	19,219,316,500	5.11%
1	Deposits with terms under three (3) months		18,000,000,000	18,000,000,000	
2	Cash at bank		1,219,316,500	1,219,316,500	
V	Total investment portfolio		376,038,081,250	376,038,081,250	100.00%



Ms Vuong Thi Tram Anh
Fund Accountant



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



Mr Tran Khanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2018

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

CASH FLOW STATEMENT
for the year ended 31 December 2017

B04-QM

Currency: VND

No	ITEMS	Notes	Current year	Previous year
	I. INVESTING ACTIVITIES			
01	1. Profit before tax		42,948,148,502	8,962,079,871
	<i>Adjustments for increase/(decrease) in NAV from investing activities:</i>			
03	1.1 Unrealized gain from investing activities	13	(14,212,195,091)	(30,308,219)
04	1.2 Accrued expenses		(8,623,537)	(17,200,700)
05	2. Profit from investing activities before changes in working capital		28,727,329,874	8,914,570,952
20	(Increase)/decrease in investments		(301,328,876,167)	57,170,308,219
07	(Increase)/decrease in interest receivable from investments		(14,305,746,271)	2,804,515,687
08	Decrease in other receivables		-	1,419,354
11	Increase in payable to distribution agent		852,373,314	3,126,000
13	Increase in tax and statutory obligations		218,639,402	614,955
14	Increase in payable to investors of subscription		38,450,000	
15	Increase in payable to investors of redemption		14,807,485,993	
16	Increase/(decrease) other payable		192,537,125	(21,540,900)
17	Increase in fund management fee payable		268,884,566	4,287,622
19	Net cash flows (used in)/ from investing activities		(270,528,922,164)	68,877,301,889
	II. FINANCING ACTIVITIES		214,224,405,220	(2,103,334,555)
31	1. Capital contribution	9	734,843,692,338	13,284,729,105
32	2. Capital from redemption	9	(520,619,287,118)	(15,388,063,660)
33	3. Capital from borrowings		56,469,000,000	-
34	4. Payment for capital from borrowings		(56,469,000,000)	-
30	Net cash flows from/(used in) financing activities		214,224,405,220	(2,103,334,555)
40	III. Net (decrease)/increase in cash and cash equivalents during the year		(56,304,516,944)	66,773,967,334
50	IV. Cash and cash equivalents at the beginning of the year	4	75,523,833,444	8,749,866,110

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2017

B05-QM

Currency: VND

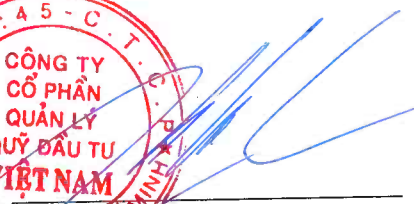
No	ITEMS	Notes	Current year	Previous year
55	V. Cash and cash equivalents at the end of the year	4	19,219,316,500	75,523,833,444
56	Deposits at banks at the end of the year:			
57	- Cash at bank for the Fund's operation		19,180,866,500	75,523,833,444
	+ Demand deposits for the Fund's operation		1,180,866,500	823,833,444
	+ Deposits with terms less than three months		18,000,000,000	74,700,000,000
58	- Cash of Investors for purchasing fund units		38,450,000	-
60	VI. Net increase in cash and cash equivalents during the year		(56,304,516,944)	66,773,967,334



Ms Vuong Thi Tram Anh
Fund Accountant



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Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2018

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2017 and for the year then ended

B06-QM

1. THE FUND CHARACTERISTICS

1.1 *The Fund 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 indefinite 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, Me Linh 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 the charter of Fund Management Company and manages the Fund's assets as stipulated in the Fund Charter in compliance with the code 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 the Fund Charter.

1.2 *The Fund characteristics*

Initial distributed fund units

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 2016, the capital of the Fund at par value contributed by investors was VND73,944,472,900. During 2017, the Fund issued additional 48,323,198.67 fund units, amounting to VND483,231,986,700 and redeemed 33,288,689.25 fund units, amounting to VND332,886,892,500 at par value. The capital of the Fund at par value contributed by investors as at 31 December 2017 amounted to VND224,289,567,100.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 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, etc), valuable papers and fixed income instruments.

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.

Net asset value valuation period

Net asset value (NAV) valuation period:

- ▶ 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. If the trading day is a public holiday, the trading shall be executed on the next trading day. In the case of the next trading day also is a public holiday, the trading shall be executed on the working day right after the first trading day was the public holiday.

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 bonds), voting shares, non-voting preferred shares, and convertible 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; foreign currencies, money market instruments including: valuable papers, negotiable instruments in accordance with relevant laws and regulations; 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 laws; corporate bond issued by listed organization having guarantee from credit institutions or repurchasing commitment of that issuers; 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. The investment in derivative securities equals the value committed in the contract as defined in the Fund Charter;
- d. Do not invest more than ten percent (10%) of the Fund's total asset value in shares, bonds to be listed or registered by the issuers operating under Vietnamese law, corporate bond issued by listed organization having guarantee from credit institutions or repurchasing commitment of that issuers;
- 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 2017 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;

Except for cases stated in point e, f, g above, the Fund's investment structure is allowed to vary within 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 are prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and statutory requirements relevant to preparation and presentation of the interim financial statements as per Circular No. 198/2012/TT-BTC ("Circular 198") dated 15 November 2012 regulating the accounting system applicable to open – ended funds, Circular No. 183/2011/TT-BTC ("Circular 183") dated 16 December 2011 regulating the establishment and management of open – ended funds, Circular No. 15/2016/TT-BTC dated 20 January 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.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 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 financial statements accompanied 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. Income statement
2. Statement of financial position
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 Fund's fiscal year starts on 1 January and ends on 31 December.

2.4 *Accounting currency*

The Fund maintains its accounting records in Vietnam dong and the financial statements are presented in Vietnam dong ("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, 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 2017 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 at the date prior to the valuation date.
4.	Treasury bills, bank notes, commercial papers, transferable certificates of deposit, 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 2017 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 (outright) 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. - In case when the Fund succeeded in bond auction, during the period of additional listing, these bonds will be valued based on the latest bidding yields.
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 (if any) 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 2017 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. - In the time of securities preparing to transfer to another stock exchange, the closing price on the latest transaction date prior to valuation date is selected.
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. - In case the securities on the UpCom market are in the progress of completing procedures for being listed, the closing price on the latest transaction date on the UpCom market prior to the valuation date is used.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 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 (continued)		
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	Shares are measured in priority order as follows: <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 in the process of dissolution or bankruptcy	The valuation shall be implemented in descending order of priority with the following prices: <ul style="list-style-type: none"> + 80% of liquidating value of such shares on latest balance sheet date prior to valuation date; + Price determined by the method approved by Board of Representatives on a case-by-case basis.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 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 underlying security; + Net offset principle of derivative position and spot delivery position of the same security; <p>Other principles are in accordance with the international practice to ensure the risk management.</p>
Other assets		
16.	Other permitted investment assets	Price determined by the method in compliance with the current regulations.

Vietnam Investment Fund Management Joint Stock Company

Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

B06-QM

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Investment* (continued)

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 almost risks and benefits associated with ownership of securities.

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

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 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 of the Fund contributed by 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.

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)

3.5 *Contributed capital and surplus* (continued)

3.5.1 *Contributed capital*

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 relected at face value.

Share premium

Share premium represents the difference between the net asset value per Fund unit and par value per Fund unit in a subscription/redemption transaction.

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, based on Resolution by the General Meeting of Investors in accordance 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%

Vietnam Investment Fund Management Joint Stock Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Payables

Payables presented in the financial statements are carried at cost for redemption of fund units, payables for trading securities, remuneration payables to the Fund's Board of Representatives, payables to the Fund Management Company and the Supervisory Bank and other payables.

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)

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Vietnam Bond Fund

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

3.8 Expenses (continued)

Administration fee (continued)

The formula of calculation for each period of valuation 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).

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 of exercise rights 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 specifically 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 deposit, certificates of deposits and bond)

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:

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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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 22 June 2015 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 20% 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*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210 /2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the financial statements, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets as appropriate. The Fund determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Fund's financial assets include cash and short-term deposits, dividend receivables, interest receivables from investments, listed bond and certificates of deposits.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost net of directly attributable transaction costs.

The Fund's financial liabilities include payables to distributors, accrued expenses, payables to investors related to subscription/redemption of fund units, fund management fee payables and other payables.

Financial instruments – subsequent re-measurement

There is currently no guidance in Circular 210 in relation to subsequent re-measurement of financial instruments. Accordingly, the financial instruments are subsequently re-measured at cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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 systems for open-ended funds, which are not presented in these financial statements, are considered nil balance.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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4. CASH AT BANK AND CASH EQUIVALENTS

	<i>Ending balance</i>	<i>Beginning balance</i>
		<i>Currency: VND</i>
Deposits in VND with term less than three (3) months	18,000,000,000	74,700,000,000
<i>Including:</i>		
+ Asia Commercial Joint Stock Bank	18,000,000,000	19,700,000,000
+ Vietnam International Commercial Joint Stock Bank	-	20,000,000,000
+ Standard Chartered Bank (Vietnam) Ltd.	-	20,000,000,000
+ Joint Stock Commercial Bank for Investment and Development of Vietnam	-	15,000,000,000
Demand deposit at the Custodian and Supervisory Bank for the Fund's operation	<u>1,219,316,500</u>	<u>823,833,444</u>
	<u>19,219,316,500</u>	<u>75,523,833,444</u>

Vietnam Investment Fund Management Joint Stock Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

5. INVESTMENTS

Currency: VND

	Cost [1]	Market value or fair value [2]	Revaluation difference		Revaluation [5]=[1]+[3]+[4]
			Increase [3]	Decrease [4]	
31 December 2017					
Listed bonds	207,865,304,909	222,077,500,000	14,212,253,424	(58,333)	222,077,500,000
Certificates of deposits	119,463,571,258	119,463,571,258	-	-	119,463,571,258
	327,328,876,167	341,541,071,258	14,212,253,424	(58,333)	341,541,071,258
31 December 2016					
Certificates of deposits	26,000,000,000	26,000,000,000	-	-	26,000,000,000

Vietnam Investment Fund Management Joint Stock Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

5. INVESTMENTS (continued)

Details of investments as at 31 December 2017 are as follows:

	Quantity	Cost VND	Market price or fair value VND	Interest rate	Issue date	Maturity date
31 December 2017						
Government Bond TD1621448	500,000	52,955,760,274	53,675,000,000	6.30%	25/02/2016	25/02/2021
Government Bond TD1732402	500,000	54,914,993,151	56,143,000,000	6.90%	16/03/2017	16/03/2032
Government Bond TD1747410	500,000	49,994,493,151	62,259,500,000	7.90%	16/03/2017	16/03/2047
Corporate Bond CII1713	500,000	50,000,058,333	50,000,000,000	10.50%	15/08/2017	15/08/2019
Certificates of Deposits - Home Credit Vietnam Co., Ltd	40	40,000,000,000	40,000,000,000	9.50%	20/11/2017	20/11/2020
Certificates of Deposits - HD Saison Finance Co., Ltd	31	31,463,571,258	31,463,571,258	11.50%	11/07/2016	11/07/2018
Certificates of Deposits - HD Saison Finance Co., Ltd	20	20,000,000,000	20,000,000,000	10.50%	25/04/2017	25/11/2018
Certificates of Deposits - VP Bank Finance Co., Ltd	18,000	18,000,000,000	18,000,000,000	11.00%	10/02/2017	10/08/2018
Certificates of Deposits - Home Credit Vietnam Co., Ltd	10	10,000,000,000	10,000,000,000	11.20%	19/09/2016	19/09/2019
		327,328,876,167	341,541,071,258			

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

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6. RECEIVABLES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Receivables and dividends, accrued interest receivables from investments		
Interest receivable from bond investment	10,602,151,826	-
Interest receivable from certificates of deposits	4,641,625,000	949,638,888
Interest receivable from term deposits	33,916,666	22,308,333
	<u>15,277,693,492</u>	<u>971,947,221</u>

7. ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Broker fee	192,537,125	-
Audit fee	48,950,000	48,950,000
Remuneration payables to the Board of Representatives	18,000,000	18,000,000
Annual reporting fee	12,920,000	33,179,300
Annual general meeting expenses	3,485,000	6,050,000
	<u>275,892,125</u>	<u>106,179,300</u>

8. FUND MANAGEMENT SERVICE PAYABLES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Fund management fee	342,087,963	77,698,280
Transfer agent fee	66,000,000	66,000,000
Supervising fee	17,621,719	16,500,000
Custody fee	16,019,747	15,000,000
Fund administration fee	12,753,417	11,000,000
Transaction fee	600,000	-
	<u>455,082,846</u>	<u>186,198,280</u>

Vietnam Investment Fund Management Joint Stock Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
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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>)	15,243,298.97	48,323,198.67	63,566,497.64
Subscribed capital at face value (VND)	152,432,989,700	483,231,986,700	635,664,976,400
Share premium (VND)	6,777,926,314	251,611,705,638	258,389,631,952
Total capital issued (VND)	159,210,916,014	734,843,692,338	894,054,608,352
Capital redeemed			
Number of fund units (<i>unit</i>)	(7,848,851.68)	(33,288,689.25)	(41,137,540.93)
Redeemed capital at face value (VND)	(78,488,516,800)	(332,886,892,500)	(411,375,409,300)
Share premium (VND)	(6,544,304,527)	(187,732,394,618)	(194,276,699,145)
Total capital redeemed (VND)	(85,032,821,327)	(520,619,287,118)	(605,652,108,445)
Number of outstanding fund units (<i>unit</i>)	7,394,447.29	15,034,509.42	22,428,956.71
Contributed capital (VND)	74,178,094,687	214,224,405,220	288,402,499,907
Retained earnings (VND)	28,006,576,643	42,948,148,502	70,954,725,145
NAV (VND)	102,184,671,330		359,357,225,052
NAV per fund unit	13,819.10		16,022.02

10. RETAINED EARNINGS

	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Beginning balance	28,006,576,643	19,044,496,772
Realized gain in the year	28,735,953,411	8,931,771,652
Unrealized gain/(loss) in the year	14,212,195,091	30,308,219
	<u>70,954,725,145</u>	<u>28,006,576,643</u>

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11. INTEREST INCOME

	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Interest income received in the year	11,121,638,018	7,767,793,731
Interest from bond investment	3,304,657,534	2,978,759,488
Interest from certificates of deposits	5,301,611,112	3,413,722,219
Interest from deposits	2,515,369,372	1,375,312,024
Accrued interest at the year-end	8,377,356,734	971,947,221
Interest from bond investment	4,827,856,735	-
Interest from certificates of deposits	3,515,583,333	949,638,888
Interest from term deposits	33,916,666	22,308,333
	<u>19,498,994,752</u>	<u>8,739,740,952</u>

12. GAIN FROM SECURITIES TRADING

	Currency: VND			
	<u>For the year ended 31 December 2017</u>			
	<u>Total value of investments sold</u>	<u>Weighted average cost at the end of transaction date</u>	<u>Gain/(loss) from selling investments in 2017</u>	<u>Gain from selling investments in 2016</u>
Listed bonds	275,705,582,192	262,291,739,726	13,413,842,466	2,527,477,498
Certificate of Deposit	83,046,237,704	83,168,069,563	(121,831,859)	72,752,253
	<u>358,751,819,896</u>	<u>345,459,809,289</u>	<u>13,292,010,607</u>	<u>2,600,229,751</u>

13. UNREALIZED GAIN ON REVALUATION OF SECURITIES INVESTMENTS

	Currency: VND				
	<u>Purchase price per book value</u>	<u>Market value or fair value</u>	<u>Revaluation difference as at 31 December 2017</u>	<u>Revaluation difference as at 31 December 2016</u>	<u>Revaluation difference recognized in current year</u>
Listed bonds	207,865,304,909	222,077,500,000	14,212,195,091	-	14,212,195,091
Certificates of deposits	119,463,571,258	119,463,571,258	-	-	-
	<u>327,328,876,167</u>	<u>341,541,071,258</u>	<u>14,212,195,091</u>	<u>-</u>	<u>14,212,195,091</u>

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14. EXPENSES FROM INVESTING ACTIVITIES

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Transaction costs on buying investments	422,729,345	39,356,230
Transaction costs on selling investments	68,151,300	83,850,260
Off-setting fee payable to VSD	1,500,000	2,300,000
Interest expense (*)	449,431,356	463,450,463
	<u>941,812,001</u>	<u>588,956,953</u>

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

14.1 Transaction costs for buying investments

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Bonds	<u>422,729,345</u>	<u>39,356,230</u>

14.2 Transaction costs for selling investments

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Bonds	56,857,500	53,709,960
Repurchase agreements	11,293,800	30,140,300
	<u>68,151,300</u>	<u>83,850,260</u>

Vietnam Investment Fund Management Joint Stock Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

14. EXPENSES FROM INVESTING ACTIVITIES (continued)

The fund's transactions for the year ended 31 December 2017 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 Securities Joint Stock Company	Not related	280,814,000,000	848,883,531,356	33.08%	0.02%	0.02%-0.03%
2	Bank for Investment and Development of Vietnam Securities Joint Stock Company	Not related	243,504,531,356	848,883,531,356	28.69%	0.02%	0.02%-0.03%
3	Vietcombank Securities Limited Company	Not related	174,317,500,000	848,883,531,356	20.53%	0.02%	0.02%-0.03%
4	Ho Chi Minh City Securities Corporation	Related	150,247,500,000	848,883,531,356	17.70%	0.02%	0.02%-0.03%
Total			848,883,531,356		100.00%		

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15. OTHER OPERATING EXPENSES

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Fund representatives remuneration (Note 21.1)	116,500,000	117,000,000
Bank charges (Note 21.2)	34,662,413	20,921,487
Fund's Board of Representatives Business traveling, meeting expenses	14,200,763	-
Annual fee paid to the SSC	10,000,000	10,000,000
(Reversal)/expense for annual reporting fee	(1,867,300)	47,523,300
Other	1,100,000	600,000
	174,595,876	196,044,787

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16. NET ASSET VALUE

Net asset value for the year ended 31 December 2017

Period of NAV	For the year ended 31 December 2017			
	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
Last period/ December	102,184,671,330	7,394,447.29	13,819.10	3.39
First period/January	102,209,730,045	7,394,447.29	13,822.49	60.30
Second period/January	102,655,578,075	7,394,447.29	13,882.79	59.09
Third period/January	103,162,710,970	7,399,480.72	13,941.88	24.11
Fourth period/January	103,311,767,924	7,397,380.72	13,965.99	9.90
Last period/January	103,385,012,001	7,397,380.72	13,975.89	4.06
First period/February	103,415,085,439	7,397,380.72	13,979.95	53.29
Second period/February	103,767,184,694	7,394,380.72	14,033.24	16.96
Third period/February	104,389,416,189	7,429,743.18	14,050.20	4.43
Fourth period/February	104,423,466,282	7,429,822.64	14,054.63	38.61
Last period/February	104,950,383,759	7,446,855.90	14,093.24	(5.82)
First period/March	104,907,051,769	7,446,855.90	14,087.42	17.27
Second period/March	105,064,508,145	7,448,901.19	14,104.69	(8.23)
Third period/March	105,010,151,055	7,449,393.71	14,096.46	16.25
Fourth period/March	118,214,115,940	8,376,426.79	14,112.71	4.44
Fifth period/March	232,999,510,343	16,504,703.28	14,117.15	(6.17)
Last period/March	231,951,624,700	16,437,666.22	14,110.98	25.82
First period/April	232,376,022,529	16,437,666.22	14,136.80	63.40
Second period/April	243,344,253,916	17,136,666.58	14,200.20	83.94
Third period/April	244,805,206,250	17,138,249.38	14,284.14	17.86
Fourth period/April	214,039,883,060	14,965,725.33	14,302.00	7.51
Last period/April	214,042,708,502	14,958,073.33	14,309.51	19.75
First period/May	214,338,199,505	14,958,073.33	14,329.26	109.70
Second period/May	212,895,445,124	14,744,512.53	14,438.96	46.63
Third period/May	213,607,366,138	14,746,192.67	14,485.59	44.34
Fourth period/May	214,755,909,502	14,780,239.00	14,529.93	41.12
Last period/May	216,881,663,759	14,884,415.32	14,571.05	

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2017 (continued)

Period of NAV	For the year ended 31 December 2017			
	NAV	Number of fund units	NAV per fund unit	Increase/(decrease) of NAV per fund unit
	VND		VND	VND
First period/June	216,704,129,828	14,884,415.32	14,559.12	(11.93)
Second period/June	220,597,822,282	15,111,089.48	14,598.40	39.28
Third period/June	259,635,566,263	17,748,949.85	14,628.22	29.82
Fourth period/June	289,953,828,438	19,690,991.07	14,725.20	96.98
Fifth period/June	297,776,032,971	20,109,653.59	14,807.61	82.41
Last period/June	320,588,862,096	21,629,596.13	14,821.76	14.15
First period/July	320,936,171,137	21,629,596.13	14,837.82	16.06
Second period/July	331,505,919,783	22,037,713.28	15,042.66	204.84
Third period/July	391,288,599,637	25,802,919.16	15,164.50	121.84
Fourth period/July	405,887,614,826	25,938,946.74	15,647.80	483.30
Last period/July	421,689,182,686	26,943,626.87	15,650.79	2.99
First period/August	421,242,406,693	26,943,626.87	15,634.21	(16.58)
Second period/August	363,795,162,950	23,404,356.72	15,543.90	(90.31)
Third period/August	345,956,370,982	22,237,731.36	15,557.17	13.27
Fourth period/August	348,645,337,462	22,487,581.84	15,503.90	(53.27)
Last period/August	347,993,423,956	22,451,220.96	15,499.97	(3.93)
First period/September	350,473,992,426	22,524,810.90	15,559.46	59.49
Second period/September	268,314,480,128	17,179,329.36	15,618.44	58.98
Third period/September	223,941,480,011	14,335,128.52	15,621.86	3.42
Fourth period/September	224,934,554,951	14,353,627.93	15,670.91	49.05
Last period/September	209,300,081,825	13,365,682.99	15,659.51	(11.40)
First period/October	209,531,577,194	13,365,682.99	15,676.83	17.32
Second period/October	198,228,763,474	12,631,276.03	15,693.48	16.65
Third period/October	187,430,574,750	11,919,535.71	15,724.65	31.17
Fourth period/October	186,074,462,624	11,816,722.84	15,746.70	22.05
Last period/October	186,258,432,521	11,816,722.84	15,762.27	15.57

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2017 (continued)

Period of NAV	For the year ended 31 December 2017			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
	VND		VND	VND
First period/November	186,339,491,097	11,816,722.84	15,769.13	6.86
Second period/November	182,833,484,250	11,601,466.32	15,759.51	(9.62)
Third period/November	182,793,662,033	11,601,466.32	15,756.08	(3.43)
Fourth period/November	237,955,550,771	15,087,300.39	15,771.91	15.83
Last period/November	402,283,599,675	25,471,714.47	15,793.34	21.43
First period/December	438,393,207,266	27,714,302.32	15,818.30	24.96
Second period/December	526,495,270,555	33,132,439.80	15,890.62	72.32
Third period/December	489,302,277,903	30,630,145.44	15,974.53	83.91
Fourth period/December	373,366,266,590	23,286,717.35	16,033.44	58.91
Last period/December	359,357,225,052	22,428,956.71	16,022.02	(11.42)

Average NAV for the period 246,230,602,390

Maximum variance of NAV per fund unit in the year 483.30

Minimum variance of NAV per fund unit in the year 2.99

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2016

Period of NAV	For the year ended 31 December 2016			
	NAV	Number of fund units	NAV per fund unit	Increase/(decrease) of NAV per fund unit
	VND		VND	VND
Last period/December	95,325,926,014	7,555,676.11	12,616.46	6.35
First period/January	95,373,891,380	7,555,676.11	12,622.81	8.38
Second period/January	95,437,223,153	7,555,676.11	12,631.19	4.18
Third period/January	95,468,824,839	7,555,676.11	12,635.37	21.67
Fourth period/January	95,651,177,114	7,557,151.70	12,657.04	1.15
Fifth period/January	95,645,645,826	7,556,022.90	12,658.19	3.17
Last period/January	95,621,144,131	7,552,200.79	12,661.36	15.70
First period/February	95,739,749,838	7,552,200.79	12,677.06	23.37
Second period/February	95,916,238,334	7,552,200.79	12,700.43	55.48
Third period/February	96,335,219,859	7,552,200.79	12,755.91	39.74
Fourth period/February	96,609,785,465	7,550,200.79	12,795.65	9.25
Last period/February	96,654,022,945	7,548,200.79	12,804.90	(31.64)
First period/March	96,415,166,326	7,548,200.79	12,773.26	7.95
Second period/March	96,624,700,717	7,559,898.45	12,781.21	75.52
Third period/March	97,163,453,469	7,557,398.45	12,856.73	(74.76)
Fourth period/March	96,564,591,461	7,554,744.95	12,781.97	35.56
Last period/March	96,745,474,873	7,547,900.48	12,817.53	7.19
First period/April	96,325,253,634	7,510,900.48	12,824.72	8.81
Second period/April	95,644,294,086	7,452,684.65	12,833.53	15.58
Third period/April	95,670,434,795	7,445,684.65	12,849.11	23.57
Fourth period/April	95,807,351,413	7,442,684.65	12,872.68	4.40
Last period/April	95,685,522,185	7,430,684.65	12,877.08	16.57
First period/May	95,808,700,143	7,430,684.65	12,893.65	36.95
Second period/May	97,749,524,852	7,560,133.57	12,929.60	53.40
Third period/May	98,542,038,850	7,590,080.50	12,983.00	20.26
Fourth period/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)

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

Period of NAV	For the year ended 31 December 2016			Increase/(decrease) of NAV per fund unit VND
	NAV VND	Number of fund units	NAV per fund unit VND	
Fourth period/October	108,753,599,702	7,966,794.04	13,650.86	(51.03)
Fifth period/October	102,120,771,300	7,437,902.03	13,729.78	78.92
Last period/October	102,196,175,918	7,437,902.03	13,739.91	10.13
First period/November	102,225,184,652	7,437,902.03	13,743.81	3.90
Second period/November	102,176,302,216	7,437,902.03	13,737.24	(6.57)
Third period/November	102,045,886,488	7,437,902.03	13,719.71	(17.53)
Fourth period/November	101,715,942,442	7,405,360.58	13,735.44	15.73
Last period/November	101,815,618,494	7,405,360.58	13,748.90	13.46
First period/December	101,831,677,209	7,405,360.58	13,751.07	2.17
Second period/December	101,948,202,919	7,405,360.58	13,766.81	15.74
Third period/December	101,692,198,185	7,378,354.12	13,782.50	15.69
Fourth period/December	101,808,213,272	7,378,354.12	13,798.22	15.72
Fifth period/December	102,087,054,647	7,390,294.42	13,813.66	15.44
Last period/December	102,184,671,330	7,394,447.29	13,819.10	5.44
Average NAV for the period	98,878,703,565			151.00
Maximum variance of NAV per fund unit in the year				1.15
Minimum variance of NAV per fund unit in the year				

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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)	73,944,472,900	75,556,761,100
	Total number of outstanding fund units, beginning balance (unit)	7,394,447.29	7,555,676.11
2	Change in scale during the year		
	Number of fund units additionally offered (unit)	48,323,198.67	988,896.53
	Value of fund units additionally offered in the year (face value) (VND)	483,231,986,700	9,888,965,300
	Number of fund units redeemed	(33,288,689.25)	(1,150,125.35)
	Value of fund units paid to investors' upon their orders in the period (face value) (VND)	(332,886,892,500)	(11,501,253,500)
3	The Fund's scale, ending balance		
	Total value of outstanding fund units, ending balance (face value) (VND)	224,289,567,100	73,944,472,900
	Total number of outstanding fund units, ending balance (unit)	22,428,956.71	7,394,447.29
4	Number of fund units held by the Fund Management Company and related parties/Total fund units (%)	59.89	28.20
5	Number of fund units held by the 10 biggest investors/Total fund units (%)	83.48	99.57
6	Number of fund units held by foreign investors/Total fund units (%)	60.04	96.22
7	Number of investors participating in the Fund, included custodian transactions (investor)	150	32
8	NAV of the fund units at year-end (VND)	16,022.02	13,819.10

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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 (1) year	<u>22,428,956.71</u>	<u>7,394,447.29</u>

18. SOME INDICES

No.	<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 (%)	0.16	0.39
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 (%)	0.10	0.25
4	Audit fee paid to auditing firm (if any) / Average NAV in the year (%)	0.04	0.10
5	Expenses of legal consulting service, quotation service and other services, remunerations of the Board of Representatives/Average NAV in the year (%)	0.05	0.12
6	Total operating expense/Average NAV in the year (%) (*)	1.26	2.31
7	Turnover ratio of investment portfolio in the period = (Total purchase value+ Total sales value)/ (2 * Average NAV) in the year (%)	196.06	253.50

(*) Operating expenses do not include broker fee.

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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, Government bond and certificates of deposits. These assets are highly liquid in nature and they are not held for speculative purposes.

The Fund Manager Company 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 Company believes that interest rate risk does not have any impact on the Fund's operations, as it owned mainly value papers of financial institutions with fixed interest rate.

A sensitivity analysis is not performed for interest rate risk because the Fund's investment portfolio including Government bonds and certificates of deposits has the fixed rates at reporting date

Price risk

The Fund's listed Government and corporate 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's fair value of listed bonds is VND222,077,500,000. If the bond's price decreased by 10%, the Fund's performance would reduce VND22,207,750,000 depended on significance and duration of the reduction. If the bond's price rose 10%, the Fund's performance would increase VND22,207,750,000.

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 2017.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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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 2017 and 31 December 2016 are presented as follows:

	31 December 2017		31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents				
- Cash at banks	1,219,316,500	1,219,316,500	823,833,444	823,833,444
- Deposits with terms less than three (3) months	18,000,000,000	18,000,000,000	74,700,000,000	74,700,000,000
Investments				
- Government bonds	157,865,246,576	172,077,500,000	-	-
- Corporate bonds	50,000,058,333	50,000,000,000	-	-
- Certificates of deposits	119,463,571,258	119,463,571,258	26,000,000,000	26,000,000,000
Receivables	15,277,693,492	15,277,693,492	971,947,221	971,947,221
Total	361,825,886,159	376,038,081,250	102,495,780,665	102,495,780,665
Financial liabilities				
Payables to Distributors	855,889,314	855,889,314	3,516,000	3,516,000
Fund management services payables	455,082,846	455,082,846	186,198,280	186,198,280
Payable to investors relating to subscription of fund units	38,450,000	38,450,000	-	-
Payables to investors relating to redemption of fund units	14,807,485,993	14,807,485,993	-	-
Other payables	286,693,688	286,693,688	102,780,100	102,780,100
Total	16,443,601,841	16,443,601,841	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 distributors, accrued expenses and payables for fund management service approximate their book values due mainly to the short-term maturities of these instruments.
- Fair value of listed Government bonds is re-valued using the valuation method stated in Note 3.2.
- Fair value of listed Corporate bonds is re-valued using the valuation method stated in Note 3.2.
- Fair value of certificates of deposits is calculated by purchase price plus accrued interest receivables as at the date prior to the valuation date.

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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 balances of deposits and certificates of deposits are mainly maintained with well-known banks and financial institutions in Vietnam. Credit risk from balances with banks and financial institutions 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 these investments is too low.

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

The Investment management department closely monitors the credit worthiness of the Fund's counterparties (e.g., brokers, custodian, banks, etc.) by reviewing their financial position, settlement ability of counter parties, financial statements and public information.

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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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>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Fund management fee	2,216,514,829	890,130,435

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>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Remunerations of the Board of Representatives	116,500,000	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 VND17,000,000 per month if the trading frequency of the Fund is daily) and custodian 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>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
	Standard	Standard
	<u>Chartered Bank</u>	<u>Chartered Bank</u>
Supervising fee	199,121,719	198,000,000
Depository fee	188,049,747	180,000,000
Fund administration fee	134,022,776	132,000,000
Bank charges	34,662,413	20,921,487

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2017 and for the year then ended

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22. 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 Chief Financial Officer

Mr. Tran Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

14 March 2018