

Vietnam Bond Fund

Financial statements

For the year ended 31 December 2019



Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

CONTENTS

	<i>Pages</i>
General information	1 - 2
Report of the Board of Representatives	3
Report of Fund Management Company	4 - 12
Report of Supervisory Bank	13 - 14
Report on review of financial statements	15 - 16
Income statement	17
Statement of financial position	18 - 19
Statement of changes in net assets, transactions of fund units	20
Statement of investment portfolio	21
Cash flow statement	22 - 23
Notes to financial statements	24 - 59

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

GENERAL INFORMATION

THE FUND

Vietnam Bond Fund ("the Fund") was established as an open-ended securities investment fund in Vietnam in accordance with Initial Public Offering Certificate No. 04/GCN-UBCK 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/QD-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 2018, the capital of the Fund at par value contributed by investors was VND376,899,999,800. During the period ended 31 December 2019, the Fund issued additional 9,586,840.23 fund units, amounting to VND95,868,402,300 and redeemed 21,997,361.39 fund units, amounting to VND219,973,613,900 at par value. The capital of the Fund at par value contributed by investors as at 31 December 2019 amounting to VND252,794,788,200.

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

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

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 money market instruments. In addition, the Fund's investment objective may be entirely adjusted subject to the General Meeting of Investors' Resolution in compliance with the current regulations, which is reported to the State Securities Commission.

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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

GENERAL INFORMATION (continued)

CUSTODIAN AND SUPERVISORY BANK

Under Decision No. 398/QD-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 is the authorised representative of the Fund, on behalf of the Fund to execute the ownership towards the assets of the Fund in an honest and careful manner. The Fund Management Company complies with the provisions of law and the Charter of the Fund Management Company and manages the Fund's assets as stipulated in Fund Charter in compliance with the code of professional ethics, voluntariness, fairness, honesty and for the best interests of the Fund.

BOARD OF REPRESENTATIVES

The members of the Board of Representatives during the year and at the date of this report are:

<u>Name</u>	<u>Position</u>
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 year and at the date of this report is Mr. Tran Thanh Tan - Chief Executive Officer of Vietnam Investment Fund Management Joint Stock Company - Fund Management Company.

AUDITORS

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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF 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 2019.

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

The Board of Management of Vietnam Investment Fund Management Joint Stock Company ("the Fund Management Company") is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Fund 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 2019 and of the results of its operations, changes in its net assets, transactions of Fund units and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and statutory requirements relevant to preparation and presentation of open-ended funds' financial statements.

On behalf of the Board of Representatives:



Ms. Nguyen Boi Hong Le
Chairwoman

Ho Chi Minh City, Vietnam

6 March 2020

Vietnam Investment Fund 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 -26.79 (%) 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 2019)

Net assets value: VND491,788,288,327

Number of units: 25,279,478.82 units

9. Reference index of the Fund: None

10. Dividend policy of the Fund: Profit is not distributed, all profits of the Fund arising during the operation will be accumulated and increase the Net Asset value (NAV) of the Fund.

11. Profit per Fund unit: None

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

II. PERFORMANCE INFORMATION

1. Assets portfolio

<i>Asset portfolio</i>	31/12/2019 (%)	31/12/2018 (%)	31/12/2017 (%)
Investment securities	39.74	22.22	59.06
Other assets	60.26	77.78	40.94
Total	100.00	100.00	100.00

2. Key performance indicators

<i>Indicators</i>	31/12/2019	31/12/2018	31/12/2017
NAV for the period	491,788,288,327	671,778,178,931	359,357,225,052
Total number of Fund units	25,279,478.82	37,689,999.98	22,428,956.71
NAV per fund unit	19,454.05	17,823.77	16,022.02
Maximum NAV per fund unit in the period	19,454.05	17,823.77	16,033.44
Minimum NAV per fund unit in the period	17,819.18	16,013.64	13,822.49
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	-92.91	-127.23	15,365.64
Capital growth rate (%)/fund unit (movement of market price)	-108.64	-156.21	15,359.57
Net profit growth rate (%)/fund unit (distributed profit)	15.73	28.98	6.07
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 (%)	1.16	1.11	1.26
Investment turnover ratio (%)	66.22	160.43	196.06

Vietnam Investment Fund 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	9.15	9.15
3 year	12.08	40.78
From establishment	11.25	94.54
Growth rate of reference indicators	N/A	N/A

4. Annual growth rate

Year	31/12/2019 (%)	31/12/2018 (%)	31/12/2017 (%)
Growth rate (%)/01 fund unit	9.15	11.25	15.94

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.

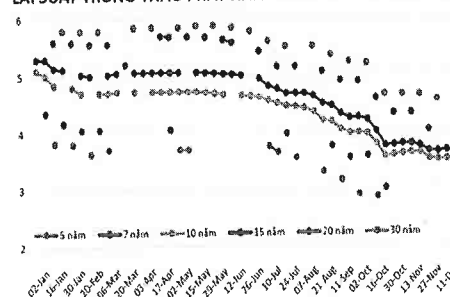
III. MARKET ASSESSMENT DURING THE PERIOD

1. Primary market

- The total issuance volume of government bonds in 2019 reached VND 197,769 billion, completed 76.1% of the plan (VND 260,000 billion). The average issuance: 13.57 years (2018: 12.41 years). Mainly issuing government bonds with a maturity range between 10 and 15 years. The issuance volume at these terms reached VND 158,039 billion, accounted for 79.91% of the total issuance.

- Interest rate of bonds maintained the trend stability – in the whole year of 2019. The average interest rate in 2019 was 4.60% (slightly decline from 4.67% in 2018).

LÃI SUẤT TRÚNG THẦU PHÁT HÀNH SƠ CẤP TPCP NĂM 2019



THỐNG KÊ PHÁT HÀNH SƠ CẤP TPCP NĂM 2019

Đơn vị: Tỷ đồng

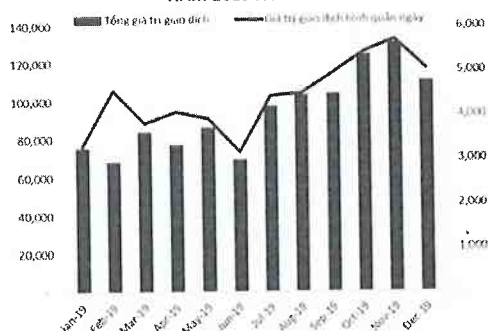
Kỳ hạn	Khối lượng gọi thầu	Khối lượng đất thầu	Khối lượng trúng thầu	Tỷ lệ đất thầu/Gọi thầu	KẾT QUẢ PHÁT HÀNH TRẠI PHIẾU KẾ TỰ ĐẦU NĂM 2019			
					Kế hoạch Q4 2019	% Hoàn thành Q4	Kế hoạch năm 2019	% Hoàn thành 2019
10 năm	91,500	317,059	80,386	3.47	27,000	64.07%	70,000	114.84%
15 năm	89,000	277,110	77,653	3.11	26,000	66.52%	78,000	99.56%
20 năm	20,250	70,124	14,360	3.46	6,000	61.97%	20,000	71.80%
30 năm	16,250	43,643	11,574	2.69	5,000	61.48%	22,000	52.61%
5 năm	16,500	52,709	8,256	3.19	4,000	36.25%	40,000	20.64%
7 năm	14,100	31,076	5,542	2.20	2,000	47.00%	30,000	18.47%
Total	247,600	791,721	197,771	3.20	70,000	62.54%	260,000	76.07%

III. MARKET ASSESSMENT DURING THE PERIOD (continued)

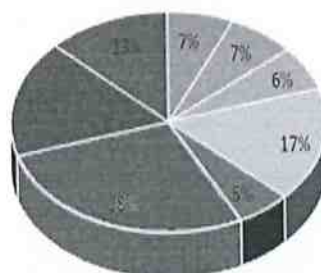
2. Secondary market

- Quarter 4 is the most active government bonds trading in 2019 and has a strong increase compared to the same period of 2018. Monthly average trading value of Quarter 4 reached VND 122 trillion, increasing by 93% compared to the same period last year. The average trading value per session also rose by 85% compared to that of 2018, amounting to VND 5.377 billion per session.
- Outright trading value of government bonds in 2019 reached VND 1.13 quadrillion, 7.8% higher than 2018 and session average trading value achieved VND 4.394 billion, equivalent to 4.6% growth in comparison with 2018.
- In 2019, long-term bonds accounted for a large proportion of transactions, bonds with maturity range from 7 to 10 years rose over threefold compared to 2018, from 8.24% up to 27.71% of total market value (the largest proportion of trading term). The proportion of 10-15 years tenor achieved 17.14%. Short-term bonds have low proportion of transaction, term less than 1 year experienced a decline by 50% compared to last year (from 12.97% to 6.81%).

GIÁ TRỊ GIAO DỊCH TRỰC TIẾP TTTP QUA CÁC THÁNG NĂM 2019 (Tỷ đồng)



GIÁ TRỊ GIAO DỊCH TRỰC TIẾP TTTP THEO KỶ HẠN NĂM 2019



- Dưới 1 năm
- 2 năm
- 3 năm
- 3-5 năm
- 5-7 năm
- 7-10 năm

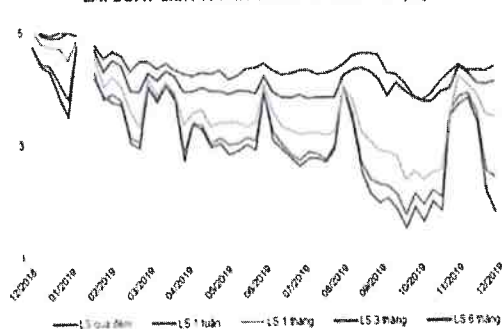
Government bonds yields

- Bond yields on the secondary market continued to reduce significantly in December 2019 for most of the terms less than 15 years. This is the strongest fall in bond yields in recent years.
- Market overview - 2019, bond yields have a downtrend from the end of 2018, continuing to set V-shaped bottom and are currently at the lowest point in history.
- Government bonds dropped along with the fall in the interest rate of interbank market.

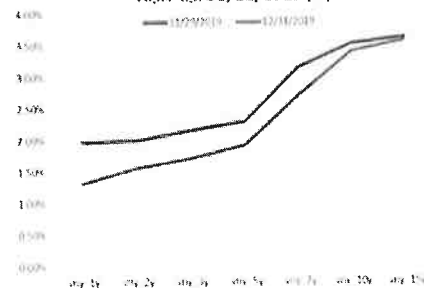
Government bond yields movement in respect of terms in 2019

- 1 year: -264bps from 4.00% to 1.36%
- 2 years: -258bps from 4.13% to 1.55%
- 3 years: -254bps from 4.24% to 1.70%
- 5 years: -258bps from 4.48% to 1.90%
- 7 years: -200bps from 4.70% to 2.70%
- 10 years: -167bps from 5.07% to 3.40%
- 15 years: -174bps from 5.31% to 3.57%
- 20 years: -155bps from 5.55% to 4.00%
- 30 years: -162bps from 6.10% to 4.48%

LÃI SUẤT LIÊN NGÂN HÀNG NĂM 2019 (%)



ĐƯỜNG CONG LỢI SUẤT TRÁI PHIẾU CÁC KỶ HẠN TẠI 31/12/2019 (%)



Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

IV. DETAIL OF KEY PERFORMANCE INDICATORS

1. Detail of key performance indicators

<i>Indicators</i>	<i>1 year to the reporting date (%)</i>	<i>The nearest 3 years to the reporting date (%)</i>	<i>From establishment to the reporting date (%)</i>
A	1	2	3
Net profit growth/fund unit	15.73	58.34	N/A
Capital growth/fund unit	-108.64	650.86	N/A
Total growth value/fund unit	-92.91	709.19	N/A
Annual growth rate (%)/fund unit	9.15	12.08	11.25
Total investment growth value	None	None	None
Market value change per fund unit	None	None	None

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

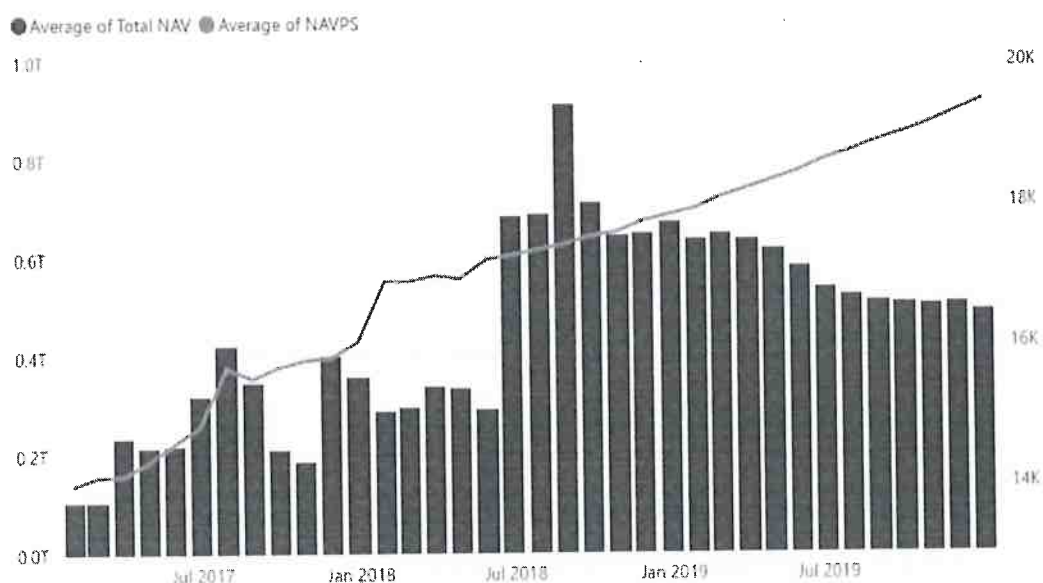
Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

IV. DETAIL OF KEY PERFORMANCE INDICATORS (continued)

1. Detail of key performance indicators (continued)

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



Indicators	31/12/2019	31/12/2018	Variance
A	(1)	(2)	(3)=((1)-(2))/(2)
Net asset value (NAV) of the Fund	491,788,288,327	671,778,178,931	(26.79)
Net asset value (NAV) per fund unit	19,454.05	17,823.77	9.15

As at 31 December 2019, the net asset value (NAV) per fund unit reached VND 19,454.05. The Fund invests 41.2% of total assets in corporate bonds and 48.2% in certificates of deposit, the rest in cash and bank deposits. Total fund assets experienced a sharp decline from VND 671.8 billion as at 31 December 2018 to VND 491.8 billion as of December 31, 2019, mainly due to the capital withdrawal of investors during the year. VFB has invested with a large proportion of assets in corporate bonds and certificate of deposit since the beginning of 2019, the investment in government bonds is only implemented in the first half of the year. The fund's operating profit in 2019 comes mainly from interest (92% of total income), the rest is contributed by the difference in the prices of investments. In 2019, the fund proactively extend the maturity of investments in the declining interest rates scenario and thus actively reduced the frequency of transactions, leading to the fund's 12-month asset turnover falling to 66.97% in 2019 (compared to 265% and 196% in 2018 and 2017 respectively). The operating expense of the fund (TER) is also maintained at 1.17% for the whole of 2019.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

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

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

<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	344	335,792.14	1.33
From 5,000 to 10,000	60	383,775.15	1.52
From 10,000 to 50,000	109	2,446,671.98	9.68
From 50,000 to 500,000	109	11,805,728.75	46.7
Over 500,000	4	10,307,510.8	40.77
Total	626	25,279,478.82	100.00

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

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

V. **PROSPECT OF MARKET**

The Government bond market volatile during the year 2019. Bond yields fell sharply in the second half of 2019. The market in 2020 is expected to have lower yield compared to 2019. The volatility of government bond markets becomes more complicated due to fluctuations in bond yields, which are independent from the macro / fundamental variables and are more dependent on supply and demand in the market. In addition, the significant development of the corporate bond market in 2019 (total primary issuance of VND 296.7 trillion) will continue to be extended to 2020 due to the impact of investment needs and due to changes in corporate bond trading infrastructure.

Vietnam Investment Fund 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:

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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

REPORT OF FUND MANAGEMENT COMPANY (continued)

VI. OTHER INFORMATION (continued)

	Name	Position	Qualifications	Work History
Board of management of Fund Management Company	Tran Thanh Tan	General Director	Master of Business Administration	- From 2003 - now: General Director of Vietnam Investment Fund Management Joint Stock Company.
	Luong Thi My Hanh	Deputy General Director - Investment Research Division	Master of Economics	- From 2010 to now: Deputy General Director – Investment Research Division of Vietnam Investment Fund Management Joint Stock Company.
	Nguyen Minh Dang Khanh	Deputy General Director – CFO	Master of Finance - Economic	- From 2011 to now: Deputy General Director and CFO of Vietnam Investment Fund Management Joint Stock Company.
	Tran Le Minh	Deputy General Director - Director of Hanoi Branch	Master of Financial Management	- From 2011 to now: Deputy General Director - Director of the Hanoi branch - Vietnam Investment Fund Management Joint Stock Company.



Mr. Tran Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

6 March 2020

SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of the Vietnam Bond Fund ("the Fund") for the financial period from 01st January 2019 to 31st December 2019, recognize that the Fund operated and was managed in the following matters:

a) During our supervision of the Fund's investments and asset transactions for the period from 01st January 2019 to 31st December 2019, the Fund's investment portfolio deviated from the prevailing regulations for Open-ended funds, Fund Prospectus and other relevant regulations, details as below:

- Item c, Clause 10, Article 1, Circular No.15/2016/TT-BTC ("Circular 15") dated 20th January 2016 amending and supplementing several articles in Circular No.183/2011/TT-BTC ("Circular 183") dated 16th December 2011 and Article 11, Fund Charter regulate that: "The fund does not invest more than 20% of total asset value of the fund in outstanding securities of an issuing organization, including valuable papers, negotiable instruments, bonds (except government bonds), voting shares, non-voting shares, and convertible bonds".

In case of deviation, the Fund Management Company has to adjust the Fund's portfolio to comply with prevailing regulations within the regulated recovery timeframe.

From valuation date 17th May 2019 to 30th August 2019, the Fund's investment in outstanding securities of an issuing organization 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. As at 31st August 2019, the Fund Management Company adjusted the Fund's investment portfolio to comply with Item c, Clause 10, Article 1, Circular 15 and Article 11, Fund Charter.

From valuation date 20th December 2019 to as at 31st December 2019, the Fund's investment in outstanding securities of an issuing organization 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 20th March 2019 for the mentioned deviations.

As at 31st December 2019, the Fund's investment portfolio has not 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: "The fund does not invest more than ten percent (10%) of the total asset value of the fund in shares, bonds to be listed or registered by the issuers that operate as per Vietnam's law; corporate bonds issued by listed organizations for which payment security is provided by credit institutions or which issuing organizations undertake to repurchase".

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: SCBLNVX



In case of deviation, the Fund Management Company has to adjust the Fund's portfolio to comply with prevailing regulations within the regulated recovery timeframe.

From valuation date 20th December 2019 to as at 31st December 2019, the Fund's investment in corporate bonds which issuing organizations undertake to repurchase 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 20th March 2019 for the mentioned deviations.

As at 31st December 2019, the Fund's investment portfolio has not complied with Item e, Clause 10, Article 1, Circular 15 and Article 11, Fund Charter.

- b) Assets Valuation and Pricing of the Fund units in accordance with Fund Charter, Fund Prospectus and other prevailing regulations is as below:

According to the Annual General Meeting Resolution No.04.19/VFB-2019/NQĐH on the approval of amending and supplementing Clause 1, Article 63 of the Fund Charter, Fund Management Fee adjusted from 0.9 % to 1% of Fund's net asset value per annum which was effective from 18th April 2019. However, the Fund administration service provider had not adjusted this fee for valuation periods from valuation date 26th April 2019 to valuation date 13rd September 2019, resulting in the published net asset value (NAV) of the Fund were over-valuated, with the difference in NAV ranging from 0.002% to 0.044% for the above valuation periods. The total difference of Fund Management fee due to improper adjustment timeline from valuation date 26th April 2019 to valuation date 13rd September 2019 had been adjusted on the valuation date 20th September 2019.

- c) Fund subscriptions and redemptions were carried out in accordance with Fund Charter, Fund Prospectus and other prevailing regulations.
- d) For the period from 01st January 2019 to 31st December 2019, the Fund did not pay dividend to Fund Unit Holders.

Supervisory Bank Representative

Supervisory Bank Officer


Vu Huong Giang
 Senior Manager, Securities Services Operations


Trương Thị Hoàng Yến
 Manager, Securities Services Operations

**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: SCBLNVX

Here for good

Reference: 61070172/21193123

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 6 March 2020 and set out on pages 17 to 59, which comprise the statement of financial position and the statement of investment portfolio as at 31 December 2019, 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.

Responsibility of the Board of Management of the Fund Management Company

The Board of Management of Vietnam Investment Fund Management Joint Stock Company as the Fund Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and statutory requirements relevant to preparation and presentation of 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 2019, 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 Huy Duong
Deputy General Director
Audit Practising Registration
Certificate No. 0893-2018-004-1



Vu Tien Dung
Auditor
Audit Practising Registration
Certificate No. 3221-2020-004-1

Ho Chi Minh City, Vietnam

6 March 2020

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

INCOME STATEMENT
for the year ended 31 December 2019

B01-QM

Currency: VND

Code	ITEMS	Notes	Current year	Previous year
01	I. Income from investing activities		55,753,664,143	55,191,589,091
03	1. Interest income	11	51,500,815,793	43,308,215,398
04	2. Gain from trading securities	12	3,474,847,552	25,306,990,131
05	3. Unrealized gain/(loss) on revaluation of securities investments	13	778,000,798	(13,423,616,438)
10	II. Expenses from investing activities	14	59,215,200	185,422,994
11	1. Transaction expense for trading securities		50,215,200	180,422,994
15	2. Other expenses		9,000,000	5,000,000
20	III. Operating expenses of open-ended Fund		6,567,928,630	6,145,180,124
20.1	1. Fund management fee	21.1	5,473,044,369	5,037,439,015
20.2	2. Fund custodian fee		232,618,160	252,557,173
20.3	3. Supervising fee	21.2	249,218,524	271,449,934
20.4	4. Fund administration fee	21.2	186,913,895	196,712,450
20.5	5. Transfer agent fee		132,000,000	105,600,000
20.7	6. General Meeting expenses		1,794,637	13,264,658
20.8	7. Audit fee		112,810,500	97,900,000
20.10	8. Other operating expenses	15	179,528,545	170,256,894
23	IV. Net income from investing activities		49,126,520,313	48,860,985,973
30	VI. Profit before tax		49,126,520,313	48,860,985,973
31	1. Realized gain	10	48,348,519,515	62,284,602,411
32	2. Unrealized gain/(loss)	10	778,000,798	(13,423,616,438)
41	VIII. Profit after tax		49,126,520,313	48,860,985,973

Ms. Vuong Thi Tram Anh
Fund Accountant

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

Mr. Tran Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

6 March 2020



Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

B02-QM

Currency: VND

Code	ITEMS	Notes	Ending balance	Beginning balance
100	A. ASSETS			
110	I. Cash at banks and cash equivalents	4	52,482,148,566	107,897,207,304
111	1. Cash at bank for the Fund operations		2,482,148,566	1,897,207,304
112	2. Deposits with terms less than three (3) months		50,000,000,000	106,000,000,000
120	II. Investments		422,788,540,000	454,707,059,722
121	1. Investments	5	422,788,540,000	454,707,059,722
130	III. Receivables	6	22,415,038,360	111,972,222,470
133	1. Receivables and dividends, accrued interest receivables from investments		22,415,038,360	20,288,522,470
134	1.1. Dividends and interest entitled to be received		-	5,483,067,275
136	1.2. Dividends and interest not yet entitled to be received		22,415,038,360	14,805,455,195
137	2. Other receivables		-	91,683,700,000
100	TOTAL ASSETS		497,685,726,926	674,576,489,496
300	B. LIABILITIES			
313	1. Payables to Distributors and Fund Management Companies		196,721,353	239,252,556
314	2. Tax and payables to the State		26,695,518	12,413,450
316	3. Accrued expenses	7	301,110,479	293,657,979
317	4. Payables to investors related to subscription of fund units		231,032,179	40,987,900
318	5. Payables to investors related to redemption of fund units		4,660,109,480	1,627,234,156
319	6. Fund management fee payables	8	481,769,590	584,764,524
300	TOTAL LIABILITIES		5,897,438,599	2,798,310,565
400	C. NET ASSET VALUE ATTRIBUTABLE TO HOLDERS OF FUND UNITS (C=A-B)		491,788,288,327	671,778,178,931
411	1. Share capital	9	252,794,788,200	376,899,999,800
412	1.1 Capital issued		1,469,954,988,100	1,374,086,585,800
413	1.2 Capital redeemed		(1,217,160,199,900)	(997,186,586,000)
414	2. Share premium	9	70,051,268,696	175,062,468,013
420	3. Retained earnings	10	168,942,231,431	119,815,711,118
430	D. NET ASSET VALUE PER FUND UNIT	9	19,454.05	17,823.77

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2019

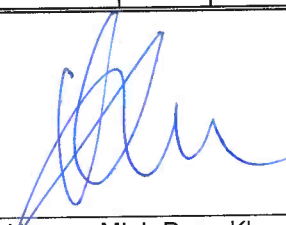
B02-QM

OFF BALANCE SHEET ITEM

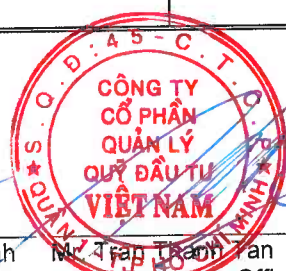
Code	ITEMS	Notes	Ending balance	Beginning balance
004	1. Number of outstanding fund units	9, 17	25,279,478.82	37,689,999.98



Ms. Vuong Thi Tram Anh
Accountant



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



Mr. Tran Thanh Van
Chief Executive Officer

Ho Chi Minh City, Vietnam

6 March 2020

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

STATEMENT OF CHANGES IN NET ASSETS,
TRANSACTIONS OF FUND UNITS
for the year ended 31 December 2019

B03-QM

Currency: VND

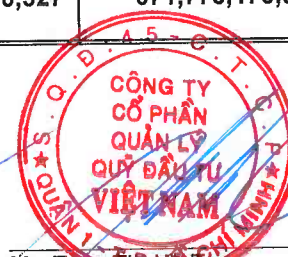
Code	ITEMS	Current year	Previous year
I	The Fund's NAV, beginning balance	671,778,178,931	359,357,225,052
II	Changes in NAV during the year	49,126,520,313	48,860,985,973
	<i>In which:</i>		
II.1	- <i>Changes in NAV arising from market fluctuation and the Fund's investment activities during the year</i>	49,126,520,313	48,860,985,973
III	Changes in NAV due to subscription, redemption of fund units	(229,116,410,917)	263,559,967,906
	<i>In which:</i>		
III.1	- <i>Proceeds from additional subscription of fund units</i>	177,895,653,483	1,272,766,866,600
III.2	- <i>Payment for redemption of fund units</i>	(407,012,064,400)	(1,009,206,898,694)
IV	The Fund's NAV, ending balance	491,788,288,327	671,778,178,931



Ms. Vuong Thi Tram Anh
Accountant



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



Mr. Tran Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

6 March 2020

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

STATEMENT OF INVESTMENT PORTFOLIO
as at 31 December 2019

B04-QM

No.	Items	Quantity	Market price as at 31 December 2019 VND	Total value VND	Percentages of the Fund's total assets as at 31 December 2019
I	Bonds	1,960,000		197,788,540,000	39.74%
1	VHM11801	500,000	101,930	50,965,000,000	10.24%
2	VIC11814	500,000	101,651	50,825,500,000	10.21%
3	VN0KBC290120	470,000	100,000	47,000,000,000	9.85%
4	KBC11806	490,000	99,996	48,998,040,000	9.44%
II	Certificates of deposits	80,145		225,000,000,000	45.21%
1	VPBank Finance Co., Ltd	80,000		80,000,000,000	16.07%
	- VNVNPF100420	30,000	1,000,000	30,000,000,000	6.02%
	- VNVNPF150321	50,000	1,000,000	50,000,000,000	10.05%
2	Home Credit Vietnam Finance Co., Ltd.	95		95,000,000,000	19.09%
	- VNHCVN090121	20	1,000,000,000	20,000,000,000	4.02%
	- VNHCVN250422	50	1,000,000,000	50,000,000,000	10.05%
	- VNHCVN300922	25	1,000,000,000	25,000,000,000	5.02%
3	SHB Finance Co., Ltd	50		50,000,000,000	10.05%
	- VNSHBF270520	50	1,000,000,000	50,000,000,000	10.05%
III	Other assets			22,415,038,360	4.50%
1	Interest receivable from bond investment			7,431,408,220	1.49%
2	Interest receivable from certificates of deposits			14,894,589,040	2.99%
3	Interest receivable from term deposits			89,041,100	0.02%
IV	Cash and cash equivalents			52,482,148,566	10.55%
1	Deposits with terms under three months			50,000,000,000	10.05%
2	Cash at Standard Chartered bank			2,482,148,566	0.50%
V	Total investment portfolio			497,685,726,926	100.00%

Ms. Vuong Thi Tram Anh
Accountant

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

Mr. Tran Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

6 March 2020

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

CASH FLOW STATEMENT
for the year ended 31 December 2019

B05-QM

Currency: VND

No	ITEMS	Notes	Current year	Previous year
	I. INVESTING ACTIVITIES			
01	1. Profit before tax		49,126,520,313	48,860,985,973
	<i>Adjustments for (decrease)/increase NAV from investing activities:</i>			
03	1.1 Unrealized (gain)/loss from investing activities	13	(778,000,798)	13,423,616,438
04	1.2 Accrued expenses		7,452,500	(11,035,709)
05	2. Profit from investing activities before changes in working capital		48,355,972,015	62,273,566,702
20	Decrease/(increase) in investments		32,696,520,520	(126,589,604,902)
07	Increase in interest receivable from investments		(2,126,515,890)	(5,010,828,978)
08	Decrease/(increase) in other receivables		91,683,700,000	(91,683,700,000)
11	Decrease in payable to distribution agent		(42,531,203)	(616,636,758)
13	Increase/(decrease) in tax and statutory obligations		14,282,068	(206,840,907)
14	Increase in payable to investors of subscription		190,044,279	2,537,900
15	Increase/(decrease) in payable to investors of redemption		3,032,875,324	(13,180,251,837)
17	(Decrease)/increase in fund management fee payable		(102,994,934)	129,681,678
19	Net cash flows from/(used in) investing activities		173,701,352,179	(174,882,077,102)
	II. FINANCING ACTIVITIES		(229,116,410,917)	263,559,967,906
31	1. Capital contribution	9	177,895,653,483	1,272,766,866,600
32	2. Capital redemption	9	(407,012,064,400)	(1,009,206,898,694)
30	Net cash flows (used in)/from financing activities		(229,116,410,917)	263,559,967,906
40	III. Net (decrease)/increase in cash and cash equivalents during the year		(55,415,058,738)	88,677,890,804
50	IV. Cash and cash equivalents at the beginning of the year		107,897,207,304	19,219,316,500
51	Cash in banks at the beginning of the year:		107,897,207,304	19,219,316,500
52	- Cash in bank for the Fund's operation		107,885,219,404	19,186,316,500
	+ Demand deposits for the Fund's operation		1,885,219,404	1,186,316,500
	+ Deposits with terms less than three (3) months		106,000,000,000	18,000,000,000
53	- Cash of Investors related to subscription/redemption of fund units		11,987,900	33,000,000

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2019

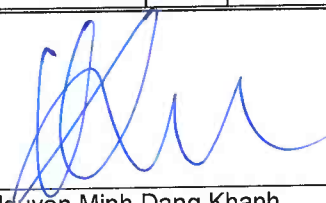
B05-QM

Currency: VND

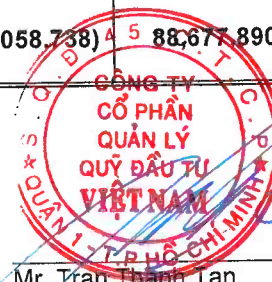
No	ITEMS	Notes	Current year	Previous year
55	V. Cash and cash equivalents at the end of the year	4	52,482,148,566	107,897,207,304
56	Cash in banks at the end of the year:		52,482,148,566	107,897,207,304
57	- Cash in bank for the Fund's operation		52,424,617,387	107,885,219,404
	+ Demand deposits for the Fund's operation		2,424,617,387	1,885,219,404
	+ Deposits with terms less than three months		50,000,000,000	106,000,000,000
58	- Cash of Investors related to subscription/redemption of fund units		57,531,179	11,987,900
60	VI. Net (decrease)/ increase in cash and cash equivalents during the year		(55,415,058,738)	88,677,890,804



Ms. Vuong Thi Tram Anh
Accountant



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



Mr. Tran Thanh Tan
Chief Executive Officer

Ho Chi Minh City, Vietnam

6 March 2020

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2019 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/QD-UBCK issued by SSC dated 7 May 2015 on the amendment of the certificate registration of the public investment fund. As such, the Fund was licensed to operate for an indefinite period.

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

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

Fund Management Company

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

Custodian and Supervisory Bank

The Fund was approved by the SSC that its Custodian and Supervisory Bank is Standard Chartered Bank (Vietnam) Limited, under amended Decision of Certificate Registration No. 398/QD-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 2018, the capital of the Fund at par value contributed by investors was VND376,899,999,800. During the period ended 31 December 2019, the Fund issued additional 9,586,840.23 fund units, amounting to VND95,868,402,300 and redeemed 21,997,361.39 fund units, amounting to VND219,973,613,900 at par value. The capital of the Fund at par value contributed by investors as at 31 December 2019 amounting to VND252,794,788,200.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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's strategy is active management based on fundamental analysis of macro-economic conditions, as well as quantitative models, statistic or corporate analysis in making investment decisions which optimizes profit for the portfolio.

Net asset value valuation period

Net asset value (NAV) valuation period:

- ▶ Weekly basis: NAV is weekly valued on every Friday.
- ▶ 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;

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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.

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").

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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 (03) 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
Cash and cash equivalent, money market instrument		
1.	Cash (VND)	Cash balance in demand deposit account on the date prior to the valuation date.
2.	Foreign currency	The balances are converted to VND equivalent at the buying exchange rate of Joint Stock Commercial Bank for Foreign Trade of Vietnam on the date prior to the valuation date.
3.	Term deposit	Principal balances plus accrued interest receivables at the date prior to the valuation date.
4.	Treasury bills, bank notes, commercial papers, transferable certificates of deposit, bonds due within three (3) months and discounted money market instruments	Purchase price plus accrued interest receivables as at the date prior to the valuation date.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Investments (continued)

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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Investment (continued)

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

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 is rounded in accordance with relevant accounting and auditing regulations.

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.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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 year, 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 year and the transfer of distributed profit to "Retained earnings" at the year-end.

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

3.5 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 year. Provision for receivables from dividends, coupons and deposit interest is recognized as income decreased during the year.

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

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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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 period. 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)

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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:

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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.

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.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

4. CASH AT BANKS AND CASH EQUIVALENTS

	<u>Ending balance</u>	<u>Beginning balance</u>
		<i>Currency: VND</i>
Deposits in VND with term less than three (3) months	50,000,000,000	106,000,000,000
<i>In which:</i>		
- <i>Asia Commercial Joint Stock Bank</i>	25,000,000,000	45,000,000,000
- <i>Joint Stock Commercial Bank for Investment and Development of Vietnam</i>	25,000,000,000	61,000,000,000
Demand deposit at the Custodian and Supervisory Bank for the Fund's operation	<u>2,482,148,566</u>	<u>1,897,207,304</u>
	<u>52,482,148,566</u>	<u>107,897,207,304</u>

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

5. INVESTMENTS

Currency: VND

	Cost [1]	Market value or fair value [2]	Revaluation difference		Revaluation [5]=[1]+[3]+[4]
			Increase [3]	Decrease [4]	
31 December 2019					
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
	421,221,960,549	422,788,540,000	1,568,539,451	(1,960,000)	422,788,540,000
31 December 2018					
Corporate bonds	149,130,921,347	149,919,500,000	788,636,986	(58,333)	149,919,500,000
Certificates of deposits	304,787,559,722	304,787,559,722	-	-	304,787,559,722
	453,918,481,069	454,707,059,722	788,636,986	(58,333)	454,707,059,722

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

5. INVESTMENTS (continued)

Details of investments as at 31 December 2019 are as follows:

	Quantity	Cost VND	Market price or fair value VND	Interest rate	Issue date	Maturity date
Corporate Bond KBC11806	490,000	49,000,000,000	48,998,040,000	10.7%	14/11/2018	14/05/2020
Corporate Bond VN0KBC290120	470,000	46,999,974,247	47,000,000,000	10.00%	29/01/2019	29/01/2020
Corporate Bond VHM11801	500,000	50,130,863,014	50,965,000,000	11.05%	02/08/2018	02/08/2021
Corporate Bond VIC11814	500,000	50,091,123,288	50,825,500,000	10.60%	25/12/2018	25/12/2020
Certificates of Deposits - VPBank Finance Co., Ltd. - VNVFFE100420	30,000	30,000,000,000	30,000,000,000	10.50%	10/04/2018	10/04/2020
Certificates of Deposits - VPBank Finance Co., Ltd. - VNVFFE150321	50,000	50,000,000,000	50,000,000,000	10.00%	14/03/2019	15/03/2021
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. - HCVN090121	20	20,000,000,000	20,000,000,000	9.00%	09/01/2019	09/01/2021
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. - HCVN250422	50	50,000,000,000	50,000,000,000	9.50%	25/04/2019	25/04/2022
Certificates of Deposits - Home Credit Vietnam Finance Co., Ltd. - HCVN300922	25	25,000,000,000	25,000,000,000	9.30%	30/09/2019	30/09/2022
Certificates of Deposits - SHB Finance Co., Ltd - SHBF270520	50	50,000,000,000	50,000,000,000	10.30%	27/05/2019	27/05/2020
		421,221,960,549	422,788,540,000			

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

6. RECEIVABLES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Dividends and interest entitled to be received	-	5,483,067,275
Interest receivable from bond investment	-	5,483,067,275
Dividends and interest not entitled to be received	22,415,038,360	14,805,455,195
Interest receivable from bond investment	7,431,408,220	4,785,877,854
Interest receivable from certificates of deposits	14,894,589,040	9,777,878,710
Interest receivable from term deposits	89,041,100	241,698,631
Other receivables	-	91,683,700,000
	<u>22,415,038,360</u>	<u>111,972,222,470</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	53,955,000	46,502,500
Annual reporting fee	20,207,000	20,207,000
Remuneration payables to the Board of Representatives	18,000,000	18,000,000
Annual general meeting expenses	16,411,354	16,411,354
	<u>301,110,479</u>	<u>293,657,979</u>

8. FUND MANAGEMENT FEE PAYABLES

	<i>Currency: VND</i>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Fund management fee	421,369,373	507,667,721
Supervising fee	18,540,252	24,819,311
Custody fee	16,854,775	22,563,009
Fund administration fee	13,905,190	18,614,483
Transfer agent fee	11,000,000	11,000,000
Transaction fee	100,000	100,000
	<u>481,769,590</u>	<u>584,764,524</u>

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

9. STATEMENT OF CHANGES IN OWNERS' EQUITY

	<u>Beginning balance</u>	<u>Movement during the year</u>	<u>Ending balance</u>
Capital issued			
Number of fund units (unit)	137,408,658.58	9,586,840.23	146,995,498.81
Subscribed capital at face value (VND)	1,374,086,585,800	95,868,402,300	1,469,954,988,100
Share premium (VND)	792,734,889,152	82,027,251,183	874,762,140,335
Total capital issued (VND)	<u>2,166,821,474,952</u>	<u>177,895,653,483</u>	<u>2,344,717,128,435</u>
Capital redeemed			
Number of fund units (unit)	(99,718,658.60)	(21,997,361.39)	(121,716,019.99)
Redeemed capital at face value (VND)	(997,186,586,000)	(219,973,613,900)	(1,217,160,199,900)
Share premium (VND)	(617,672,421,139)	(187,038,450,500)	(804,710,871,639)
Total capital redeemed (VND)	<u>(1,614,859,007,139)</u>	<u>(407,012,064,400)</u>	<u>(2,021,871,071,539)</u>
Number of outstanding fund units (unit)	<u>37,689,999.98</u>	<u>(12,410,521.16)</u>	<u>25,279,478.82</u>
Contributed capital (VND)	<u>551,962,467,813</u>	<u>(229,116,410,917)</u>	<u>322,846,056,896</u>
Retained earnings (VND)	<u>119,815,711,118</u>	<u>49,126,520,313</u>	<u>168,942,231,431</u>
NAV (VND)	<u>671,778,178,931</u>		<u>491,788,288,327</u>
NAV per fund unit	17,823.77		19,454.05

10. RETAINED EARNINGS

	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Beginning balance	119,815,711,118	70,954,725,145
Realized gain in the year	48,348,519,515	62,284,602,411
Unrealized gain/(loss) in the year	778,000,798	(13,423,616,438)
Ending balance	<u>168,942,231,431</u>	<u>119,815,711,118</u>

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

11. INTEREST INCOME

	Currency: VND	
	<u>Current year</u>	<u>Previous year</u>
Interest from certificates of deposits	28,575,926,273	20.619.932.648
Interest from bonds	20,873,267,278	12.682.104.032
Interest from term deposits	2,051,622,242	10.006.178.718
	<u>51,500,815,793</u>	<u>43.308.215.398</u>

12. GAIN FROM TRADING SECURITIES

	Currency: VND			
	<u>For the year ended 31 December 2019</u>			
	<u>Total value of investments sold</u>	<u>Weighted average cost at the end of transaction date</u>	<u>Gain/(loss) from selling investments in 2019</u>	<u>Gain/(loss) from selling investments in 2018</u>
Listed bonds	173,662,687,672	172,381,672,033	1,281,015,639	25,339,901,627
Certificates of Deposits	286,974,643,690	284,780,811,777	2,193,831,913	(32,911,496)
	<u>460,637,331,362</u>	<u>457,162,483,810</u>	<u>3,474,847,552</u>	<u>25,306,990,131</u>

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 December 2019</u>	<u>Unrealized gain as at 31 December 2018</u>	<u>Revaluation difference recognized in the current year</u>
Listed bonds	149,221,986,302	150,788,540,000	1,566,553,698	788,578,653	777,975,045
Unlisted bonds	46,999,974,247	47,000,000,000	25,753	-	25,753
Certificates of deposits	225,000,000,000	225,000,000,000	-	-	-
	<u>421,221,960,549</u>	<u>422,788,540,000</u>	<u>1,566,579,451</u>	<u>788,578,653</u>	<u>778,000,798</u>

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

14. EXPENSES FROM INVESTING ACTIVITIES

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Transaction costs on buying investments	24,629,720	77.841.494
Transaction costs on selling investments	24,985,480	100.331.500
Off-setting fee payable to VSD	600,000	2.250.000
Other expenses	9,000,000	5.000.000
	<u>59,215,200</u>	<u>185.422.994</u>

14.1 Transaction costs on buying investments

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Bonds	<u>24,629,720</u>	<u>77.841.494</u>

14.2 Transaction costs on selling investments

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Bonds	<u>24,985,480</u>	<u>100.331.500</u>

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

14. EXPENSES FROM INVESTING ACTIVITIES (continued)

The Fund's transactions for the year ended 31 December 2019 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 security for the year		Average brokerage fee
(1)	(2)	(3)	(4)	(5)	(6)=(4)/(5)	(7)	(8)
1	BIDV Securities Joint Stock Company	Not related	102,386,000,000	347,962,440,000	29%	0.02%	0.02%- 0.03%
2	Bao Viet Securities Joint Stock Company	Not related	41,650,000,000	347,962,440,000	12%	0.02%	0.02%- 0.03%
3	Vietcombank Securities Co., Ltd	Not related	104,040,000,000	347,962,440,000	30%	0.02%	0.02%- 0.03%
4	Unlisted securities trading	Not related	99,886,440,000	347,962,440,000	29%	0.02%	0.02%- 0.03%
Total			347,962,440,000		100%		

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

15. OTHER OPERATING EXPENSES

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Board of Representatives' remuneration (Note 21.1)	117,000,000	117,000,000
Bank charges	29,549,295	43,464,457
Annual reporting fee	13,318,250	27,494,000
Expense/(reversal) for business traveling and meeting of the Fund's Board of Representatives	8,561,000	(28,801,563)
Annual management fee	10,000,000	10,000,000
Others	1,100,000	1,100,000
	<u>179,528,545</u>	<u>170,256,894</u>

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

16. NET ASSET VALUE

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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

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 VND
	NAV VND	Number of fund units	NAV per fund unit 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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

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 VND
	NAV VND	Number of fund units	NAV per fund unit 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				

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2018

Period of NAV	For the year ended 31 December 2018		Increase/(decrease) of NAV per fund unit VND
	NAV VND	Number of fund units	
Last period/ December 2017	359,357,225,052	22,428,956.71	16,022.02
First period of January	359,169,448,657	22,428,956.71	16,013.64
Second period of January	363,691,034,317	22,302,701.81	16,307.03
Third period of January	334,620,711,150	20,171,469.26	16,588.81
Fourth period of January	298,443,343,173	17,793,558.57	16,772.54
Last period of January	286,854,634,580	16,989,436.90	16,884.29
First period of February	285,298,858,733	16,989,436.90	16,792.72
Second period of February	284,933,530,744	16,948,139.92	16,812.08
Third period of February	330,823,610,662	19,650,560.67	16,835.32
Fourth period of February	331,282,732,452	19,650,560.67	16,858.69
Last period of February	295,470,814,806	17,505,308.02	16,878.92
First period of March	295,531,014,573	17,505,308.02	16,882.36
Second period of March	303,614,905,567	17,959,592.05	16,905.44
Third period of March	306,064,980,587	18,039,740.91	16,966.15
Fourth period of March	317,952,784,356	18,748,639.45	16,958.71
Fifth period of March	321,351,031,223	18,962,015.92	16,947.09
Last period of March	338,494,769,358	19,955,395.54	16,962.56
First period of April	339,354,416,135	19,955,395.54	17,005.64
Second period of April	337,476,890,301	19,900,537.53	16,958.17
Third period of April	342,364,352,141	20,164,698.04	16,978.40
Fourth period of April	335,342,869,785	19,746,605.54	16,982.30
Last period of April	334,577,419,644	19,777,009.65	16,917.49
First period of May	334,683,155,712	19,777,009.65	16,922.83
Second period of May	282,875,677,912	16,552,348.42	17,089.76
Third period of May	270,643,239,449	15,812,273.67	17,116.02
Fourth period of May	278,946,237,254	16,255,111.18	17,160.52
Last period of May	290,580,450,234	16,907,772.79	17,186.20

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

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

Net asset value for the year ended 31 December 2018 (continued)

Period of NAV	For the year ended 31 December 2018			
	NAV	Number of fund units	NAV per fund unit	Increase/(decrease) of NAV per fund unit
	VND		VND	VND
First period/June	771,177,647,522	44,868,965.18	17,187.32	1.12
Second period/June	825,229,657,740	47,978,400.35	17,200.02	12.70
Third period/June	750,115,631,015	43,545,306.36	17,226.09	26.07
Fourth period/June	715,867,560,334	41,508,323.41	17,246.36	20.27
Last period/June	684,807,998,005	39,693,666.09	17,252.32	5.96
First period/July	685,368,420,059	39,693,666.09	17,266.44	14.12
Second period/July	670,130,427,827	38,791,153.70	17,275.34	8.90
Third period/July	703,363,741,917	40,669,298.40	17,294.71	19.37
Fourth period/July	695,829,897,954	40,188,489.56	17,314.15	19.44
Last period/July	688,945,498,877	39,758,140.26	17,328.41	14.26
First period/August	689,170,542,961	39,758,140.26	17,334.07	5.66
Second period/August	788,997,202,333	45,471,458.92	17,351.48	17.41
Third period/August	872,127,936,632	50,209,111.89	17,369.91	18.43
Fourth period/August	903,852,040,452	51,979,277.28	17,388.69	18.78
Fifth period/August	918,518,663,958	52,767,697.48	17,406.83	18.14
Last period/August	912,721,386,379	52,425,918.99	17,409.73	2.90
First period/September	913,540,785,883	52,425,918.99	17,425.36	15.63
Second period/September	915,839,721,783	52,502,698.61	17,443.66	18.30
Third period/September	916,145,762,171	52,418,364.26	17,477.57	33.91
Fourth period/September	797,842,771,289	45,567,901.22	17,508.87	31.30
Last period/September	709,699,670,129	40,519,717.87	17,514.92	6.05
First period/October	710,182,550,961	40,519,717.87	17,526.83	11.91
Second period/October	615,848,517,106	35,079,771.68	17,555.65	28.82
Third period/October	634,657,654,837	36,137,513.12	17,562.29	6.64
Fourth period/October	643,352,368,217	36,617,441.40	17,569.56	7.27
Last period/October	646,670,641,602	36,779,695.59	17,582.27	12.71

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

16. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2018 (continued)

Period of NAV	For the year ended 31 December 2018			Increase/(decrease) of NAV per fund unit VND
	NAV VND	Number of fund units	NAV per fund unit VND	
First period/November	646,929,953,406	36,779,695.59	17,589.32	7.05
Second period/November	653,713,917,670	37,116,552.37	17,612.46	23.14
Third period/November	630,960,423,564	35,772,765.41	17,638.01	25.55
Fourth period/November	638,819,946,143	36,126,489.34	17,682.86	44.85
Fifth period/November	647,454,320,388	36,570,148.92	17,704.44	21.58
Last period/November	649,931,037,543	36,649,890.27	17,733.50	29.06
First period/December	649,912,414,951	36,649,890.27	17,732.99	(0.51)
Second period/December	656,894,932,869	36,994,126.40	17,756.73	23.74
Third period/December	670,944,681,624	37,714,973.97	17,789.87	33.14
Fourth period/December	671,942,796,438	37,737,705.74	17,805.60	15.73
Last period/December 2018	671,778,178,931	37,689,999.98	17,823.77	18.17
Average NAV for the period	559,613,236,684			293.39
Maximum variance of NAV per fund unit in the year				(0.51)
Minimum variance of NAV per fund unit in the year				

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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>25,279,478.82</u>	<u>37,689,999.98</u>

18. SOME INDICES

18.1 *Performance indicators*

<i>No</i>	<i>Indices</i>	<i>Current year</i>	<i>Previous year</i>
I	Performance indicators		
1	Fund management fee paid to the Fund Management Company/Average NAV in the year (%)	0.97	0.90
2	Depository fee, supervising fee paid to the Supervisory Bank/Average NAV in the year (%)	0.08	0.09
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 (%)	0.06	0.05
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 (%) (*)	1.17	1.10
7	Turnover ratio of investment portfolio in the period = (Total purchase value + Total sales value) / (2 * Average NAV in the year) (%)	66.22	129.96

(*) *Operating expenses do not include brokerage fee*

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

18. **SOME INDICES** (continued)

18.2 **Other indices**

No.	Indices	Current year	Previous year
II	Other indices		
1	The Fund's scale, beginning balance		
	Total value of outstanding fund units, beginning balance (face value) (VND)	376,899,999,800	224,289,567,100
	Total number of outstanding fund units, beginning balance (unit)	37,689,999.98	22,428,956.71
2	Change in scale during the year		
	Number of fund units additionally offered (unit)	9,586,840.23	73,842,160.94
	Value of fund units additionally offered in the period (face value) (VND)	95,868,402,300	738,421,609,400
	Number of fund units redeemed (unit)	(21,997,361.39)	(58,581,117.67)
	Value of fund units paid to investors' upon their orders in the period (face value) (VND)	(219,973,613,900)	(585,811,176,700)
3	The Fund's scale, ending balance		
	Total value of outstanding fund units, ending balance (face value) (VND)	252,794,788,200	376,899,999,800
	Total number of outstanding fund units, ending balance (unit)	25,279,478.82	37,689,999.98
4	Number of fund units held by the Fund Management Company and related parties/Total fund units (%)	8.35	5.58
5	Number of fund units held by the 10 biggest investors/Total fund units (%)	49.01	39.32
6	Number of fund units held by foreign investors/Total fund units (%)	28.73	19.06
7	Number of investors participating in the Fund as at period-end, included custodian transactions (investor)	624	550
8	NAV of the fund units as at period-end (VND)	19,454.05	17,823.77

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 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 VND150,788,540,000. If the bond's price decreased by 10%, the Fund's performance would reduce VND15,078,854,000 depended on significance and duration of the reduction. If the bond's price rose 10%, the Fund's performance would increase VND15,078,854,000.

19. FINANCIAL RISK MANAGEMENT POLICIES (continued)

19.1 Market risk (continued)

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 2019.

19.2 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.

19.3 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.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

B06-QM

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

20. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount and fair value of financial instruments of the Fund as at 31 December 2019 and 31 December 2018 are presented as follows:

	31 December 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents				
- Cash at banks	2,482,148,566	2,482,148,566	1,897,207,304	1,897,207,304
- Deposits with terms less than three (3) months	50,000,000,000	50,000,000,000	106,000,000,000	106,000,000,000
Investments				
- Corporate bonds	196,221,960,549	197,788,540,000	149,130,921,347	149,919,500,000
- Certificates of deposits	225,000,000,000	225,000,000,000	304,787,559,722	304,787,559,722
Receivables	22,415,038,360	22,415,038,360	111,972,222,470	111,972,222,470
Total	496,119,147,475	497,685,726,926	673,787,910,843	674,576,489,496
Financial liabilities				
Payables to Distributors and Fund Management Company	196,721,353	196,721,353	239,252,556	239,252,556
Fund management services payables	481,769,590	481,769,590	584,764,524	584,764,524
Payable to investors relating to subscription of fund units	231,032,179	231,032,179	40,987,900	40,987,900
Payables to investors relating to redemption of fund units	4,660,109,480	4,660,109,480	1,627,234,156	1,627,234,156
Other payables	283,110,479	283,110,479	275,657,979	275,657,979
Total	5,852,743,081	5,852,743,081	2,767,897,115	2,767,897,115

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

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

- Fair values of cash and cash equivalents, receivables, payables to distributors, accrued expenses and payables for fund management service approximate their book values due mainly to the short-term maturities of these instruments.
- Fair value of listed Government bonds is re-valued using the valuation method stated in Note 3.2.
- Fair value of listed Corporate bonds is re-valued using the valuation method stated in Note 3.2.
- Fair value of certificates of deposits is calculated by purchase price plus accrued interest receivables as at the date prior to the valuation date.

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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.

	<i>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
Fund management fee	5,473,044,369	5,037,439,015

b) *Remunerations of the Board of Representatives*

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

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

Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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>Currency: VND</i>	
	<u>Current year</u>	<u>Previous year</u>
	Standard Chartered Bank	Standard Chartered Bank
Supervising fee	249,218,524	271,449,934
Fund custodian fee	226,562,297	246,772,667
Fund administration fee	186,913,895	196,712,450
Bank charges	29,022,212	42,204,957
Transaction fee	2,500,000	3,300,000
Interest income on deposits	22,083,889	71,956,609


Vietnam Investment Fund Management Joint Stock Company
Vietnam Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2019 and for the year then ended

B06-QM

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. Tran Thanh Tan
Chief Executive Officer



Ho Chi Minh City, Vietnam

6 March 2020

