

# Vietnam Bond Fund

Financial statements

for the year ended 31 December 2020



# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

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# Dragon Capital VietFund 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 issued by the State Securities Commission ("SSC") on 27 February 2013; Registration certificate for open-ended fund No. 04/GCN-UBCK issued by SSC on 10 June 2013 and Decision No. 398/QĐ-UBCK issued by SSC on 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 2019, the capital of the Fund at par value contributed by investors was VND252,794,788,200. During the year ended 31 December 2020, the Fund issued additional 35,571,220.52 fund units, amounting to VND 355,712,205,200 and redeemed 17,215,892.91 fund units, amounting to VND 172,158,929,100 at par value. The capital of the Fund at par value contributed by investors as at 31 December 2020 amounting to VND 436,348,064,300.

The Fund is managed by Vietnam Investment Fund Management Joint Stock Company from 1 January 2020 to 29 December 2020. From 30 December 2020, Vietnam Investment Fund Management Joint Stock Company was renamed as Dragon Capital VietFund Management Joint Stock Company. Therefore, from 30 December 2020 to this report date, the Fund is managed by Dragon Capital VietFund 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 and Amended License No. 88/GPĐC-UBCK GP issued by the SSC on 30 December 2020.

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.

Net asset value (NAV) valuation period:

- ▶ Weekly basis: NAV is weekly valued every Friday.
- ▶ 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 fixed-income instruments. The Fund executes trading as stipulated by Vietnamese laws. 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, analysis of debt securities's volatility, as well as quantitative models, statistic or issuer analysis in making investment decisions which optimizes profit for the portfolio.

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

GENERAL INFORMATION (continued)

## **CUSTODIAN AND SUPERVISORY BANK**

Under Decision No. 398/QĐ-UBCK issued by the SSC on 7 May 2015, it was approved that Custodian and Supervisory Bank of the Fund is Standard Chartered Bank (Vietnam) Limited ("Standard Chartered Bank").

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 Custodian and Supervisory Bank are stipulated in the Fund Charter.

## **FUND MANAGEMENT COMPANY**

Vietnam Investment Fund Management Joint Stock Company and Dragon Capital VietFund Management Joint Stock Company, from 1 January 2020 to 29 December 2020 and from 30 December 2020 to this report date respectively, are the authorised representatives 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 period and at the date of this report are:

<i>Name</i>	<i>Position</i>
Ms. Nguyen Boi Hong Le	Chairwoman
Ms. Le Thi Thu Huong	Member
Ms. Pham Thi Thanh Thuy	Member

## **LEGAL REPRESENTATIVE**

The legal representative of the Fund Management Company during the period and at the date of this report is Mr. Beat Schurch - Chief Executive Officer of Dragon Capital VietFund Management Joint Stock Company.

## **AUDITORS**

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

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

## REPORT OF THE 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 2020.

### **THE RESPONSIBILITY OF THE FUND MANAGEMENT COMPANY’S BOARD OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

The Board of Management of Dragon Capital VietFund 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 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.

### **STATEMENTS BY THE BOARD OF REPRESENTATIVES**

The Board of Representatives does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020 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: 



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Ms. Nguyen Boi Hong Le  
Chairwoman

Ho Chi Minh City, Vietnam

4 March 2021

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

## REPORT OF FUND MANAGEMENT COMPANY

### I. GENERAL INFORMATION

#### 1. Objectives of the Fund:

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

#### 2. Operation effectiveness of the Fund:

According to the Fund's financial statements which have been reviewed, as of the reporting period, changes in net assets value (NAV) of the Fund is 84.16 (%) compared with the NAV of the Fund in previous period; the Fund does not have exchange-traded portfolio and reference index.

#### 3. Policies and investment strategies of the Fund:

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 decision which optimizes profit for the portfolio. The analysis of corporate bonds is based on at least a credit rating model that are 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 of the Fund (as at 31 December 2020)

Net assets value: VND905,690,985,301

Number of units: 43,634,806.43 units

#### 9. Reference index of the Fund: None

#### 10. Dividend policy of the Fund: The Fund does not distribute dividend.

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

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

## II. PERFORMANCE INFORMATION

### 1. Assets portfolio

<i>Asset portfolio</i>	31/12/2020 (%)	31/12/2019 (%)	31/12/2018 (%)
Investment securities	45.00	39.74	22.22
Other assets	55.00	60.26	77.78
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### 2. Key performance indicators

<i>Indicators</i>	31/12/2020	31/12/2019	31/12/2018
NAV for the period	905,690,985,301	491,788,288,327	671,778,178,931
Total number of Fund units	43,634,806.43	25,279,478.82	37,689,999.98
NAV per fund unit	20,756.15	19,454.05	17,823.77
Maximum NAV per fund unit in the period	20,756.15	19,454.05	17,823.77
Minimum NAV per fund unit in the period	19,460.99	17,819.18	16,013.64
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	6.69	9.15	11.25
Capital growth rate (%)/fund unit (movement of market price)	1.36	-1.58	0.93
Net profit growth rate (%)/fund unit (distributed profit)	5.33	10.73	10.31
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 (%)	1.19	1.16	1.11
Investment turnover ratio (%)	83.50	66.22	160.43



# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

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	6.69	6.69
3 year	29.56	8.86
From establishment	107.56	10.15
Growth rate of reference indicators	N/A	N/A

### 4. Annual growth rate

Period	31/12/2020 (%)	31/12/2019 (%)	31/12/2018 (%)
Growth rate (%)/01 fund unit	6.69%	9.15%	11.25%

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

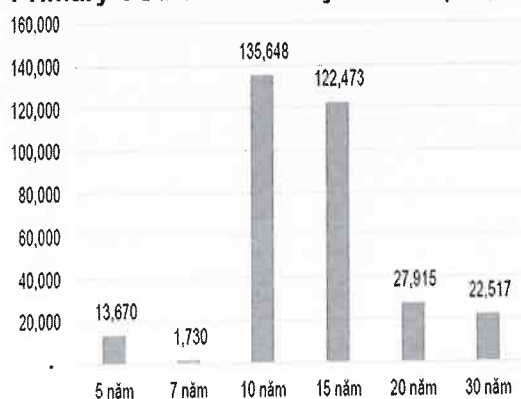
## III. MARKET ASSESSMENT DURING THE PERIOD

### 1. Primary market

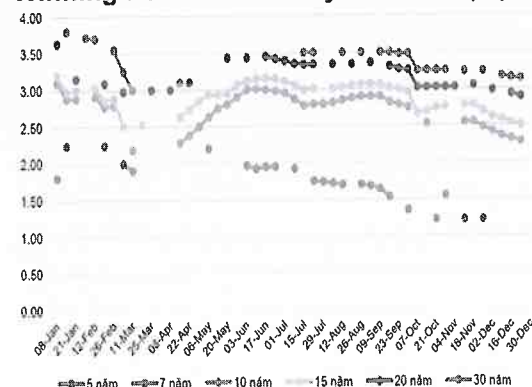
**Issuing volume:** The total volume of Government bond issuance in 2020 reached 323,953 billion VND, 24.60% higher than plan set out at the beginning of the year (260 trillion) and completed 98.17% of the second adjusted plan 330,000 billion VND). ). The total volume of VDB and VBS bond issuance is VND 21,900 billion and VND 4,375 billion respectively.

**Issuing interest rate:** Issuing interest rate is differentiated between short tenors (less than 7 years) and long tenors (10 years or longer). The average issuing interest rate in 2020 is 2.83% (down sharply from 4.60% in 2019).

Primary VGB Issuance by Tenors (VND Bil)



Winning Rates of Primary Issuance (%)





# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

## REPORT OF FUND MANAGEMENT COMPANY (continued)

### III. MARKET ASSESSMENT DURING THE PERIOD (continued)

#### 2. Secondary market

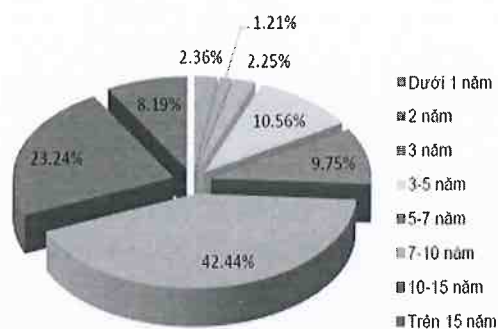
**Transaction yields:** Movements of the yields on the secondary market have been similar to the primary market during most of the year. Yields on the primary market have a clear affluence effect on the variation in yields on the secondary market. In general, the transaction yield decreased by about 100-150bps for tenors below 7 years and 100-120bps for tenors from 10 years or longer.

**Liquidity:** The value of outright transactions on the secondary market in 2020 reaches to VND 1,680,034 billion, an increase of 47.9% compared to 2019 (VND 1,135,757 billion). The average trading value per session is 6,666 billion VND (in 2019 it was 4,543 billion VND). The total volume of repo transactions in 2020 is 908,014 billion VND, a decrease of 19.06% compared to 2019 (1,121,825 billion VND).

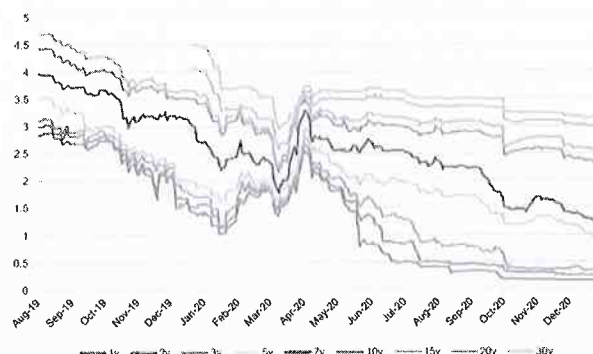
**Stable listing:** the total volume of maturing bonds is 134,406 billion dong, decreases 9.15% compared to 2019 (147,948 billion dong) while the reinvestment amount is 1,366 trillion dong, higher than corresponding amount of 2019 (2019 it was 215,267 billion dong). The value listed as at 31/12/2020 is 1,136 trillion VND, a decrease of 1.56% compared to the end of 2019 (equivalent to 18.14% of GDP).

**Average listing duration:** Average listing duration is 12.45 years (2019 was 11.16 years).

**Secondary Market Transaction by Remaining Life (%)**



**Secondary Market Yield Movements (%)**



### 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	5.33	25.85	48.73
Capital growth/fund unit	1.36	24.35	58.83
Total growth value/fund unit	6.69	50.2	107.56
Annual growth rate (%) / fund unit	6.69	29.55	107.56
Total investment growth value	None	None	None
Market value change per fund unit	None	None	None

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

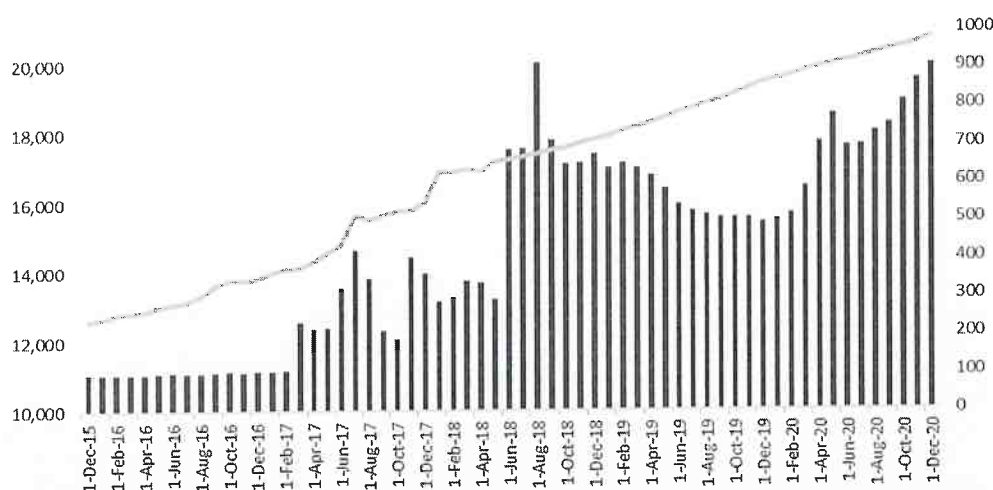
## IV. DETAIL OF KEY PERFORMANCE INDICATORS (continued)

### 1. Detail of key performance indicators (continued)

- ▶ 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.

Chart of monthly growth of the Fund in the last 3 years:

**Tăng trưởng NAV/CCQ và tổng tài sản quỹ VFB (2015-2020)**



Change in net asset value:

Indicators	31/12/2020	31/12/2019	Variance
A	(1)	(2)	(3)=((1)-(2))/(2)
Net asset value (NAV) of the Fund	905,690,985,301	491,788,288,327	84.16%
Net asset value (NAV) per fund unit	20,756.15	19,454.05	6.69%

By the end of 2020, the Vietnam Bond Investment Fund (VFB) had a good growth in total assets and maintained a competitive position in the group of bond funds with the best investment results in the market. The total assets of the fund reached 918 billion VND, an increase of 84% compared to the beginning of the year. At the reporting date, the VFB is the third largest asset-based bond investment fund out of 11 operating domestic bond investment funds. Net asset value (NAV) per fund unit (NAV/CCQ) of VFB reached VND 20,765.15 as at 31 December 2020, increased 6.69% in 2020. From the start of operations (June 13 year 2013) to 31 December 2020, VFM's investment fund has an average annual NAV growth of 10.15%. The VFB fund's NAV / CCQ growth result in 2020 was better than the growth of the internal reference index (the 3-year Government Bond Total Income (G-bond) Index announced by Hanoi Stock Exchange - HNX 3Y TRI) achieved a growth of 5.25%/year.

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

### IV. DETAIL OF KEY PERFORMANCE INDICATORS (continued)

#### 1. Detail of key performance indicators (continued)

As at 31 December 2020, VFB fund invests 29.6% of its total assets in corporate bonds (corporate bonds - as at 31 December 2019, it was 41.2%) and 43.5% in certificates of deposit (CCTG - as at 31/12/2019 48.2%). The Fund also invests 16.8% of its total assets in government bonds (G-bonds) and holds 10.1% of cash and bank deposits (TGNH). VFB has invested with a large proportion of asset allocation in corporate bonds and certificates of deposit since the beginning of 2020, the implementation of investment in Government bonds has been implemented well in the fourth quarter of 2020 to take advantage of opportunities when the market interest rates tend to decrease. The fund's operating profit in 2020 will mainly come from the interest of its investments. In 2020, the fund will continue to actively extend the term of investments before the trend of decreasing interest rates. The fund's transaction frequency in 2020 has a slight increase compared to 2019, reflected in the fund's 12-month asset turnover of 78.7% (in 2019 it is 64%), but still at a significantly lower level, compared to previous years (respectively 265% and 196% in 2018 and 2017). The fund's operating expenses (TER) are also maintained at an average of 1.2% for 2020 (1.17% for 2019). In 2020, the fund has issued a number of new fund certificates equivalent to VND 714 billion and bought back the amount of fund certificates equivalent to VND 345 billion, so the net issuance value of new fund certificates of the fund in 2020 will be VND 369 billions.

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

<i>Criteria (units)</i>	<i>Number of investors</i>	<i>Number of fund units held</i>	<i>Holding percentage (%)</i>
A	1	2	3
Under 5,000	849	648,452.50	1.49
From 5,000 to 10,000	100	703,122.41	1.61
From 10,000 to 50,000	353	9,178,703.93	21.04
From 50,000 to 500,000	261	27,623,548.98	63.30
Over 500,000	6	5,480,978.61	12.56
<b>Total</b>	<b>1,569</b>	<b>43,634,806.43</b>	<b>100</b>

Notes: Presenting fund units hold by investors from the least to the most.

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

### V. PROSPECT OF MARKET

Government bond interest rates in 2020 fluctuate strongly during the year. Bond yields decreased significantly in the fourth quarter of 2020. The 2021 market yield volatility is forecasted to be stable or sideways in comparison to 2020. The volatility of the VGB yields are departed from the macro/fundamental variables and more dependent on supply and demand. In addition, the significant development of the corporate bond market in 2020 (total primary issue value of 411.3 trillion VND) will continue into 2021 due to the impact of investment needs and due to changes in corporate bond transaction infrastructure.

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

## REPORT OF FUND MANAGEMENT COMPANY (continued)

### VI. OTHER INFORMATION

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

#### 1. Funds operating personnel

<i>Name</i>	<i>Position</i>	<i>Qualifications</i>	<i>Work History</i>
Luong Thi My Hanh	Deputy General Director - Investment Research Division	Master of Economics	- From 2010 to now: Deputy General Director – Vietnam Investment Fund Management Joint Stock Company (renamed as Dragon Capital VietFund 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 - Vietnam Investment Fund Management Joint Stock Company (renamed as Dragon Capital VietFund Management Joint Stock Company)

#### 2. Board of Representative

<i>Name</i>	<i>Position</i>	<i>Qualifications</i>	<i>Work History</i>
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 - Vietnam Investment Fund Management Joint Stock Company (renamed as Dragon Capital VietFund Management Joint Stock Company)

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

## VI. OTHER INFORMATION (continued)

### 3. Board of management of Fund Management Company

<i>Name</i>	<i>Position</i>	<i>Qualifications</i>	<i>Work History</i>
Tran Thanh Tan	General Director	Master of Business Administration	- From 2003 to 29/12/2020: General Director
Beat Schurch	General Director	Master of Economics	- From 30/12/2020 to now: General Director - From 2010 to now: Deputy General Director
Luong Thi My Hanh	Deputy General Director - Investment Research Division	Master of Economics	- From 2011 to now: Deputy General Director and CFO
Nguyen Minh Dang Khanh	Deputy General Director – CFO	Master of Finance - Economic	- From 2011 to now: Deputy General Director
Tran Le Minh	Deputy General Director - Director of Hanoi Branch	Master of Financial Management	- From 2011 to now: Deputy General Director



Mr. Beat Schurch  
Chief Executive Officer

Ho Chi Minh City, Vietnam

4 March 2021



## SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of the Vietnam Bond Fund ("the Fund") for the period from 01<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020, 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 01<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020, the Fund's investment portfolio deviated from investment restrictions under the prevailing regulations for open-ended fund, Fund Prospectus and other relevant regulations, details as below:

- Item c, Clause 10, Article 1, Circular 15/2016/TT-BTC ("Circular 15") dated 20<sup>th</sup> January 2016 amending and supplementing several articles in Circular 183/2011/TT-BTC ("Circular 183") dated 16<sup>th</sup> December 2011 and Article 11, Fund Charter regulate that investment portfolio of open-ended fund must adhere to the following rule: "Do not invest more than twenty percent (20%) of total asset value of the fund in outstanding securities of an issuer, including valuable papers, negotiable instruments, bonds (except government bonds), voting stocks, non-voting stocks, and convertible bonds." In case of deviation, the Fund Management Company has to adjust the Fund's investment portfolio to comply with the prevailing regulations within the regulated recovery timeframe.

From valuation date 03<sup>rd</sup> January 2020 to valuation date 17<sup>th</sup> January 2020, the Fund's investment in outstanding securities of an issuer deviated from the limit of 20% of the Fund's total asset value. The Fund Management Company had to adjust the Fund's investment portfolio to comply with the prevailing regulations no later than 20<sup>th</sup> March 2020 for the above mentioned deviations.

As at 23<sup>rd</sup> January 2020, the Fund Management Company adjusted the Fund's investment portfolio to comply with the prevailing regulations.

From as at 23<sup>rd</sup> January 2020 to as at 31<sup>st</sup> December 2020, the Fund's investment portfolio complied with Item c, Clause 10, Article 1, Circular 15 and Article 11, Fund Charter.

- Item e, Clause 10, Article 1, Circular 15 and Article 11, Fund Charter regulate that investment portfolio of open-ended fund must adhere to the following rule: "Do not invest more than ten percent (10%) of the total asset value of the fund in stocks, bonds to be listed or registered by the issuers that operate as per Vietnam's law; corporate bonds issued by listed organizations for which settlement guarantee is provided by credit institutions or which issuers 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 regulated recovery timeframe.

From valuation date 03<sup>rd</sup> January 2020 to valuation date 17<sup>th</sup> January 2020, the Fund's investment in unlisted securities deviated from the limit of 10% of the Fund's total asset value. The Fund Management Company had to adjust the Fund's investment portfolio to comply with the prevailing regulations no later than 20<sup>th</sup> March 2020 for the above mentioned deviations.

### Standard Chartered Bank (Vietnam) Limited

#### Head Office

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

Tel : (84-24) 3936 8000  
Fax : (84-24) 3837 8356  
Swift: SCBLVNVX

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As at 23<sup>rd</sup> January 2020, the Fund Management Company adjusted the Fund's investment portfolio to comply with the prevailing regulations.

From as at 23<sup>rd</sup> January 2020 to as at 31<sup>st</sup> December 2020, the Fund's investment portfolio complied with Item e, Clause 10, Article 1, Circular 15 and Article 11, Fund Charter.

- 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 01<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020, the Fund did not pay dividend to Fund Unit Holders.

**Supervisory Bank Representative**

**Supervisory Bank Officer**



**Phu Hung Giang**  
**Head, Fiduciary and Fund Services**  
**Operations Vietnam**



**Truong Thi Hoang Yen**  
**Manager, Fiduciary and Fund Services**  
**Operations Vietnam**



**Standard Chartered Bank (Vietnam) Limited**  
**Head Office**

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 South Tu Liem District, Hanoi

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 Swift : SCBLNVX

**Here for good**



Reference: 61070172/21990853

## **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 4 March 2021 and set out on pages 16 to 58, which comprise the statement of financial position and the statement of investment portfolio as at 31 December 2020, the income statement, statement of changes net asset value, transactions of fund units and the cash flow statement for the year then ended and the notes thereto.

### ***The responsibility of the Board of Management of the Fund Management Company***

The Board of Management of Dragon Capital VietFund 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 the financial statements and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' responsibility***

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

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

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

### Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Fund as at 31 December 2020, 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



\_\_\_\_\_  
Nguyen Thuu Duong  
Deputy General Director  
Audit Practicing Registration  
Certificate No. 0893-2018-004-1

\_\_\_\_\_  
Nguyen Dang Tung  
Auditor  
Audit Practicing Registration  
Certificate No. 4415-2018-004-1

Ho Chi Minh City, Vietnam

4 March 2021

Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

INCOME STATEMENT  
for the year ended 31 December 2020

B01-QM

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
<b>01</b>	<b>I. Income from investing activities</b>		<b>53,166,389,163</b>	<b>55,753,664,143</b>
03	1. Interest income	11	54,538,267,693	51,500,815,793
04	2. (Loss)/gain from trading securities	12	(983,578,523)	3,474,847,552
05	3. Unrealized (loss)/gain on revaluation of securities investments	13	(388,300,007)	778,000,798
<b>10</b>	<b>II. Expenses from investing activities</b>	<b>14</b>	<b>144,171,565</b>	<b>59,215,200</b>
11	1. Transaction expense for trading securities		144,171,565	50,215,200
15	2. Other expenses		-	9,000,000
<b>20</b>	<b>III. Operating expenses of open-ended Fund</b>		<b>8,160,344,020</b>	<b>6,567,928,630</b>
20.1	1. Fund management fee	21.1	6,964,731,802	5,473,044,369
20.2	2. Fund custodian fee		285,334,051	232,618,160
20.3	3. Supervising fee	21.2	306,448,193	249,218,524
20.4	4. Fund administration fee	21.2	229,836,153	186,913,895
20.5	5. Transfer agent fee		132,000,000	132,000,000
20.7	6. General Meeting expenses		(15,560,914)	1,794,637
20.8	7. Audit fee		113,300,000	112,810,500
20.10	8. Other operating expenses	15	144,254,735	179,528,545
<b>23</b>	<b>IV. Net income from investing activities</b>		<b>44,861,873,578</b>	<b>49,126,520,313</b>
<b>30</b>	<b>V. Profit before tax</b>		<b>44,861,873,578</b>	<b>49,126,520,313</b>
31	1. Realized gain	10	45,250,173,585	48,348,519,515
32	2. Unrealized (loss)/gain	10	(388,300,007)	778,000,798
<b>41</b>	<b>VI. Profit after tax</b>		<b>44,861,873,578</b>	<b>49,126,520,313</b>

Ms. Vuong Thi Tram Anh  
Fund Accountant

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

Mr. Beat Schurch  
Chief Executive Officer

Ho Chi Minh City, Vietnam

4 March 2021

Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION  
as at 31 December 2020

B02-QM

Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. ASSETS</b>			
<b>110</b>	<b>I. Cash at banks and cash equivalents</b>	<b>4</b>	<b>71,648,807,923</b>	<b>52,482,148,566</b>
111	1. Cash at bank for the Fund operations		9,648,807,923	2,482,148,566
112	2. Deposits with terms less than three (3) months		62,000,000,000	50,000,000,000
<b>120</b>	<b>II. Investments</b>		<b>818,153,180,400</b>	<b>422,788,540,000</b>
121	1. Investments	5	818,153,180,400	422,788,540,000
<b>130</b>	<b>III. Receivables</b>	<b>6</b>	<b>28,275,640,588</b>	<b>22,415,038,360</b>
133	1. Receivables and dividends, accrued interest receivables from investments		28,275,630,138	22,415,038,360
136	1.1. Dividends and interest not yet entitled to be received		28,275,630,138	22,415,038,360
137	2. Other receivables		10,450	-
<b>100</b>	<b>TOTAL ASSETS</b>		<b>918,077,628,911</b>	<b>497,685,726,926</b>
<b>300</b>	<b>B. LIABILITIES</b>			
313	1. Payables to Distributors and Fund Management Companies		156,559,164	196,721,353
314	2. Tax and payables to the State		16,531,755	26,695,518
316	3. Accrued expenses	7	267,187,125	301,110,479
317	4. Payables to investors related to subscription of fund units		9,059,409,363	231,032,179
318	5. Payables to investors related to redemption of fund units		2,035,235,483	4,660,109,480
319	6. Fund management fee payables	8	851,720,720	481,769,590
<b>300</b>	<b>TOTAL LIABILITIES</b>		<b>12,386,643,610</b>	<b>5,897,438,599</b>
<b>400</b>	<b>C. NET ASSET VALUE ATTRIBUTABLE TO HOLDERS OF FUND UNITS (C=A-B)</b>		<b>905,690,985,301</b>	<b>491,788,288,327</b>
411	1. Share capital	9	436,348,064,300	252,794,788,200
412	1.1 Capital issued		1,825,667,193,300	1,469,954,988,100
413	1.2 Capital redeemed		(1,389,319,129,000)	(1,217,160,199,900)
414	2. Share premium	9	255,538,815,992	70,051,268,696
420	3. Retained earnings	10	213,804,105,009	168,942,231,431
<b>430</b>	<b>D. NET ASSET VALUE PER FUND UNIT</b>	<b>9</b>	<b>20,756.15</b>	<b>19,454.05</b>

Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION (continued)  
as at 31 December 2020

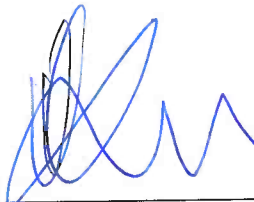
B02-QM

**OFF BALANCE SHEET ITEM**

Code	ITEMS	Notes	Ending balance	Beginning balance
004	1. Number of outstanding fund units	9, 17	43,634,806.43	25,279,478.82



Ms. Vuong Thi Tram Anh  
Accountant



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cum Chief Financial Officer



Mr. Beat Schurch  
Chief Executive Officer

Ho Chi Minh City, Vietnam

4 March 2021


Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

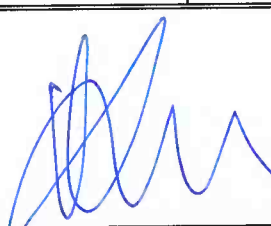
STATEMENT OF CHANGES IN NET ASSETS,  
TRANSACTIONS OF FUND UNITS  
for the year ended 31 December 2020


B03-QM

Currency: VND

Code	ITEMS	Current year	Previous year
I	<b>The Fund's NAV, beginning balance</b>	<b>491,788,288,327</b>	<b>671,778,178,931</b>
II	<b>Changes in NAV during the period</b>	<b>44,861,873,578</b>	<b>49,126,520,313</b>
	<i>In which:</i>		
II.1	- <i>Changes in NAV arising from market fluctuation and the Fund's investment activities during the period</i>	44,861,873,578	49,126,520,313
III	<b>Changes in NAV due to subscription, redemption of fund units</b>	<b>369,040,823,396</b>	<b>(229,116,410,917)</b>
	<i>In which:</i>		
III.1	- <i>Proceeds from additional subscription of fund units</i>	713,968,219,691	177,895,653,483
III.2	- <i>Payment for redemption of fund units</i>	(344,927,396,295)	(407,012,064,400)
IV	<b>The Fund's NAV, ending balance</b>	<b>905,690,985,301</b>	<b>491,788,288,327</b>

  
Ms. Vuong Thi Tram Anh  
Accountant

  
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Mr. Beat Schurch  
Chief Executive Officer



Ho Chi Minh City, Vietnam


4 March 2021


Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

STATEMENT OF INVESTMENT PORTFOLIO  
as at 31 December 2020

B04-QM

No.	Items	Quantity	Market price as at 31 December 2020 VND	Total value VND	Percentages of the Fund's total assets as at 31 December 2020
<b>I</b>	<b>Bonds</b>			<b>413,153,180,400</b>	<b>45.00%</b>
1	KBC12006	1,300,000	100,455	130,591,500,000	14.22%
2	TD2035026	500,000	104,666	52,333,000,000	5.70%
3	TD2035028	500,000	101,544	50,772,000,000	5.53%
4	TD2030020	500,000	101,442	50,721,000,000	5.53%
5	VHM11801	500,000	100,262	50,131,000,000	5.46%
6	VDS251121	40,000	1,000,000	40,000,000,000	4.36%
7	CIIBOND2020-03	400	96,511,701	38,604,680,400	4.20%
<b>II</b>	<b>Other assets</b>			<b>28,275,640,588</b>	<b>3.08%</b>
1	Interest receivable from certificates of deposits			14,598,054,794	1.59%
2	Interest receivable from bond investment			12,499,726,027	1.36%
3	Interest receivable from term deposits			1,177,849,317	0.13%
4	Other receivables			10,450	0.00%
<b>III</b>	<b>Cash</b>			<b>476,648,807,923</b>	<b>51.92%</b>
1	Cash at bank			91,648,807,923	9.98%
1.1	Cash at Standard Chartered bank			9,648,807,923	1.05%
1.2	Cash equivalents			62,000,000,000	6.75%
1.3	Deposits with terms more than three (3) months			20,000,000,000	2.18%
2	Certificates of deposits	170,215		385,000,000,000	41.94%
<b>IV</b>	<b>Total investment portfolio</b>			<b>918,077,628,911</b>	<b>100.00%</b>

  
Ms. Vuong Thi Tram Anh  
Accountant

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



Mr. Beat Schurch  
Chief Executive Officer

Ho Chi Minh City, Vietnam

4 March 2021



Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

CASH FLOW STATEMENT  
for the year ended 31 December 2020

B05-QM

Currency: VND

No	ITEMS	Notes	Current year	Previous year
	<b>I. INVESTING ACTIVITIES</b>			
01	<b>1. Profit before tax</b>		<b>44,861,873,578</b>	<b>49,126,520,313</b>
	<b>2. Adjustments for increase/(decrease) NAV from investing activities:</b>		<b>354,376,653</b>	<b>(770,548,298)</b>
03	2.1 Unrealized loss/(gain) from investing activities	13	388,300,007	(778,000,798)
04	2.2 Accrued expenses		(33,923,354)	7,452,500
05	<b>3. Profit from investing activities before changes in working capital</b>		<b>45,216,250,231</b>	<b>48,355,972,015</b>
20	(Increase)/decrease in investments		(395,752,940,407)	32,696,520,520
07	Decrease in interest receivable from investments		(5,860,591,778)	(2,126,515,890)
08	(Decrease)/increase in other receivables		(10,450)	91,683,700,000
11	Decrease in payable to distribution agent		(40,162,189)	(42,531,203)
13	(Decrease)/Increase in tax and statutory obligations		(10,163,763)	14,282,068
14	Increase in payable to investors of subscription		8,828,377,184	190,044,279
15	Increase in payable to investors of redemption		(2,624,873,997)	3,032,875,324
16	Decrease in other payable		-	-
17	Increase/(decrease) in fund management fee payable		369,951,130	(102,994,934)
19	<b>Net cash flows (used in)/from investing activities</b>		<b>(349,874,164,039)</b>	<b>173,701,352,179</b>
	<b>II. FINANCING ACTIVITIES</b>			
31	1. Capital contribution	9	713,968,219,691	177,895,653,483
32	2. Capital redemption	9	(344,927,396,295)	(407,012,064,400)
30	<b>Net cash flows from/(used in) financing activities</b>		<b>369,040,823,396</b>	<b>(229,116,410,917)</b>
40	<b>III. Net increase/(decrease) in cash and cash equivalents during the period</b>		<b>19,166,659,357</b>	<b>(55,415,058,738)</b>
50	<b>IV. Cash and cash equivalents at the beginning of the period</b>		<b>52,482,148,566</b>	<b>107,897,207,304</b>
51	Cash in banks at the beginning of the period:		52,482,148,566	107,897,207,304
52	- Cash in bank for the Fund's operation		52,424,617,387	107,885,219,404
	+ Demand deposits for the Fund's operation		2,424,617,387	1,885,219,404
	+ Deposits with terms less than three (3) months		50,000,000,000	106,000,000,000
53	- Cash of Investors related to subscription/redemption of fund units		57,531,179	11,987,900

Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2020

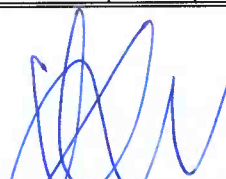
B05-QM

Currency: VND

No	ITEMS	Notes	Current year	Previous year
<b>55</b>	<b>V. Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>71,648,807,923</b>	<b>52,482,148,566</b>
56	Cash in banks at the end of the period:		71,648,807,923	52,482,148,566
57	- Cash in bank for the Fund's operation		69,611,594,990	52,424,617,387
	+ Demand deposits for the Fund's operation		7,611,594,990	2,424,617,387
	+ Deposits with terms less than three months		62,000,000,000	50,000,000,000
58	- Cash of Investors related to subscription/redemption of fund units		2,037,212,933	57,531,179
<b>60</b>	<b>VI. Net increase/(decrease) in cash and cash equivalents during the period</b>		<b>19,166,659,357</b>	<b>(55,415,058,738)</b>



Ms. Vuong Thi Tram Anh  
Accountant



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



Mr. Beat Schurch  
Chief Executive Officer

Ho Chi Minh City, Vietnam

4 March 2021

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2020 and for the year then ended

B06-QM

### 1. THE FUND'S OPERATIONS

#### 1.1 *The Fund's 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 issued by the State Securities Commission ("SSC") on 27 February 2013; Registration certificate for open-ended fund No. 04/GCN-UBCK issued by SSC on 10 June 2013 and Decision No. 398/QĐ-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 is managed by Vietnam Investment Fund Management Joint Stock Company from 1 January 2020 to 29 December 2020. From 30 December 2020, Vietnam Investment Fund Management Joint Stock Company was renamed as Dragon Capital VietFund Management Joint Stock Company. Therefore, from 30 December 2020 to this report date, the Fund is managed by Dragon Capital VietFund 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 and Amended License No. 88/GPĐC-UBCK GP issued by the SSC on 30 December 2020.

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 and Dragon Capital VietFund Management Joint Stock Company, from 1 January 2020 to 29 December 2020 and from 30 December 2020 to this report date respectively, are the authorised representatives 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.

##### **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/QĐ-UBCK 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's operations*

##### **Capital**

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 2019, the capital of the Fund at par value contributed by investors was VND 252,794,788,200. During the period ended 31 December 2020, the Fund issued additional 35,571,220.52 fund units, amounting to VND355,712,205,200 and redeemed 17,215,892.91 fund units, amounting to VND172,158,929,100 at par value. The capital of the Fund at par value contributed by investors as at 31 December 2020 amounting to 436,348,064,300.

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

B06-QM

### 1. THE FUND'S OPERATIONS (continued)

#### 1.2 *The Fund's operations* (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 executes trading as stipulated by Vietnamese laws. 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, analysis of debt securities's volatility, as well as quantitative models, statistic or issuer 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.
- ▶ 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. It is not allowed to 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. It is not allowed to 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. It is not allowed to 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; there are some requirements investing in these assets (approved in writing by the Board of Fund Representatives on the type, stock code, quantity, value, transaction date, sufficient documents proving that the issuer will complete the application for registration or be listed at the Stock Exchange within twelve (12) months from transaction date); 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 in Clause 3 Article 56 of the Fund Charter;

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

B06-QM

### 1. THE FUND'S OPERATIONS (continued)

#### 1.2 *The Fund's operations* (continued)

##### **Investment restrictions** (continued)

- d. It is not allowed to 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; there are some requirements investing in these assets (approved in writing by the Board of Fund Representatives on the type, stock code, quantity, value, transaction date, sufficient documents proving that the issuer will complete the application for registration or be listed at the Stock Exchange within twelve (12) months from transaction date);
- 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;
- f. It is not allowed to invest in securities investment funds, shares of securities investment companies that are established and operate in Vietnam;
- g. It is not allowed to 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.



# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

B06-QM

## **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 stipulated in 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 183, 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.

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

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

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

1. 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").

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

B06-QM

### 3. SUMMARY OF 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 (3) 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.

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
<b>Cash and cash equivalent, money market instrument</b>		
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 and discounted money market instruments	Purchase price plus accrued interest receivables as at the date prior to the valuation date.



Dragon Capital VietFund Management Joint Stock Company  
Vietnam Bond Fund

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

3.2 Investments (continued)

No.	Type of asset	Principles for valuation of transactions on the market
<b>Bonds</b>		
5.	Listed bonds	<ul style="list-style-type: none"> <li>- 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);</li> <li>- In case where there is more than one transaction on the latest transaction date prior to the valuation date (which leads to many quoted prices), the price used for valuation is the weighted average of the quoted prices on that day (weighted average quoted price);</li> <li>- In case of               <ul style="list-style-type: none"> <li>+ no transaction on the trading system at the Stock Exchange in more than two (2) weeks prior to the valuation date;</li> <li>+ or transactions on the trading system at the Stock Exchange with unusual price fluctuation according to Valuation manual</li> </ul>               bonds are measured in priority order as follows:               <ul style="list-style-type: none"> <li>+ Purchase price plus accrued interest receivables;</li> <li>+ Face value plus accrued interest receivables.</li> </ul> </li> </ul>
6.	Unlisted bonds	<p>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 on the latest transaction date prior to the valuation date. In case there are not enough quotes of at least three (3) securities companies, bonds are measured in priority order as follows:</p> <ul style="list-style-type: none"> <li>- Average prices of two (2) securities companies;</li> <li>- Purchase price plus accrued interest receivables;</li> </ul>
7.	Warrant on convertible bonds	Price determined by the method approved by the Board of Representatives in each specific case.
8.	Bonds of organizations declared dissolution or bankruptcy	Price determined by the method approved by the Board of Representatives in each specific case.

Dragon Capital VietFund Management Joint Stock Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)  
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Investment* (continued)

No.	Type of asset	Principle for valuation of the transactions on the market
<b>Derivative securities</b>		
8.	Listed derivative securities	The settlement price at the end of day or another name is quoted on the Stock Exchange system. In case there is no settlement price at the end of day or quoted price on the Stock Exchange trading system on the latest transaction date prior to the valuation date, price determined by the method approved by the Board of Representatives.
9.	Listed derivative securities with no transaction within two weeks or more	Price determined by the method approved by the Board of Representatives in each specific case.
10.	Commitment value from derivative contracts	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. When calculating the committed amount, fund management companies may apply: + 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; Other principles are in accordance with the international practice to ensure the risk management.
<b>Other assets</b>		
11.	Other permitted investment assets	Price determined by the method in compliance with the current regulations.

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.2 *Investments* (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 per fund unit is rounded to two decimal places.

#### 3.4 *Contributed capital and share premium*

##### 3.4.1 *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.

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 *Contributed capital and surplus* (continued)

##### 3.4.1 *Contributed capital* (continued)

###### *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 reflected 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.

##### 3.4.2 *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 the total gain or loss arising from revaluation of the Fund's investments during the year.

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

##### 3.4.3 *Profit/assets distributed to investors*

This account reflects the profit/assets distributed to investors during the period 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.

#### 3.5 *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 period. Provision for receivables from dividends, coupons and deposit interest is recognized as income decreased during the năm.

Provision for overdue debts is made in accordance with Circular No. 48/2019/TT-BTC as follows:

<u>Overdue</u>	<u>Provision rate</u>
From 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%

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 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.

#### 3.7 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 year. Expenses of Fund are mainly as follows:

##### *Management fee*

Management fee is accounted 1% 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 of valuation = 1% (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 are 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)



# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

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

#### 3.7 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 fee of exercise rights is VND1,000,000 once providing a list of options.

The fee rate, method and payment term are regulated specifically in the service contract between the Fund Management Company and the Suppliers.

#### 3.8 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 ("VSD"), which is certified by the Supervisory Bank (for listed securities) and when assets transfer contracts are settled (for unlisted securities).

#### 3.9 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:

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

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

#### 3.9 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 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 Ministry of Finance, 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 unit 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, Circular No. 103/2014/TT-BTC dated 6 August 2014 and Circular No. 25/2018/TT-BTC dated 16 March 2018 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.

#### 3.10 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.

#### 3.11 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.



# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

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

#### 3.12 *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 offsetted 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.

#### 3.13 *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.

Dragon Capital VietFund Management Joint Stock Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)  
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**4. CASH AT BANKS AND CASH EQUIVALENTS**

	<i>Ending balance</i>	<i>Currency: VND Beginning balance</i>
Deposits in VND with term less than three (3) months	62,000,000,000	50,000,000,000
<i>In which:</i>		
- Vietnam Prosperity Joint Stock Commercial Bank	36,000,000,000	-
- Ho Chi Minh City Development Joint Stock Commercial Bank	26,000,000,000	-
- Joint Stock Commercial Bank for Investment and Development of Vietnam	-	25,000,000,000
- Asia Commercial Joint Stock Bank	-	25,000,000,000
Demand deposit at the Custodian and Supervisory Bank for the Fund's operation	9,648,807,923	2,482,148,566
	<b><u>71,648,807,923</u></b>	<b><u>52,482,148,566</u></b>

Dragon Capital VietFund Management Joint Stock Company  
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NOTES TO THE FINANCIAL STATEMENTS (continued)  
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5. INVESTMENTS

Currency: VND

	Cost [1]	Market value or fair value [2]	Revaluation difference		Revaluation [5]=[1]+[3]+[4]
			Increase [3]	Decrease [4]	
<b>31 December 2020</b>					
Government bonds	152,647,972,602	153,826,000,000	1,178,027,398	-	153,826,000,000
Corporate bonds	259,326,928,354	259,327,180,400	252,055	(9)	259,327,180,400
Certificates of deposits	385,000,000,000	385,000,000,000	-	-	385,000,000,000
Deposits with term more than three (3) months	20,000,000,000	20,000,000,000	-	-	20,000,000,000
	<b>816,974,900,956</b>	<b>818,153,180,400</b>	<b>1,178,279,453</b>	<b>(9)</b>	<b>818,153,180,400</b>
<b>31 December 2019</b>					
Corporate bonds	196,221,960,549	197,788,540,000	1,568,539,451	(1,960,000)	197,788,540,000
Certificates of deposits	225,000,000,000	225,000,000,000	-	-	225,000,000,000
	<b>421,221,960,549</b>	<b>422,788,540,000</b>	<b>1,568,539,451</b>	<b>(1,960,000)</b>	<b>422,788,540,000</b>

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 5. INVESTMENTS (continued)

Details of investments as at 31 December 2020 are as follows:

	Quantity	Cost VND	Market price or fair value VND	Interest rate	Issue date	Maturity date
Government Bond TD2035026	500,000	52,252,828,767	52,333,000,000	2.90%	01/10/2020	01/10/2035
Government Bond TD2035028	500,000	50,613,116,438	50,772,000,000	2.70%	26/11/2020	26/11/2035
Government Bond TD2030020	500,000	49,782,027,397	50,721,000,000	2.50%	12/11/2020	12/11/2030
Corporate Bond KBC12006	1,300,000	130,591,384,931	130,591,500,000	11.00%	28/07/2020	28/01/2022
Corporate Bond VHM11801	500,000	50,130,863,014	50,131,000,000	10.25%	02/08/2018	02/08/2021
Corporate Bond VDS251121	40,000	40,000,000,000	40,000,000,000	9.50%	25/11/2020	25/11/2021
Corporate Bond CIIBOND2020-03	400	38,604,680,409	38,604,680,400	11.00%	19/03/2020	19/04/2021
Certificates of Deposits - VPBank Finance Co., Ltd (VPFE280922)	80,000	80,000,000,000	80,000,000,000	8.00%	28/09/2020	28/09/2022
Certificates of Deposits - VPBank Finance Co., Ltd (VPFE150321)	50,000	50,000,000,000	50,000,000,000	10.00%	14/03/2019	15/03/2021
Certificates of Deposits - VPBank Finance Co., Ltd (VPFE291222)	40,000	40,000,000,000	40,000,000,000	8.00%	29/12/2020	29/12/2022
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. (HCVN250422)	50	50,000,000,000	50,000,000,000	9.225%	25/04/2019	25/04/2022
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. (HCVN281121)	40	40,000,000,000	40,000,000,000	8.00%	28/05/2020	28/11/2021
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. (HCVN241123)	30	30,000,000,000	30,000,000,000	8.30%	25/11/2020	24/11/2023
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. (HCVN300922)	25	25,000,000,000	25,000,000,000	8.30%	30/09/2020	30/09/2022
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. (HCVN090121)	20	20,000,000,000	20,000,000,000	8.80%	09/01/2019	09/01/2021
Certificates of Deposits HD SAISON Finance Co., Ltd (HDSS070921)	50	50,000,000,000	50,000,000,000	7.20%	07/09/2020	07/09/2021
Term deposits at Asia Commercial Joint Stock Bank		20,000,000,000	20,000,000,000	7.10% - 7.40%		
		<b>816,974,900,956</b>	<b>818,153,180,400</b>			

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
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6. RECEIVABLES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Interest receivable from certificates of deposits	14,598,054,794	14,894,589,040
Interest receivable from bond investment	12,499,726,027	7,431,408,220
Interest receivable from term deposits	1,177,849,317	89,041,100
Other receivables	10,450	-
	<u><b>28,275,640,588</b></u>	<u><b>22,415,038,360</b></u>

7. ACCRUED EXPENSES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Broker fee	192,537,125	192,537,125
Audit fee	56,650,000	53,955,000
Remuneration payables to the Board of Representatives	18,000,000	18,000,000
Annual reporting fee	-	20,207,000
Annual general meeting expenses	-	16,411,354
	<u><b>267,187,125</b></u>	<u><b>301,110,479</b></u>

8. FUND MANAGEMENT FEE PAYABLES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Fund management fee	752,122,398	421,369,373
Supervising fee	33,093,385	18,540,252
Custody fee	30,084,897	16,854,775
Fund administration fee	24,820,040	13,905,190
Transfer agent fee	11,000,000	11,000,000
Transaction fee	600,000	100,000
	<u><b>851,720,720</b></u>	<u><b>481,769,590</b></u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

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9. STATEMENT OF CHANGES IN OWNERS' EQUITY

	<i>Beginning balance</i>	<i>Movement during the year</i>	<i>Ending balance</i>
<b>Capital issued</b>			
Number of fund units (unit)	146,995,498.81	35,571,220.52	182,566,719.33
Subscribed capital at face value (VND)	1,469,954,988,100	355,712,205,200	1,825,667,193,300
Share premium (VND)	874,762,140,335	358,256,014,491	1,233,018,154,826
Total capital issued (VND)	<u>2,344,717,128,435</u>	<u>713,968,219,691</u>	<u>3,058,685,348,126</u>
<b>Capital redeemed</b>			
Number of fund units (unit)	(121,716,019.99)	(17,215,892.91)	(138,931,912.90)
Redeemed capital at face value (VND)	(1,217,160,199,900)	(172,158,929,100)	(1,389,319,129,000)
Share premium (VND)	(804,710,871,639)	(172,768,467,195)	(977,479,338,834)
Total capital redeemed (VND)	<u>(2,021,871,071,539)</u>	<u>(344,927,396,295)</u>	<u>(2,366,798,467,834)</u>
<b>Number of outstanding fund units (unit)</b>	<u>25,279,478.82</u>	<u>18,355,327.61</u>	<u>43,634,806.43</u>
<b>Contributed capital (VND)</b>	<u>322,846,056,896</u>	<u>369,040,823,396</u>	<u>691,886,880,292</u>
<b>Retained earnings (VND)</b>	<u>168,942,231,431</u>	<u>44,861,873,578</u>	<u>213,804,105,009</u>
<b>NAV (VND)</b>	<u>491,788,288,327</u>		<u>905,690,985,301</u>
<b>NAV per fund unit</b>	<b>19,454.05</b>		<b>20,756.15</b>

10. RETAINED EARNINGS

	<i>Currency: VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	168,942,231,431	119,815,711,118
Realized gain in the year	45,250,173,585	48,348,519,515
Unrealized (loss)/gain in the year	(388,300,007)	778,000,798
<b>Ending balance</b>	<u>213,804,105,009</u>	<u>168,942,231,431</u>



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11. INTEREST INCOME

	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Interest from certificates of deposits	23,448,828,768	28,575,926,273
Interest from bonds	22,699,232,222	20,873,267,278
Interest from term deposits	8,390,206,703	2,051,622,242
	<b><u>54,538,267,693</u></b>	<b><u>51,500,815,793</u></b>

12. (LOSS)/GAIN FROM TRADING SECURITIES

	Currency: VND			
	<u>For the year ended 31 December 2020</u>			
	<u>Total value of investments sold</u>	<u>Weighted average cost at the end of transaction date</u>	<u>Loss from selling investments in 2020</u>	<u>Gain from selling investments in 2019</u>
Bonds	426,090,677,408	427,074,255,931	(983,578,523)	1,281,015,639
Certificates of Deposits	130,000,000,000	130,000,000,000	-	2,193,831,913
	<b><u>556,090,677,408</u></b>	<b><u>557,074,255,931</u></b>	<b><u>(983,578,523)</u></b>	<b><u>3,474,847,552</u></b>

13. UNREALIZED GAIN/(LOSS) ON REVALUATION OF SECURITIES INVESTMENTS

	Currency: VND				
	<u>Purchase price per book value</u>	<u>Market value or fair value</u>	<u>Unrealized loss as at 31 Dec 2020</u>	<u>Unrealized gain as at 31 December 2019</u>	<u>Revaluation difference recognized in the current year</u>
Listed bonds	333,370,220,547	334,548,500,000	1,178,279,453	1,566,553,698	(388,274,245)
Unlisted bonds	78,604,680,409	78,604,680,400	(9)	25,753	(25,762)
Certificates of deposits	385,000,000,000	385,000,000,000	-	-	-
Deposits with term more than three (3) months	20,000,000,000	20,000,000,000	-	-	-
	<b><u>816,974,900,956</u></b>	<b><u>818,153,180,400</u></b>	<b><u>1,178,279,444</u></b>	<b><u>1,566,579,451</u></b>	<b><u>(388,300,007)</u></b>

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**14. EXPENSES FROM INVESTING ACTIVITIES**

	<i>Current year</i>	<i>Previous year</i>
		<i>Currency: VND</i>
		<i>Previous year</i>
Transaction costs on buying investments	103,005,090	24,629,720
Transaction costs on selling investments	40,566,475	24,985,480
Off-setting fee payable to VSD	600,000	600,000
Other expenses	-	9,000,000
	<b>144,171,565</b>	<b>59,215,200</b>

**14.1 Transaction costs on buying investments**

	<i>Current year</i>	<i>Previous year</i>
		<i>Currency: VND</i>
		<i>Previous year</i>
Bonds	103,005,090	24,629,720

**14.2 Transaction costs on selling investments**

	<i>Current year</i>	<i>Previous year</i>
		<i>Currency: VND</i>
		<i>Previous year</i>
Bonds	40,566,475	24,985,480

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**14. EXPENSES FROM INVESTING ACTIVITIES** (continued)

The Fund's transactions for the year ended 31 December 2020 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	323,794,000,000	882,557,154,382	36.69%	0.02%	0.02% - 0.03%
2	KIS Vietnam Securities Corporation	Not related	224,137,500,000	882,557,154,382	25.40%	0.015%	0.02% - 0.03%
3	Vietcombank Securities Co., Ltd	Not related	121,461,500,000	882,557,154,382	13.76%	0.02%	0.02% - 0.03%
4	Ho Chi Minh City Securities Corporation	Not related	104,499,200,000	882,557,154,382	11.84%	0.02%	0.02% - 0.03%
5	Unlisted securities trading	Not related	108,664,954,382	882,557,154,382	12.31%		
<b>Total</b>			<b>882,557,154,382</b>		<b>100.00%</b>		

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Vietnam Bond Fund

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**15. OTHER OPERATING EXPENSES**

	<i>Currency: VND</i>	
	<u><i>Current year</i></u>	<u><i>Previous year</i></u>
Board of Representatives' remuneration (Note 21.1)	117,000,000	117,000,000
Bank charges	39,622,009	29,549,295
Annual reporting fee	(20,207,000)	13,318,250
Expense for business traveling and meeting of the Fund's Board of Representatives	-	8,561,000
Annual management fee	6,739,726	10,000,000
Others	1,100,000	1,100,000
	<u><b>144,254,735</b></u>	<u><b>179,528,545</b></u>

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## 16. NET ASSET VALUE

Net asset value for the year ended 31 December 2020

Period of NAV	For the year ended 31 December 2020				Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	VND	
	VND		VND		VND
Last period/December 2019	491,788,288,327	25,279,478.82	19,454.05	0	
First period/January	491,963,797,687	25,279,478.82	19,460.99	6.94	
Second period/January	492,891,121,562	25,286,926.40	19,491.93	30.94	
Third period/January	490,811,576,248	25,188,465.33	19,485.56	(6.37)	
Fourth period/January	492,409,455,909	25,234,609.32	19,513.25	27.69	
Fifth period/January	493,186,117,043	25,234,609.32	19,544.03	30.78	
Last period/January	501,043,906,351	25,629,413.03	19,549.56	5.53	
First period/February	501,532,210,949	25,629,413.03	19,568.61	19.05	
Second period/February	499,543,428,380	25,488,314.53	19,598.91	30.30	
Third period/February	502,684,658,447	25,611,062.61	19,627.63	28.72	
Fourth period/February	514,814,322,942	26,193,828.11	19,654.03	26.40	
Last period/February	514,921,976,298	26,205,340.22	19,649.50	(4.53)	
First period/March	518,153,142,634	26,205,340.22	19,772.80	123.30	
Second period/March	525,048,298,848	26,453,713.92	19,847.81	75.01	
Third period/March	547,229,307,629	27,696,228.88	19,758.26	(89.55)	
Fourth period/March	579,769,899,751	29,315,533.40	19,776.88	18.62	
Last period/March	587,236,090,273	29,664,465.99	19,795.94	19.06	
First period/April	587,450,074,572	29,664,465.99	19,803.15	7.21	
Second period/April	616,131,525,930	31,062,979.86	19,834.91	31.76	
Third period/April	639,992,432,162	32,220,322.59	19,863.00	28.09	
Fourth period/April	669,216,728,511	33,650,269.14	19,887.41	24.41	
Last period/April	703,489,975,120	35,362,045.40	19,893.92	6.51	
First period/May	703,646,195,908	35,362,045.40	19,898.34	4.42	
Second period/May	737,861,399,377	37,027,169.60	19,927.56	29.22	
Third period/May	753,685,339,091	37,783,640.72	19,947.39	19.83	
Fourth period/May	764,038,285,231	38,266,899.03	19,966.03	18.64	
Last period/May	775,766,959,422	38,834,728.01	19,976.11	10.08	

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**16. NET ASSET VALUE** (continued)

Net asset value for the year ended 31 December 2020 (continued)

Period of NAV	For the year ended 31 December 2020			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
	VND		VND	VND
First period/June	776,283,562,099	38,834,728.01	19,989.41	13.30
Second period/June	778,216,591,592	38,900,804.44	20,005.15	15.74
Third period/June	783,333,015,603	39,096,719.26	20,035.77	30.62
Fourth period/June	707,876,624,476	35,284,530.12	20,061.95	26.18
Last period/June	692,517,768,459	34,489,488.68	20,079.09	17.14
First period/July	692,763,195,919	34,489,488.68	20,086.21	7.12
Second period/July	700,657,538,133	34,841,653.53	20,109.76	23.55
Third period/July	701,359,905,987	34,848,217.77	20,126.13	16.37
Fourth period/July	717,418,970,670	35,611,877.49	20,145.49	19.36
Fifth period/July	700,476,470,449	34,729,021.90	20,169.77	24.28
Last period/July	695,449,527,111	34,469,605.41	20,175.73	5.96
First period/August	696,729,383,028	34,469,605.41	20,212.86	37.13
Second period/August	702,827,225,035	34,727,735.17	20,238.21	25.35
Third period/August	720,644,526,149	35,578,616.63	20,254.99	16.78
Fourth period/August	724,136,530,850	35,711,982.52	20,277.13	22.14
Last period/August	732,035,975,081	36,073,698.15	20,292.78	15.65
First period/September	732,411,394,439	36,073,698.15	20,303.19	10.41
Second period/September	736,699,029,543	36,240,379.84	20,328.12	24.93
Third period/September	736,220,095,720	36,172,440.63	20,353.06	24.94
Fourth period/September	741,740,436,930	36,402,675.11	20,375.98	22.92
Last period/September	750,341,433,734	36,788,116.48	20,396.29	20.31
First period/October	750,473,215,561	36,788,116.48	20,399.88	3.59
Second period/October	755,780,564,435	36,999,941.23	20,426.53	26.65
Third period/October	755,809,531,510	36,960,438.34	20,449.14	22.61
Fourth period/October	773,673,587,910	37,789,306.21	20,473.34	24.20
Fifth period/October	789,739,056,778	38,547,455.35	20,487.44	14.10



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**16. NET ASSET VALUE (continued)**

Net asset value for the year ended 31 December 2020 (continued)

Period of NAV	For the year ended 31 December 2020			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
	VND		VND	VND
Last period/October	812,350,047,532	39,635,988.28	20,495.26	7.82
First period/November	813,500,836,983	39,635,988.28	20,524.29	29.03
Second period/November	821,440,185,831	40,012,794.03	20,529.43	5.14
Third period/November	842,902,578,444	41,003,992.96	20,556.59	27.16
Fourth period/November	856,153,809,916	41,590,521.01	20,585.31	28.72
Last period/November	867,394,263,828	42,086,608.39	20,609.74	24.43
First period/December	868,196,330,536	42,086,608.39	20,628.80	19.06
Second period/December	877,701,721,672	42,474,297.37	20,664.30	35.50
Third period/December	886,027,326,423	42,809,229.56	20,697.10	32.80
Fourth period/December	890,226,810,296	42,971,022.67	20,716.91	19.81
Last period/December	905,690,985,301	43,634,806.43	20,756.15	39.24
Average NAV for the period	696,335,857,275			

Maximum variance of NAV per fund unit in the year

123.30

Minimum variance of NAV per fund unit in the year

3.59

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16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2019

Period of NAV	For the year ended 31 December 2019			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
	VND		VND	VND
Last period/ December 2018	671,778,178,931	37,689,999.98	17,823.77	
First period of January	671,605,037,550	37,689,999.98	17,819.18	(4.59)
Second period of January	649,576,408,999	36,377,104.65	17,856.73	37.55
Third period of January	652,647,345,459	36,480,103.34	17,890.50	33.77
Fourth period of January	643,254,450,764	35,964,998.67	17,885.56	(4.94)
Last period of January	637,590,813,051	35,593,515.41	17,913.11	27.55
First period of February	643,630,709,216	35,805,670.24	17,975.66	62.55
Second period of February	643,972,486,320	35,805,670.24	17,985.20	9.54
Third period of February	643,265,818,749	35,649,829.19	18,044.00	58.80
Last period of February	649,596,495,578	35,942,332.39	18,073.29	29.29
First period of March	651,060,297,821	35,978,816.52	18,095.65	22.36
Second period of March	662,675,630,969	36,603,015.88	18,104.39	8.74
Third period of March	655,058,711,393	36,076,014.16	18,157.73	53.34
Fourth period of March	649,018,345,312	35,688,990.79	18,185.39	27.66
Last period of March	636,058,335,076	34,954,741.56	18,196.62	11.23
First period of April	635,792,010,922	34,954,741.56	18,189.00	(7.62)
Second period of April	627,173,580,763	34,383,995.31	18,240.27	51.27
Third period of April	625,859,201,686	34,262,235.56	18,266.73	26.46
Fourth period of April	614,493,082,078	33,637,914.87	18,267.87	1.14
Last period of April	617,623,256,014	33,717,500.51	18,317.58	49.71
First period of May	616,880,349,733	33,717,500.51	18,295.55	(22.03)
Second period of May	600,906,740,484	32,793,202.93	18,324.12	28.57
Third period of May	599,307,149,291	32,646,015.34	18,357.74	33.62
Fourth period of May	593,581,922,624	32,287,147.67	18,384.46	26.72
Fifth period of May	585,241,465,535	31,785,398.90	18,412.27	27.81
Last period of May	580,185,675,651	31,458,686.38	18,442.78	30.51

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**16. NET ASSET VALUE** (continued)

Net asset value for the year ended 31 December 2019 (continued)

Period of NAV	For the year ended 31 December 2019			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
	VND		VND	VND
First period/June	580,972,099,593	31,458,686.38	18,467.78	25.00
Second period/June	564,361,227,923	30,588,080.46	18,450.36	(17.42)
Third period/June	545,649,311,209	29,524,365.59	18,481.32	30.96
Fourth period/June	544,382,988,966	29,311,510.56	18,572.32	91.00
Last period/June	539,903,470,854	29,015,451.04	18,607.44	35.12
First period/July	541,103,389,565	29,015,451.04	18,648.80	41.36
Second period/July	540,843,924,644	28,956,107.72	18,678.06	29.26
Third period/July	537,142,979,274	28,766,040.71	18,672.81	(5.25)
Fourth period/July	533,126,600,599	28,509,453.16	18,699.99	27.18
Last period/July	522,058,256,488	27,876,598.71	18,727.47	27.48
First period/August	522,185,624,187	27,876,598.71	18,732.04	4.57
Second period/August	523,235,718,415	27,884,684.08	18,764.26	32.22
Third period/August	520,413,181,338	27,689,260.64	18,794.76	30.50
Fourth period/August	518,047,861,775	27,512,641.76	18,829.44	34.68
Fifth period/August	514,041,986,791	27,252,409.56	18,862.25	32.81
Last period/August	511,725,281,175	27,115,209.73	18,872.25	10.00
First period/September	512,135,053,390	27,115,209.73	18,887.37	15.12
Second period/September	503,193,458,945	26,591,720.77	18,922.93	35.56
Third period/September	503,127,799,182	26,549,662.09	18,950.44	27.51
Fourth period/September	507,249,744,191	26,729,914.06	18,976.85	26.41
Last period/September	506,089,717,844	26,651,103.61	18,989.44	12.59
First period/October	506,417,144,215	26,651,103.61	19,001.73	12.29
Second period/October	510,163,115,439	26,796,034.70	19,038.75	37.02
Third period/October	518,992,363,937	27,233,897.68	19,056.85	18.10
Fourth period/October	511,158,371,597	26,794,270.17	19,077.15	20.30
Last period/October	504,380,544,052	26,372,127.57	19,125.51	48.36

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**16. NET ASSET VALUE (continued)**

Net asset value for the year ended 31 December 2019 (continued)

Period of NAV	For the year ended 31 December 2019			Increase/(decrease) of NAV per fund unit
	NAV	Number of fund units	NAV per fund unit	
	VND		VND	VND
First period/November	512,296,213,496	26,753,274.51	19,148.91	23.40
Second period/November	516,388,089,866	26,914,445.26	19,186.28	37.37
Third period/November	516,163,054,247	26,805,142.67	19,256.12	69.84
Fourth period/November	514,394,825,513	26,728,326.07	19,245.30	(10.82)
Last period/November	505,840,754,879	26,220,159.40	19,292.05	46.75
First period/December	506,536,865,796	26,220,159.40	19,318.60	26.55
Second period/December	493,549,767,878	25,591,976.95	19,285.33	(33.27)
Third period/December	495,044,542,189	25,544,458.48	19,379.72	94.39
Fourth period/December	495,029,572,645	25,484,858.72	19,424.45	44.73
Last period/December 2019	491,788,288,327	25,279,478.82	19,454.05	29.60
Average NAV for the period	566,344,578,804			94.39
Maximum variance of NAV per fund unit in the year				1.14
Minimum variance of NAV per fund unit in the year				

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**17. OFF BALANCE SHEET ITEM**

***Number of outstanding fund units***

	<i>Book value</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Number of outstanding fund units	<u>43,634,806.43</u>	<u>25,279,478.82</u>

**18. SOME INDICES**

**18.1 Performance indicators**

<i>No</i>	<i>Indices</i>	<i>Current year</i>	<i>Previous year</i>
<b>I</b>	<b>Performance indicators</b>		
1	Fund management fee paid to the Fund Management Company/Average NAV in the year (%)	1.00	0.97
2	Depository fee, supervising fee paid to the Supervisory Bank/Average NAV in the year (%)	0.08	0.08
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 (%)	0.05	0.06
4	Audit fee paid to auditing firm (if any)/Average NAV in the year (%)	0.02	0.02
5	Expenses on legal consulting service, quotation service and other services, remunerations of the Board of Representatives/Average NAV in the year (%)	0.02	0.02
6	Total operating expense/Average NAV in the year (%) (*)	1.19	1.17
7	Turnover ratio of investment portfolio in the period = (Total purchase value + Total sales value)/ (2 * Average NAV in the year) (%)	83.50	66.22

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18. **SOME INDICES** (continued)

18.2 **Other indices**

No.	Indices	Current year	Previous year
<b>II</b>	<b>Other indices</b>		
1	The Fund's scale, beginning balance		
	Total value of outstanding fund units, beginning balance (face value) (VND)	252,794,788,200	376,899,999,800
	Total number of outstanding fund units, beginning balance (unit)	25,279,478.82	37,689,999.98
2	Change in scale during the period		
	Number of fund units additionally offered (unit)	35,571,220.52	9,586,840.23
	Value of fund units additionally offered in the period (face value) (VND)	355,712,205,200	95,868,402,300
	Number of fund units redeemed (unit)	(17,215,892.91)	(21,997,361.39)
	Value of fund units paid to investors' upon their orders in the period (face value) (VND)	(172,158,929,100)	(219,973,613,900)
3	The Fund's scale, ending balance		
	Total value of outstanding fund units, ending balance (face value) (VND)	436,348,064,300	252,794,788,200
	Total number of outstanding fund units, ending balance (unit)	43,634,806.43	25,279,478.82
4	Number of fund units held by the Fund Management Company and related parties/Total fund units (%)	4.89	8.35
5	Number of fund units held by the 10 biggest investors/Total fund units (%)	16.17	49.01
6	Number of fund units held by foreign investors/Total fund units (%)	6.51	28.73
7	Number of investors participating in the Fund as at period-end, included custodian transactions (investor)	1,563	624
8	NAV of the fund units as at period-end (VND)	20,756.15	19,454.05



# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

B06-QM

### 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 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 Management Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes and within its risk management limits.

The Fund Management Company believes that interest rate risk does not have any impact on the Fund's operations result, 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 VND334,548,500,000. If the bond's price decreased by 1%, the Fund's performance would reduce VND3,345,485,000 depended on significance and duration of the reduction. If the bond's price rose 1%, the Fund's performance would increase VND 3,345,485,000.

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### **19. FINANCIAL RISK MANAGEMENT POLICIES (continued)**

#### **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 2020.

#### **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.

# Dragon Capital VietFund Management Joint Stock Company Vietnam Bond Fund

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 2020 and 31 December 2019 are presented as follows:

	31 December 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents				
- Cash at banks	9,648,807,923	9,648,807,923	2,482,148,566	2,482,148,566
- Deposits with terms less than three (3) months	62,000,000,000	62,000,000,000	50,000,000,000	50,000,000,000
Investments				
- Government bonds	152,647,972,602	153,826,000,000	-	-
- Corporate bonds	259,326,928,354	259,327,180,400	196,221,960,549	197,788,540,000
- Certificates of deposits	385,000,000,000	385,000,000,000	225,000,000,000	225,000,000,000
- Deposits with terms more than three (3) months	20,000,000,000	20,000,000,000	-	-
Receivables	28,275,640,588	28,275,640,588	22,415,038,360	22,415,038,360
<b>Total</b>	<b>916,899,349,467</b>	<b>918,077,628,911</b>	<b>496,119,147,475</b>	<b>497,685,726,926</b>
<b>Financial liabilities</b>				
Payables to Distributors and Fund Management Company				
Fund management services payables	156,559,164	156,559,164	196,721,353	196,721,353
Payable to investors relating to subscription of fund units	851,720,720	851,720,720	481,769,590	481,769,590
Payables to investors relating to redemption of fund units	9,059,409,363	9,059,409,363	231,032,179	231,032,179
Other payables	2,035,235,483	2,035,235,483	4,660,109,480	4,660,109,480
<b>Total</b>	<b>267,187,125</b>	<b>267,187,125</b>	<b>283,110,479</b>	<b>283,110,479</b>
	<b>12,370,111,855</b>	<b>12,370,111,855</b>	<b>5,852,743,081</b>	<b>5,852,743,081</b>

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.

# Dragon Capital VietFund Management Joint Stock Company

## Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

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### 20. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES (continued)

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.

### 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 1% of the Fund's NAV in the period.

	<u>Current year</u>	<u>Previous year</u>
		<i>Currency: VND</i>
Fund management fee	6,964,731,802	5,473,044,369

##### 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.

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

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### 21. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)

#### 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 transactions in the period are as follows:

	<i>Current year</i>	<i>Previous year</i>
	<u>Standard Chartered Bank</u>	<u>Standard Chartered Bank</u>
Supervising fee	306,448,193	249,218,524
Fund custodian fee	278,589,273	226,562,297
Fund administration fee	229,836,153	186,913,895
Bank charges	39,149,009	29,022,212
Transaction fee	3,200,000	2,500,000
Interest income on deposits	40,862,865	22,083,889

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Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2020 and for the year then ended

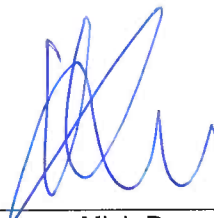
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**22. EVENTS AFTER THE BALANCE SHEET DATE**

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  
Accountant



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



Mr. Beal Schurch  
Chief Executive Officer



Ho Chi Minh City, Vietnam

4 March 2021

