

DC BOND FUND

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**



DC BOND FUND

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DC BOND FUND

GENERAL INFORMATION OF THE FUND

**Certificate of registration
of public fund establishment**

No. 04/GCN-UBCK dated 27 February 2013 and its amendment
No. 16/GCN-UBCK dated 24 May 2021, both issued by the State
Securities Commission ("SSC")

Board of Representatives

Ms. Nguyen Boi Hong Le Chairperson
Ms. Le Thi Thu Huong Member
Ms. Pham Thi Thanh Thuy Member

Fund Management Company

Dragon Capital VietFund Management Joint Stock Company

Supervisory Bank

Standard Chartered Bank (Vietnam) Limited

Registered Office

15th Floor, Me Linh Point Tower,
No. 02 Ngo Duc Ke Street, Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam

Auditor

PwC (Vietnam) Limited

DC BOND FUND

STATEMENT OF RESPONSIBILITY OF THE FUND MANAGEMENT COMPANY IN RESPECT OF THE FINANCIAL STATEMENTS

Management of Dragon Capital VietFund Management Joint Stock Company (“the Fund Management Company”) is responsible for preparing the financial statements which give a true and fair view of the financial position and investment portfolio of DC Bond Fund (“the Fund”) as at 31 December 2023 and of the results of its operations, changes in net asset value, subscriptions and redemptions of fund certificates and cash flows for the year then ended. In preparing these financial statements, management of the Fund Management Company is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue in business.

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 and the investment portfolio of the Fund and which enable the financial statements to be prepared which comply with the basis of accounting set out in Note 2, Note 3 and Note 4 to the financial statements. Management of the Fund Management Company is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud or error.

DC BOND FUND

APPROVAL OF THE FINANCIAL STATEMENTS BY THE BOARD OF REPRESENTATIVES

We hereby approve the accompanying financial statements which give a true and fair view of the financial position and the investment portfolio of the Fund as at 31 December 2023, and of the results of its operations, changes in net asset value, subscriptions and redemptions of fund certificates and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to open-ended investment funds including Circular 198/2012/TT-BTC issued by the Ministry of Finance on 15 November 2012 on the promulgation of accounting system for open-ended investment funds, Circular 181/2015/TT-BTC issued by the Ministry of Finance on 13 November 2015 on the promulgation of accounting system for exchange-traded funds, Circular 98/2020/TT-BTC issued by the Ministry of Finance on 16 November 2020 providing guidance on the operation and management of securities investment funds, and prevailing regulations on preparation and presentation of financial statements applicable to open-ended investment funds.

On behalf of the Board of Representatives



Nguyen Boi Hong Le
Chairperson

Ho Chi Minh City, Vietnam
8 March 2024

DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY

1 GENERAL INFORMATION OF DC BOND FUND (“THE FUND”)

1.1 Objectives of the Fund

Objectives of the Fund are set in accordance with the Establishment registration certificate issued by the State Securities Commission (“the SSC”), the Fund Charter and the Fund’s prospectus.

1.2 Performance result of the Fund

According to the audited financial statements of the Fund, its net asset value (“NAV”) as at 31 December 2023 increased by 3.85% whilst its NAV per fund certificate increased by 9.10% as compared with those as at 31 December 2022.

1.3 The Fund’s investment strategy and policy

The Fund’s strategy is active management based on macro analysis, fundamental analysis of fixed-income market, applying quantitative models, statistics or fundamental corporate analysis of issuers in making investment decisions with the goal to optimise profit of the portfolio. Particularly for corporate bonds, the analysis needs to be based on at least one credit rating model developed by Dragon Capital VietFund Management Joint Stock Company and its technical support partner.

1.4 Classification of the Fund

The Fund is an open-ended public investment fund.

1.5 Life of the Fund

The Fund has an indefinite life.

1.6 Short-term risk

The Fund is exposed to low risk.

1.7 Inception date of the Fund

The Fund has been operating since 10 June 2013.

1.8 Size of the Fund at the reporting date

As at 31 December 2023, the Fund’s NAV was VND451,596,260,409 equivalent to 17,786,668.27 fund certificates.

1.9 Benchmark index of the Fund

The Fund has no benchmark index.

1.10 Profit distribution policy of the Fund

The Fund does not distribute its profit. Entire profits generated from operations are accumulated to increase NAV of the Fund.

DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

1 GENERAL INFORMATION OF THE FUND (continued)

1.11 Net profits attributed per fund certificate as of the reporting date

The Fund has not distributed its profits to fund certificate holders since its establishment until 31 December 2023.

2 PERFORMANCE RESULTS

2.1 Asset allocation

	As at		
	31/12/2023	31/12/2022	31/12/2021
	%	%	%
1. Bonds	75.97	70.46	60.09
2. Other assets	24.03	29.54	39.91
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

2.2 Performance indicators

	As at/ For the year ended		
	31/12/2023	31/12/2022	31/12/2021
1. NAV of the Fund (VND)	451,596,260,409	434,864,897,100	828,024,026,231
2. Number of fund certificates outstanding (units)	17,786,668.27	18,686,118.68	37,166,709.39
3. NAV per fund certificate (VND)	25,389.59	23,272.08	22,278.64
4. NAV per fund certificate – highest during the reporting period (VND)	25,389.59	23,780.78	22,278.64
5. NAV per fund certificate – lowest during the reporting period (VND)	23,277.66	22,306.59	20,779.52
6. Closing price of fund certificate at the reporting date (VND)	Not applicable	Not applicable	Not applicable
7. Closing price of fund certificate at the reporting date – highest during the year (VND)	Not applicable	Not applicable	Not applicable
8. Closing price of fund certificate at the reporting date – lowest during the year (VND)	Not applicable	Not applicable	Not applicable
9. Yield per fund certificate (%) (*)	9.10%	4.46%	7.34%
9.1. Capital yield per fund certificate (due to price change) (%)	0.93%	(5.35%)	(1.09%)
9.2. Income yield per fund certificate (calculated using realised income) (%)	8.17%	9.80%	8.43%
10. Gross distributed earning per fund certificate (VND)	Nil	Nil	Nil
11. Net distributed earning per fund certificate (VND)	Nil	Nil	Nil
12. Ex-date of distribution	None	None	None
13. Operation expenses/Average NAV (%) (**)	1.48%	1.40%	1.31%
14. Turnover of investment portfolio (%) (***)	166.68%	127.79%	94.59%

DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

2 PERFORMANCE RESULTS (continued)

2.2 Performance indicators (continued)

(*) This yield is calculated using the following formula:

$$\text{Yield per fund certificate} = \frac{\text{NAV per fund certificate at the end of period}}{\text{NAV per fund certificate at the beginning of period}} - 1$$
$$\text{Income yield per fund certificate} = \frac{\text{Realised operation result/ Quantity of fund certificates at the end of period}}{\text{NAV per fund certificate at the beginning of period}}$$

$$\text{Capital yield per fund certificate} = \text{Yield per fund certificate} - \text{Income yield per fund certificate}$$

(**) This ratio is calculated by dividing total operating expenses of the reporting period by the average NAV of same period. The corresponding figure of the previous years have been re-calculated for comparability.

(***) The contract value of index futures was not included in calculation of this ratio.

2.3 Growth by years

Period	Growth of NAV per fund certificate (%)	Annual growth of NAV per fund certificate (%)
1 year	9.10%	9.10%
3 years	22.32%	6.95%
Since the inception	153.90%	9.22%

2.4 Annual growth

Year ended	31/12/2023	31/12/2022	31/12/2021
Growth per fund certificate (%)	9.10%	4.46%	7.34%

3 MARKET UPDATES

December closed 2023 with comparatively positive outcomes. Inflation was well controlled at +3.3% YoY, marking the 7th consecutive year that inflation was below 4%. GDP increased by 5.1% YoY. Although lower than the target of 6.5%, it was higher than the IMF's 4.7% forecast. The trade surplus reached a record \$28 bn, which supported the currency's sustainability via strong FX reserves. In addition, the VND depreciated by 2.7% against the USD, higher than CNY depreciation at 0.8% but lower than the JPY at around 4.0%.

During the first half of 2023, the whole market was in flux due to high lending rates, defaulting corporate bonds, frozen liquidity, and a stalled property market. The money market fluctuated in high ranges of 4-8.5% for sub-3-months tenors, before cooling down in H2 with a clear downtrend. Many policy changes across the bond market and money market helped the financial and banking system to gradually untie the troubles of the previous year. During 2H23, surplus liquidity in the banking system became abundant. The rates stabilised in the low range, ending 2023 at 0.2-1.1%, which was totally opposite to the end of 2022.

DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

3 MARKET UPDATES (continued)

Regarding Government bonds (VGBs), there were 194 VGB auctions in 2023, resulting in total issuances of VND298.5tn (\$12.3 bn), +39% YoY. This accounted for 74.6% of the annual target (VND400 tn), much higher than 54% in 2022 and more than 97.7% of 2023's adjusted plan (VND305 tn, announced on 29/12/2023). The average VGB issuance tenor in 2023 was 12.6 years, the average issuance rate was 3.2%/year, and the average remaining term is 9.1 years.

On secondary market, 2023 was a very good year for VGBs regarding yield. Compared to end of 2022, yields dropped 230 - 320 bps across all tenors. The curve steepened with bigger moves in short tenors vs longer tenors. Compared to beginning of the year, the shortest tenors (below 5-years) dropped more than 310bps while longest tenors (above 20 years) decreased around 250bps. At year-end, 1-year to 30-year VGB yields were in the narrow range of 2-3.3%.

Regarding trading volume, in 2023, outright transactions increased by 10% compared to the previous year, reaching VND1,149 tn, equivalent to VND4.56 tn/day. Repo transactions amounted to VND407 tn for the whole year, averaging VND1.6 tn/day. In general, average monthly trading volume has recovered since H2 after struggling in the low trading period from July 2022 to February 2023, showing good liquidity in the banking system.

VGB PRIMARY ISSUANCES vs ISSUANCE PLAN

Tenor	Issuance Plan	Issuance Plan	Issued Value	Cumulative	Cumulative	% Completion	% Completion
	Q4-2023 (VND bn)	FY 2023 (VND bn)	Dec-23 (VND bn)	Issued Value Q4-2023 (VND bn)	Issued Value YTD (VND bn)	of Quarter Plan	of FY 2023 Plan
5-year	23,000	35,000	600	4,950	31,893	22%	91%
7-year	2,000	5,000	-	-	950	0%	19%
10-year	40,000	125,000	6,490	20,490	118,937	51%	95%
15-year	55,000	165,000	5,350	18,350	132,153	33%	80%
20-year	5,000	20,000	-	-	2,049	0%	10%
30-year	5,000	20,000	2,030	4,805	12,494	96%	62%
	130,000	400,000	14,470	48,595	298,476	37%	75%

Source: HNX/VBMA

In 2023, the total issuance value was VND311tn (\$12.8 bn), +12%YoY. This includes 29 issuances through public offerings at VND 37tn (\$1.5 bn), 11.9% of the total issuance, and 286 issuances through private placement worth VND275 tn (\$11.3 bn), 88.1% of the total. The banks led with VND176 tn (\$7.2 bn), 56.5% of the total issuance, and real estate was second with VND73 tn (\$3.0 bn), accounting for 23.5%. The remaining 20% of issuances were distributed over various sectors.

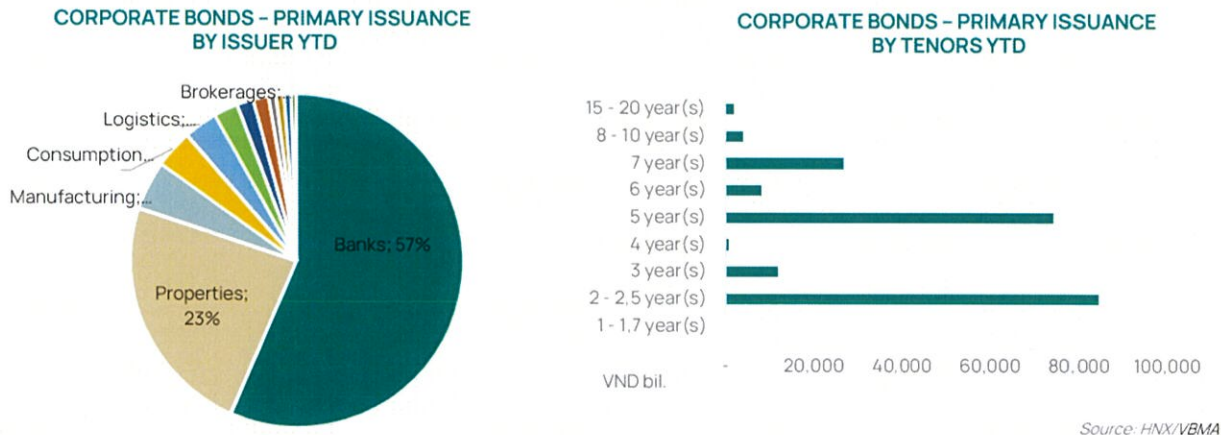
Regarding redemptions, roughly VND285 tn (\$11.7 bn) matured during 2023, of which VND111 tn (\$4.6 bn) were successfully extended. The early redemption was very interesting with a total of VND262tn (\$10.8 bn). It suggests that the actual redeemed amount during the year exceeded the maturity figure. Compared to the tough period of 1Q23, the number of bond defaults decreased significantly. The change in regulations, low interest rate environment, and especially investor sentiment helped to calm the corporate bond market and restructure, mainly via extending maturity by 1-2 years.

DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

3 MARKET UPDATES (continued)

In 2024 an estimated VND277 bn (\$11.4 bn) is due to mature. In current market conditions, there is a high chance that the issuers will be able to honour redemptions. Meanwhile, total issuance is expected to increase at a more prudently speed.



4 DETAILS OF THE FUND'S PERFORMANCE RESULTS

4.1 Details of the Fund's performance indicators

Item	1 year up to reporting date (%)	3 years up to reporting date (%)	From inception to reporting date (%)
Income yield per fund certificate	8.17%	37.82%	198.05%
Capital yield per fund certificate	0.93%	(15.50%)	(44.15%)
Yield per fund certificate	9.10%	22.32%	153.90%
Annual growth per fund certificate	9.10%	6.95%	9.22%
Growth of component portfolio (*)	Not applicable	Not applicable	Not applicable
Price change per fund certificate (**)	Not applicable	Not applicable	Not applicable

(*) The Fund does not have any component portfolio.

(**) The Fund does not have any market price.

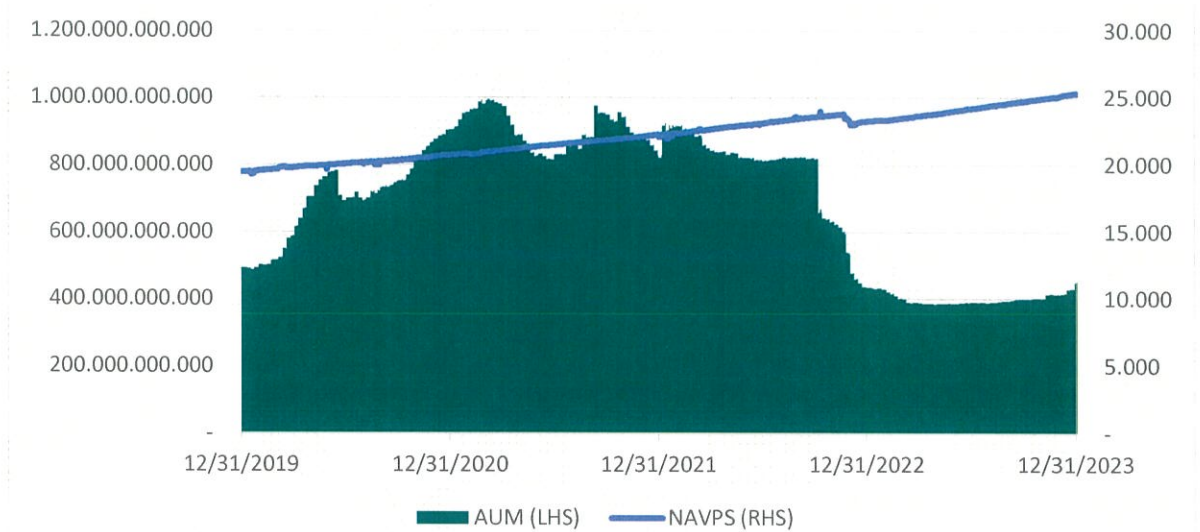
DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

4 DETAILS OF THE FUND'S PERFORMANCE RESULTS (continued)

4.1 Details of the Fund's performance indicators (continued)

The Fund's chart of monthly NAV in recent 3 years is as below:



Changes in NAV:

Item	31/12/2023 VND	31/12/2022 VND	Change %
NAV of the Fund	451,596,260,409	434,864,897,100	3.85%
NAV per fund certificate	25,389.59	23,272.08	9.10%

As at 31 Dec 2023, the net asset value of DCBF Fund units (NAV/unit) was VND 25,389.6, showing an increase of 9.10% YTD. The return in 2023 of DCBF outperformed the average 12-month deposit rates of the four biggest banks, which rose by 6.7% over the same period. The total net asset value and total assets of the Fund as at 31 Dec 2023 was VND 451.6bn and VND 497.1bn, respectively.

In 2023, DCBF executed some transactions related to corporated bond (CB) and Government bond (VGB), and thereby decreased exposure to CBs while increasing VGB position and cash and cash equivalent portion. As at 31 Dec 2023, CBs made up the largest portion of the DCBF portfolio with 69.7% (of which 30% for tenors less than 1 year), followed by cash and bank deposits combined (14.0%), VGB (8.9%) and CDs (7.4%). The average remaining maturity of the portfolio is about 1.8 years. The current portfolio has a good reinvestment rate and is expected to remain stable in the coming months.

DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

4 DETAILS OF THE FUND'S PERFORMANCE RESULTS (continued)

4.2 Fund certificate holders analysis as at reporting date

Number of fund certificates	Number of fund certificate holders	Number of fund certificates	Holding rate %
Fewer than 5,000	9,394	1,561,026.12	8.78%
5,000 to fewer than 10,000	72	525,445.10	2.95%
10,000 to fewer than 50,000	73	1,634,363.45	9.19%
50,000 to 500,000	20	2,729,317.27	15.34%
More than 500,000	4	11,336,516.33	63.74%
Total	9,563	17,786,668.27	100.00%

4.3 Soft commissions and discounts

To minimise conflicts of interests and ensure the accuracy of the Fund's expenses, the Fund Management Company prohibits all of its employees from accepting cash discounts and soft commissions in dealing with the Fund's transactions with its service providers.

During the reporting period, the Fund has neither cash discounts nor soft commissions attached to its transactions with its service providers.

5 MARKET PROSPECTS

The global interest rates are still anchored at high levels while the ones in Vietnam in 2023 have decreased and stayed at the lowest levels in the last 3 years.

In terms of government bonds, in 2023, with the rebound of liquidity in the market and the government's policies to decrease regulatory rates, the interbank rates have persisted at low bases, being the influencing factor for the interest rates of government bonds to decrease and revolved around low levels. In 2024, as swap points between USD and VND are likely to be narrowed thanks to the U.S' policies, and the global depreciation of USD, SBV is in favourable conditions to maintain loose monetary policy to stimulate the economy. This is the basis for the interest rates of government bonds to keep the positions at low levels in 2024.

Regarding corporate bonds, since the end of Q1/2023, the market gradually recovered along with higher demand for new investments, which was thanks to the stable macroeconomic environment.in parralel with the enforcement of Decree 08/2023 in relation to bond restructuring that tackle relevant market difficulties. In addition, with the implementation of private corporate bonds trading system in the second half of 2023, the corporate bond market is expected to have enhanced transparency and centralized information, thereby gaining momentum for sustainable development in 2024 and in the long run.

DC BOND FUND

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

6 OTHER INFORMATION

Group	Full name	Position	Qualification	Experience
The Fund controllers	Luong Thi My Hanh	Head of Asset management – Onshore	Master of Economics	<ul style="list-style-type: none"> - From 2010 to 12/03/2021: Deputy Chief Executive Officer (“CEO”) in charge of Investment and Research of Vietnam Investment Fund Management Joint Stock Company; - Since 12/03/2021: Head of Asset management – Onshore of Dragon Capital VietFund Management Joint Stock Company.
	Bui Minh Long	Investment portfolio manager	Master of Finance	<ul style="list-style-type: none"> - From 01/07/2020 to 31/12/2020: Investment portfolio manager of Vietnam Investment Fund Management Joint Stock Company; - Since 01/01/2021 to present: Investment portfolio manager of Dragon Capital VietFund Management Joint Stock Company.
The Board of Representatives	Nguyen Boi Hong Le	Chairperson	Master of Business Administration	<ul style="list-style-type: none"> - From 2010 to 2012: Head of Transaction Department of Petrovietnam Securities Incorporated; - Since 2012: Economics and Petroleum Management Specialist of Vietnam Petroleum Institute.
	Le Thi Thu Huong	Member	Bachelor of Accounting – Auditing	<ul style="list-style-type: none"> - 2012: Director of F&A Auditing Partnership; - From 2013 to 2016: Deputy CEO of Dai Tin Auditing Company Limited; - From 2017 to 2019: Deputy CEO of Branch of Dai Tin Auditing Company Limited; - Since 2020: Founder and Director of Golden Standards Auditing Company Limited.
	Pham Thi Thanh Thuy	Member	Lawyer	<ul style="list-style-type: none"> - From 2010 to 31/12/2020: Head of Legal and Compliance Department of Dragon Capital VietFund Management Joint Stock Company; - Since 01/01/2021: internal legal counselor of Dragon Capital VietFund Management Joint Stock Company.
Management of the Fund Management Company	Beat Schurch	Chief Executive Officer	Master of Economics	<ul style="list-style-type: none"> - Since 30/12/2020: CEO of Dragon Capital VietFund Management Joint Stock Company.

Ho Chi Minh City, 8 March 2024

CHIEF EXECUTIVE OFFICER



Beat Schurch



SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of DC Bond Fund (“the Fund”) for the period from 01st January 2023 to 31st December 2023, 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 2023 to 31st December 2023, the Fund's investment portfolio deviated from investment limits under the prevailing regulations for open-end fund, Fund Charter, Fund Prospectus and other relevant regulations, details as below:

- Point c, Clause 04, Article 35, Circular 98/2020/TT-BTC dated 16th November 2020 providing guidance on operation and management of securities investment funds (“Circular 98”) and Article 11, Fund Charter regulate that the structure of the investment portfolio of an open-end fund must ensure the following investment limit: “The fund shall not invest more than 20% of total value of its assets in outstanding securities; deposits at commercial banks as prescribed by the law on banking; and money market instruments, including financial instruments and negotiable instruments as prescribed by law (if any) of an issuer, except Government's debt instruments.” In case of deviation, the Fund Management Company has to adjust the Fund's investment portfolio in conformity with the prevailing regulations within the regulated recovery timeframe.

At several valuation dates in the period from 01st January 2023 to 31st December 2023, the Fund's investment in an issuer deviated from the limit of 20% of the Fund's total asset value.

The Fund Management Company adjusted the Fund's investment portfolio to comply with the prevailing regulations within the regulated recovery timeframe.

As at 31st December 2023, the Fund's investment portfolio complied with Point c, Clause 04, Article 35, Circular 98 and Article 11, Fund Charter.

- Point dd, Clause 04, Article 35, Circular 98 and Article 11, Fund Charter regulate that the structure of the investment portfolio of an open-end fund must ensure the following investment limit: “The fund shall not invest more than 10% of total value of its assets in shares initially offered to the public, bonds offered to the public; corporate bonds privately placed by listed organizations with payment guarantee by credit institutions or with the issuer's commitment to repurchase at least 30% of the value of the bond offering at least once every 12 months.” In case of deviation, the Fund Management Company has to adjust the Fund's investment portfolio in conformity with the prevailing regulations within the regulated recovery timeframe.

At several valuation dates in the period from 01st January 2023 to 31st December 2023, the Fund's investment in unlisted corporate bonds deviated from the limit of 10% of the Fund's total asset value.

The Fund Management Company adjusted the Fund's investment portfolio to comply with the prevailing regulations within the regulated recovery timeframe.

As at 31st December 2023, the Fund's investment portfolio complied with Point dd, Clause 04, Article 35, Circular 98 and Article 11, Fund Charter.





- b) Assets Valuation and Pricing of the Fund units were carried out in accordance with Fund Charter, Fund Prospectus, Valuation Manual approved by Board of Representatives of the Fund and other prevailing regulations.
- c) Fund subscriptions and redemptions were carried out in accordance with Fund Charter, Fund Prospectus and other prevailing regulations, except for the payment for redemption orders for trading date 24th March 2023, details are as below:

According to Point c, Clause 01, Article 32, Circular 98 and Chapter V, Fund Prospectus regulate that the payment for redemption orders shall be made by the deadline prescribed in the Fund Charter and Fund Prospectus and within 05 working days from the fund certificate trading day.

On 31st March 2023, Dragon Capital Vietfund Management Joint Stock Company sent payment instructions for redemption orders to investors for trading date 24th March 2023, according to report SR0046 – List of Investors to be paid in detail by Distribution Agents of the Vietnam Securities Depository Center as the Transfer Agent of the Fund. However, on 31st March 2023, due to an error in the payment system of the Payment Bank, a payment for redemption of one investor in the abovementioned list was not successfully executed within the day.

As at 03rd April 2023, the payment for redemption of above investor has been settled completely.

- d) For the period from 01st January 2023 to 31st December 2023, the Fund did not pay dividend to Fund Unit Holders.

SUPERVISORY BANK REPRESENTATIVE

Nguyen Thuy Linh
Senior Manager, Supervisory Services Operations
SUPERVISORY BANK OFFICER
Vu Minh Hien
Manager, Supervisory Services Operations



INDEPENDENT AUDITOR'S REPORT TO THE FUND CERTIFICATE HOLDERS OF DC BOND FUND

We have audited the accompanying financial statements of DC Bond ("the Fund") which were prepared on 31 December 2023 and approved by the Board of Representatives on 8 March 2024. The financial statements comprise: the statement of financial position and the statement of investment portfolio as at 31 December 2023, the statement of income, the statement of changes in net asset value, subscriptions and redemptions of fund certificates, and the statement of cash flows for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 16 to 59.

Responsibility of management of Dragon Capital VietFund Management Joint Stock Company ("the Fund Management Company")

Management of the Fund Management Company is responsible for the preparation and the true and fair presentation of the financial statements of the Fund in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to open-ended investment funds including Circular 198/2012/TT-BTC issued by the Ministry of Finance on 15 November 2012 on the promulgation of accounting system for open-ended investment funds ("Circular 198/2012/TT-BTC"), Circular 181/2015/TT-BTC issued by the Ministry of Finance on 13 November 2015 on the promulgation of accounting system for exchange-traded funds ("Circular 181/2015/TT-BTC"), Circular 98/2020/TT-BTC issued by the Ministry of Finance on 16 November 2020 providing guidance on operation and management of securities investment funds ("Circular 98/2020/TT-BTC") and prevailing regulations on preparation and presentation of financial statements applicable to open-ended investment funds, and for such internal control which management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements of the Fund 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 auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and true 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 management of the Fund Management Company, 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.



Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position and the investment portfolio of the Fund as at 31 December 2023, and the results of its operations, changes in net asset value, subscriptions and redemptions of fund certificates and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to open-ended investment funds including Circular 198/2012/TT-BTC, Circular 181/2015/TT-BTC, Circular 98/2020/TT-BTC and prevailing regulations on preparation and presentation of financial statements applicable to open-ended investment funds.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Nguyen Hoang Nam
Audit Practising Licence No.
0849-2023-006-1
Authorised signatory



Doan Tran Phuong Thao
Audit Practising Licence No.
4701-2024-006-1

Report reference number: HCM14536
Ho Chi Minh City, 8 March 2024

STATEMENT OF INCOME

Code	Item	Note	For the year ended 31 December	
			2023 VND	2022 VND
01	I. GAINS/(LOSSES) AND INCOME FROM INVESTMENT ACTIVITIES		41,092,208,650	52,201,475,502
03	1.3. Interest income	5.1	37,966,620,921	68,586,831,639
04	1.4. Realised gain/(loss) from disposal of investments	5.2	2,062,879,766	(17,069,271,015)
05	1.5. Unrealised gain from revaluation of investments	5.3	1,062,707,963	119,969,673
06	1.6. Other income		-	563,945,205
10	II. INVESTMENT EXPENSES		(251,243,720)	(331,032,728)
11	2.1. Transaction costs from purchases and sales of investments	5.4	(204,157,744)	(249,032,728)
15	2.5. Other investment expenses		(47,085,976)	(82,000,000)
20	III. OPERATING EXPENSES		(5,950,476,469)	(10,933,274,991)
20.1	3.1. Fund management fees	8(a)(i)	(4,816,539,131)	(9,350,341,186)
20.2	3.2. Custodian fees	5.5	(196,831,180)	(330,279,525)
20.3	3.3. Supervision fee	8(a)(ii)	(198,036,571)	(342,892,499)
20.4	3.4. Fund administration fees	8(a)(ii)	(134,625,836)	(257,134,379)
20.5	3.5. Transfer agency fees		(132,000,000)	(132,000,000)
20.7	3.7. Fund certificate holders' General Meeting expenses		(19,585,052)	(60,554,652)
20.8	3.8. Audit fees		(159,103,949)	(124,072,000)
20.10	3.10. Other operating expenses	5.6	(293,754,750)	(336,000,750)
23	IV. PROFIT FROM INVESTMENT ACTIVITIES		34,890,488,461	40,937,167,783

The notes on pages 24 to 59 are an integral part of these financial statements.

STATEMENT OF INCOME
(continued)

Code	Item	Note	For the year ended 31 December	
			2023 VND	2022 VND
24	V. NET OTHER INCOME AND EXPENSES		-	-
30	VI. NET ACCOUNTING PROFIT BEFORE TAX		<u>34,890,488,461</u>	<u>40,937,167,783</u>
31	6.1. Realised profit	6.9	33,827,780,498	40,817,198,110
32	6.2. Unrealised profit	6.9	1,062,707,963	119,969,673
40	VII. BUSINESS INCOME TAX (“BIT”)		-	-
41	VIII. NET ACCOUNTING PROFIT AFTER TAX		<u>34,890,488,461</u>	<u>40,937,167,783</u>



Dragon Capital VietFund Management Joint
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Beat Schurch
Chief Executive Officer
8 March 2024

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Fund Accountant
8 March 2024

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Ninh Thi Tue Minh
Fund Accounting Manager
8 March 2024

DC BOND FUND

Form B 02 – QM

STATEMENT OF FINANCIAL POSITION

Code	Item	Note	As at	
			31/12/2023 VND	31/12/2022 VND
100	I. ASSETS			
110	1. Cash at bank and cash equivalents In which:	6.1	69,340,014,737	90,661,179,782
111	1.1. Cash at bank for Fund's operations		44,570,014,737	2,261,179,782
112	1.2. Term deposits with maturity of less than three (03) months		24,770,000,000	88,400,000,000
120	2. Net investments		412,594,675,142	340,198,460,703
121	2.1. Investments	6.2	412,594,675,142	340,198,460,703
130	3. Receivables		15,131,744,246	10,240,741,339
133	3.2. Interest receivables		15,131,744,246	10,240,741,339
136	3.2.2 Interest receivables not yet due	6.3	15,131,744,246	10,240,741,339
100	TOTAL ASSETS		497,066,434,125	441,100,381,824
300	II. LIABILITIES			
312	2. Payables for securities purchased but not yet settled	6.4	44,140,400,000	-
313	3. Payables to distributors and Fund Management Company		11,059,231	-
314	4. Tax payables and obligations to the State		5,297,046	91,962,113
316	6. Accrued expenses	6.5	289,558,185	327,657,125
317	7. Subscription un-allotment payables to fund certificate holders	6.6	158,171,154	147,442,798
318	8. Redemption payables to fund certificate holders	6.6	336,497,283	5,144,307,547
319	9. Fees payable to fund service providers	6.7	490,999,567	524,115,141
320	10. Other payables		38,191,250	-
300	TOTAL LIABILITIES		45,470,173,716	6,235,484,724

The notes on pages 24 to 59 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
(continued)

Code	Item	Note	As at	
			31/12/2023 VND	31/12/2022 VND
400	III. NET ASSET VALUE DISTRIBUTABLE TO FUND CERTIFICATE HOLDERS	6.8	451,596,260,409	434,864,897,100
411	1. Share capital		177,866,682,700	186,861,186,800
412	1.1. Subscription capital	6.8	2,238,296,326,200	2,201,195,780,900
413	1.2. Redemption capital	6.8	(2,060,429,643,500)	(2,014,334,594,100)
414	2. Share premium		(79,692,748,438)	(70,528,127,386)
420	3. Undistributed profits	6.9	353,422,326,147	318,531,837,686
430	IV. NET ASSET VALUE PER FUND CERTIFICATE		25,389.59	23,272.08
440	V. PROFIT DISTRIBUTED TO FUND CERTIFICATE HOLDERS		-	-
	VI. OFF STATEMENT OF FINANCIAL POSITION ITEM			
004	4. Number of outstanding Fund certificates (units)		17,786,668.27	18,686,118.68



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**STATEMENT OF CHANGES IN NET ASSET VALUE,
SUBSCRIPTIONS AND REDEMPTIONS OF FUND CERTIFICATES
FOR THE YEAR ENDED 31 DECEMBER 2023**

No.	Item	For the year ended 31 December	
		2023 VND	2022 VND
I	Net asset value (“NAV”) at the beginning of the year	434,864,897,100	828,024,026,231
II	Changes in NAV for the year	34,890,488,461	40,937,167,783
	<i>In which:</i>		
II.1	Changes in net asset value due to market fluctuation and the Fund’s operations	34,890,488,461	40,937,167,783
III	Changes in NAV due to subscriptions and redemptions of fund certificates	(18,159,125,152)	(434,096,296,914)
	<i>In which:</i>		
III.1	Receipts from subscriptions	92,711,945,971	262,756,228,632
III.2	Payments for redemptions	(110,871,071,123)	(696,852,525,546)
IV	NAV at the end of the year	451,596,260,409	434,864,897,100



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STATEMENT OF INVESTMENT PORTFOLIO
AS AT 31 DECEMBER 2023

No.	Item	Quantity	Market price/ revalued amount as at 31/12/2023 VND	Total value VND	Percentage of total assets %
I	Listed bonds				
1	BAF122029	390,000	98,677.758	38,484,325,620	7.74%
2	CII121029	650,000	100,148.000	65,096,200,000	13.10%
3	MML121021	550,230	99,638.271	54,823,965,852	11.03%
4	MSN121013	100,000	100,059.835	10,005,983,500	2.01%
5	SBT121002	62,000	100,128.000	6,207,936,000	1.25%
6	TD2333119	400,000	108,592.000	43,436,800,000	8.74%
7	TNG122017	400,000	99,740.826	39,896,330,400	8.03%
8	VND122013	590,000	100,013.000	59,007,670,000	11.87%
9	VRE12007	200,000	100,403.338	20,080,667,600	4.04%
	Unlisted bonds				
1	KDH12202	41	989,141,370.000	40,554,796,170	8.16%
				<u>377,594,675,142</u>	<u>75.97%</u>
II	Other asset				
1	Interest receivables from bonds			13,489,141,533	2.71%
2	Interest receivables from term deposits and certificates of deposit			1,642,602,713	0.33%
				<u>15,131,744,246</u>	<u>3.04%</u>
III	Cash				
1	Cash at banks			44,570,014,737	8.97%
2	Term deposits with maturity of less than three (03) months			24,770,000,000	4.98%
3	Transferable certificates of deposit			35,000,000,000	7.04%
				<u>104,340,014,737</u>	<u>20.99%</u>
V	Total value of portfolio			<u>497,066,434,125</u>	<u>100.00%</u>



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STATEMENT OF CASH FLOWS
(Indirect method)

Code	Item	Note	For the year ended	
			31 December	
			2023	2022
			VND	VND
	I. Cash flows from investing activities			
01	1. Net accounting profit before tax		34,890,488,461	40,937,167,783
02	2. Adjustments for:		(1,076,427,963)	(79,424,673)
03	Unrealised gain from revaluation of investments	5.3	(1,062,707,963)	(119,969,673)
04	Accrued expenses		(13,720,000)	40,545,000
05	3. Profit from investing activities before changes in working capital		33,814,060,498	40,857,743,110
20	(Increase)/decrease in investments		(71,333,506,476)	451,412,254,985
07	(Increase)/decrease in interest receivables		(4,891,002,907)	20,276,734,356
10	Increase in payables for investments purchased but not yet settled		44,140,400,000	-
11	Increase/(decrease) in subscription and redemption fees payable to distributors and Fund Management Company		11,059,231	(587,635,416)
13	(Decrease)/increase in tax payables and obligations to the State		(86,665,067)	19,203,137
14	Increase/(decrease) in subscription payable to fund certificate holders		10,728,356	(146,770,902)
15	Decrease in redemption payables to fund certificate holders		(4,807,810,264)	(11,669,857,148)
16	Increase/(decrease) in other payables		13,812,310	(6,000,000)
17	Decrease in fees payable to fund service providers		(33,115,574)	(465,312,824)
19	Net cash (outflow for)/inflow from investing activities		(3,162,039,893)	499,690,359,298
	II. Cash flows from financing activities			
31	1. Receipts from subscriptions	6.8	92,711,945,971	262,756,228,632
32	2. Payments for redemptions	6.8	(110,871,071,123)	(696,852,525,546)
30	Net cash outflow for financing activities		(18,159,125,152)	(434,096,296,914)
40	III. Net (decrease)/increase in cash and cash equivalents in the year		(21,321,165,045)	65,594,062,384

The notes on pages 24 to 59 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS (continued)
(Indirect method)

Code	Item	Note	For the year ended 31 December	
			2023 VND	2022 VND
50	IV. Cash and cash equivalents at the beginning of the year	6.1	90,661,179,782	25,067,117,398
52	Cash at bank and cash equivalents for the Fund's operations		90,631,978,061	24,801,390,073
53	Cash at bank for subscriptions and redemptions		29,201,721	265,727,325
55	V. Cash and cash equivalents at the end of the year	6.1	69,340,014,737	90,661,179,782
57	Cash at bank and cash equivalents for the Fund's operations		69,171,207,265	90,631,978,061
58	Cash at bank for subscriptions and redemptions		168,807,472	29,201,721
60	VI. Changes in cash and cash equivalents in the year		(21,321,165,045)	65,594,062,384



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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1 GENERAL INFORMATION OF THE DC BOND FUND****1.1 Certificate of registration of fund public offering and Certificate of registration of public fund establishment**

DC Bond Fund (“the Fund”) was established as a public open-ended fund under the Certificate of registration of public fund establishment No. 04/GCN-UBCK (the “ERC”) issued by the State Securities Commission (“the SSC”) on 10 June 2013 and the Decision 398/QD-UBCK issued by SSC on 7 May 2015 on the amendment of the ERC. The charter capital of the Fund as stipulated in the ERC is VND99,574,822,600, equivalent to 9,957,482.26 fund certificates. The Fund operates in compliance with the Fund Charter last modified in April 2023. The Fund has an indefinite life.

The fund certificates were issued to the public for the first time pursuant to the Certificate of registration of fund public offering No. 04/GCN-UBCK issued by the SSC on 27 February 2013.

The Fund has no employee and is managed by Dragon Capital VietFund Management Joint Stock Company (the “Fund Management Company”). Standard Chartered Bank (Vietnam) Limited has been appointed as the Supervisory and Custodian Bank of the Fund.

1.2 General information of the Fund’s operations***Size of the Fund***

According to the Establishment registration certificate, the Fund’s charter capital is VND99,574,822,600.

The Fund’s capital is based on the actual contribution of the fund certificate holders presented in Note 6.8.

Investment objective and investment restrictions

The main objective of the Fund is looking for profit from debt instruments (including but not limit in Vietnamese Government bonds, Government guaranteed bonds, municipal bonds, corporate bonds in accordance with Vietnamese law), commercial notes and fixed-income instruments.

The Fund’s strategy is active management based on fundamental analysis of macro conditions, analysis of the movement of the fixed-income market, as well as quantitative models, statistic or corporate analysis of issuers in making decision, in order to optimise profit of the portfolio.

The Fund’s investment portfolio and its restrictions follow the investment objectives and investment strategy as stipulated in the Fund’s Charter and Prospectus.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1 GENERAL INFORMATION OF DC BOND FUND (continued)****1.2 General information of the Fund's operations (continued)*****Investment objective and investment restrictions (continued)***

The Fund's investable assets include:

- a) Deposits at commercial bank as stipulated by banking laws;
- b) Money market instruments including valuable papers and negotiable instruments in accordance with relevant laws and regulations;
- c) Government debt instruments, bonds underwritten by the Government and municipal bonds;
- d) Listed bonds on stock exchanges, fund certificates of public bond funds;
- e) Bonds offered to the public, corporate bonds privately issued by listed organizations with credit institutions' payment guarantee or the issuer's commitment to repurchase at least once in 12 months and each commitment to redeem is at least 30% value of the issue; In case the Fund invests in assets mentioned in this clause, they must meet the following criteria:
 - Having been approved in writing by the Board of Representatives of the Fund on the type, code of securities, quantity, transaction value, and execution time;
 - There are enough documents proving the payment guarantee or the issuer's commitment to buy back
- f) Listed derivatives at stock exchanges, and solely used for hedging purpose and for the underlying securities in which the Fund is holding;
- g) Rights that may arise in connection with securities that the Fund is holding; and
- h) In unfavourable circumstances of the market, the Fund can keep term deposits and cash equivalent up to 100% asset value to preserve the Fund's value from risks.

The Fund's investment restrictions include:

- (i) Not more than 20% of the Fund's total asset are invested in circulating securities and assets (if any, specified at aforementioned points a and b) of an issuer, except for Government debt instruments;
- (ii) Total exposure to an issuer shall not be more than 10% of the total value of circulating securities of that issuer, except Government debt instruments;
- (iii) Not more than 30% of the Fund's total asset are invested in assets specified in the aforementioned points a, b, d, e, f which are issued by companies in the same group of companies having an ownership relationship in the following cases: parent company, subsidiary company; companies owning more than 35% of each other's shares or capital contributions; subsidiary groups of the same parent company. Value of derivative exposure is measured at the contractually committed value in accordance with item 3 of Article 56 of the Fund's Charter;
- (iv) Not more than 10% of the Fund's total asset are invested in assets specified at aforementioned point e;
- (v) At any time, the total value of derivative commitments, outstanding debts and payables of the Fund must not exceed the net asset value of the Fund;
- (vi) No investment in the fund's certificates is permitted;
- (vii) No direct investment in real estates, precious stones and metals is permitted; and

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1 GENERAL INFORMATION OF DC BOND FUND (continued)****1.2 General information of the Fund's operations (continued)*****Investment objective and investment restrictions (continued)***

The Fund's investment restrictions include (continued):

- (viii) Investment in other public bond fund certificates are subject to the following restrictions:
- Total exposure to an other public bond fund does not exceed 10% of its circulating quantity;
 - Not more than 20% of the Fund's total asset are invested in a public fund; and
 - Not more than 30% of the Fund's total asset are invested in public funds.
- (ix) For shares formed from the exercise of the conversion right of convertible bonds held by the Fund, the Fund will make an offer to sell these shares as soon as they are tradeable.

The Fund's assets allocation may breach investment restrictions described at (i), (ii), (iii) and (viii) due to only these causes:

- Volatility in market prices of the Fund's portfolio assets;
- As a result of proceeding legally valid payments, including fulfilling orders of fund certificate holders;
- Split, merger, demerger, consolidation of issuers;
- When the Fund has been operating for less than six (06) months from the certificate of establishment or split, merger or consolidation is granted; and
- When the Fund is under dissolution process.

Frequency of net asset value ("NAV") valuation

The Fund's NAV is determined weekly on Friday and a monthly basis. The monthly valuation date is the first day of the following month. In case of the valuation date falls on weekends or holidays, the valuation date is the following working date, except for the monthly valuation is still the first day of the following month.

Should the Fund Management Company change the frequency of NAV valuation, it is required to obtain the written approval of the Board of Representatives prior to execution.

Method of NAV valuation

The Fund's NAV is calculated at total assets less total liabilities as at the date prior to the valuation date. Total liabilities of the Fund are debts or payment obligations of the Fund up to the date prior to the valuation date. Total assets are measured at market value or fair value (in case market value is indeterminable or when there are unusual volatility in market price as specified in the Fund's Valuation Manual and fair value adoption is approved by the Board of Representatives in written form).

NAV per Fund certificate is calculated by dividing the total net asset value of the Fund by the number of outstanding Fund certificates at the latest trading date prior to the valuation date.

NAV per Fund certificate shall be rounded down to two (02) decimal places.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1 GENERAL INFORMATION OF DC BOND FUND (continued)****1.2 General information of the Fund's operations (continued)*****Frequency of subscriptions and redemptions of Fund certificates***

The Fund certificates are subscribed and redeemed weekly on every Friday ("the dealing date"). If the dealing date falls on holiday, the transaction is carried to the next dealing date. In case the next dealing date also falls on holiday, the transaction is carried to the working day right after the first dealing date falling on holiday. In such cases, the Fund Management Company announces the transaction schedule and closing time. The reducing of trading in frequency of Fund certificates shall be approved by the fund certificate holders' General Meeting and not less than twice (2 times) per month.

Distribution of profits

The Fund does not distribute its profits. Entire profits generated from operations are accumulated to increase the NAV of the Fund.

2 FISCAL YEAR AND CURRENCY**2.1 Fiscal year**

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

2.2 Currency

The financial statements are measured and presented in Vietnamese Dong ("VND" or "Dong").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the statement of income.

Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are respectively translated at the buying and selling exchange rates at the date of the statement of financial position quoted by the commercial bank where the Fund regularly trades. Foreign exchange differences arising from these translations are recognised in the statement of income.

3 ACCOUNTING STANDARDS AND REPORTING FRAMEWORK APPLIED**3.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System applicable to open-ended investment funds including Circular 198/2012/TT-BTC issued by the Ministry of Finance on 15 November 2012 on the promulgation of accounting system for open-ended investment funds ("Circular 198/2012/TT-BTC"), Circular 181/2015/TT-BTC issued by the Ministry of Finance on 13 November 2015 on the promulgation of accounting system for exchange-traded funds ("Circular 181/2015/TT-BTC"), Circular 98/2020/TT-BTC issued by the Ministry of Finance on 16 November 2020 providing guidance on the operation and management of securities investment funds ("Circular 98/2020/TT-BTC") and prevailing regulations on preparation and presentation of financial statements applicable to open-ended investment funds.

The accompanying financial statements are not intended to present the financial position and investment portfolio, results of operations, changes in net asset value, subscriptions and redemptions of fund certificates and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The financial statements in Vietnamese language are the official statutory financial statements of the Fund. The financial statements in the English language have been translated from the Vietnamese language financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3 ACCOUNTING STANDARDS AND REPORTING FRAMEWORK APPLIED (continued)****3.1 Basis of preparation of financial statements (continued)**

In accordance with Circular 198/2012/TT-BTC, the Fund's financial statements include the following reports:

1. Statement of income
2. Statement of financial position
3. Statement of changes in net asset value, subscriptions and redemptions of fund certificates
4. Statement of investment portfolio
5. Statement of cash flows
6. Notes to the financial statements

3.2 Registered accounting documentation system

The registered accounting documentation system is the general journal system.

4 SIGNIFICANT ACCOUNTING POLICIES**4.1 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank in current accounts used for the Fund's operations and payment to fund certificate holders for redemption of fund certificates, cash of fund certificate holders deposited for subscription of fund certificates, cash at bank in escrow account for the initial subscription of the fund certificates, and other short-term investments with a maturity of less than three (03) months, which are readily convertible to cash and subject to an insignificant risk of conversion.

4.2 Investments***Recognition/derecognition***

Purchases and sales of investments are recognised at trade date. Investments are derecognised when the right to receive cash flows from the investments has expired or the Fund has transferred substantially all risks and rewards of ownership of the investments.

The cost of securities classified as held for trading is determined using the weighted average method.

Initial recognition and subsequent measurement

Investments are initially recognised at the cost of acquisition and revalued as at the reporting date in accordance with Circular 198/2012/TT-BTC. Valuation base is determined in accordance with prevailing regulations on securities and the Fund's Charter.

Valuation bases**(a) *Listed bonds***

These bonds are revalued based on the weighted average quoted price of outright transactions or other definition(s) of the stock exchanges on the most recent day with trade preceding the valuation date plus accrued interest (if the quoted price does not include accumulated interest).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****4 SIGNIFICANT ACCOUNTING POLICIES (continued)****4.2 Investments (continued)*****Valuation bases (continued)******(a) Listed bonds (continued)***

In either case these bonds are not traded on stock exchange more than 15 days prior to the valuation date; or quoted price of these bonds on stock exchange are fluctuated abnormally according to the Fund's Valuation Manual, the price determined based on the valuation bases approved by the Board of Representatives plus accumulated interests.

In cases of abnormal fluctuation in bond prices:

- (i) If the weighted average quoted (clean) price fluctuates more than 0.5% compared with price determined using valuation techniques approved by the Board of Representatives, the latter price plus accumulated interest is adopted.
- (ii) If a bond is approved for listing but has not yet traded prior to the valuation date, its valuation base is determined as if the bond is unlisted.
- (iii) If the bond is delisted as its maturity date is approaching, its valuation base is determined using valuation techniques approved by the Board of Representatives plus accumulated interest. Valuation bases of bonds delisted because of other reasons are determined by the Board of Representatives on a case-by-case basis.

Accumulated accrued interest on bonds is recognised and presented as a receivable in the statement of financial position and statement of portfolio.

(b) Unlisted bonds

Unlisted bonds are revalued at the average of the successfully transacted prices (clean price) at the latest trading date preceding the valuation date based on quotations from at least three (03) independent quotation organisations and approved by the Board of Representatives plus accumulated interest.

If one (01) quotation organisation cannot determine the price, the bond price is the average value (clean price) of successful transactions on the nearest day before the valuation date based on quotes of two (02) quotation organisations plus accumulated interest.

In cases where there are not enough quotations from at least three (03) quotation organisations; or there are enough quotations but two (02) or three (03) quotation organisations cannot determine the price; or the above average price has abnormal fluctuations as described on the Valuation Manual, then the bond price will be determined according to the Valuation Manual approved by the Board of Representatives.

Accumulated accrued interest on bonds is recognised and presented as a receivable in the statement of financial position and statement of portfolio.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****4 SIGNIFICANT ACCOUNTING POLICIES (continued)****4.2 Investments (continued)*****Valuation bases (continued)****(c) Bonds issued by entities in the process of dissolution or bankruptcy*

Bonds issued by entities in the process of dissolution or bankruptcy are revalued based on the valuation techniques approved by the Board of Representatives on a case-by-case basis.

(d) Term deposits

Term deposits are measured at principal amounts plus accrued interest as of the date prior to the valuation date

(e) Transferable certificates of deposit, commitments derived from derivatives contracts and treasury bills

Transferable certificates of deposit are measured at purchase cost plus accumulated accrued interest as of the date prior to the valuation date.

(f) Interest-free instruments including bills, bonds, valuable papers and others

The value of interest-free instruments is revalued based on the listed price of Stock Exchanges, in case of none, they are determined at the Fund's valuation manual approved by the Board of Representatives.

(g) Other investable assets

On a case-by-case basis, the prices of other assets under investment regulations will be appropriately determined by one of two methods as following:

- The average of transacted prices at the latest trading date with transactions preceding the valuation date based on quotes from the two (02) quotation organisations; or
- The method approved by the Board of Representatives.

Gains or losses from revaluation of investments

Gains or losses from revaluation of investments are recognised in the statement of income in accordance with Circular 198/2012/TT-BTC.

4.3 Receivables

Receivables represent amounts receivable from securities trading, accrued interest from bonds, accrued interest from bank deposits, accrued interest from transferable certificates of deposit and other receivables, and are stated at cost.

Provision for doubtful debts is made for each outstanding amount based on number of days past due according to initial payment commitment (ignoring any mutually agreed extension) or based on the estimated loss that may arise. Bad debts are written off when identified and approved in the General Meeting of fund certificate holders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****4 SIGNIFICANT ACCOUNTING POLICIES (continued)****4.4 Payables**

Payables presented in the statement of financial position are carried at cost of the redemption payables, payables for securities trading, remuneration payable to the Board of Representatives, payables to the Fund Management Company and the Supervisory Bank and other payables.

4.5 Taxation

Under the applicable Vietnamese tax regulations, the Fund is not subject to corporate income tax ("CIT"). However, the Fund Management Company is responsible for withholding and paying tax on behalf of individual and corporate investors in the following cases:

Distribution of dividends to fund certificate holders

When the Fund distributes dividends to fund certificate holders, the Fund Management Company is required to comply with Circular 78/2014/TT-BTC dated 18 June 2014 ("Circular 78/2014/TT-BTC") amended by Circular 96/2015/TT-BTC dated 22 June 2015 and Circular 111/2013/TT-BTC dated 15 August 2013 ("Circular 111/2013/TT-BTC") amended by Circular 92/2015/TT-BTC dated 15 June 2015 ("Circular 92/2015/TT-BTC") issued by the Ministry of Finance and Official Letter No. 10945/BTC-TCT dated 19 August 2010 issued by the Ministry of Finance regarding tax policy on profits distributions to corporate fund certificate holders.

Accordingly, when the Fund distributes dividends to local corporate fund certificate holders, such local corporate fund certificate holders are responsible for tax declaration and payment obligations arising thereon as regulated. When the Fund distributes dividends to foreign corporate fund certificate holders, the Fund Management Company is required to withhold and pay CIT on the distributed dividends (excluding the Fund's distribution of after-tax profits and bond interest earned from tax-free bonds in accordance with the applicable regulations) on their behalf.

When the Fund distributes dividends to individual fund certificate holders (both residents and non-residents), the Fund Management Company is required to withhold and pay 5% personal income tax on the distributed dividends on their behalf.

Redemption of fund certificates

The Fund Management Company is required to withhold and pay tax when it redeems its certificates from individual fund certificate holders (both residents and non-residents) and foreign corporate fund certificate holders on their behalf according to Circular 111/2013/TT-BTC amended by Circular 92/2015/TT-BTC, Circular 25/2018/TT-BTC dated 16 March 2018 and Circular 103/2014/TT-BTC dated 6 August 2014 issued by the Ministry of Finance. The tax rate is 0.1% on the redemption proceeds. The Fund Management Company is not responsible for withholding and paying CIT on redemption proceeds paid to local corporate fund certificate holders. These local corporate fund certificate holders are responsible for their own CIT declaration and payment obligations according to Circular 78/2014/TT-BTC amended by Circular 96/2015/TT-BTC dated 22 June 2015.

The tax laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose several fines, penalties and interest charges. The Fund Management Company adequately provided for tax liabilities based on its interpretation of tax legislation including corporate income tax. However, the relevant authorities may have different interpretations and the effects could be significant.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****4 SIGNIFICANT ACCOUNTING POLICIES (continued)****4.6 Provisions**

Provisions are recognised when:

- The Fund has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount has been reliably estimated.

Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

4.7 Share capital

The Fund's certificates are classified as equity. Each certificate has a par value of VND10,000.

Numbers of allotted fund certificates are rounded down to two (02) decimal places.

Subscription capital

Subscription capital represents the fund certificate holders' contributed capital in initial public offer and in subsequent subscription cycles after the conversion date or in switches of fund certificates between open-ended investment funds under common management of the Fund Management Company. Subscription capital is recorded as par value.

Redemption capital

Redemption capital represents the gross redemption amount paid to fund certificate holders in subsequent redemption cycles after establishment date or in switches of fund certificates between open-ended investment funds under common management of the Fund Management Company. Redemption capital is recorded at par value.

Share premium

Share premium represents the difference between the net asset value per fund certificate and par value per fund certificate in a subscription or redemption.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****4 SIGNIFICANT ACCOUNTING POLICIES (continued)****4.7 Share capital (continued)***Undistributed profits/(accumulated losses)*

Undistributed profits/(accumulated losses) represents cumulative undistributed profits/(accumulated losses) as at the reporting date including cumulative realised profits/(losses) and cumulative unrealised profits/(losses).

Realised profits/(losses) earned/(incurred) during the year are the difference of total income and revenue after deducted unrealised gains/(losses) from revaluation of investments and total expenses.

Unrealised profits/(losses) incurred during the year are unrealised gains/(losses) from revaluation of investments.

The Fund determines realised profits/(losses) and unrealised profits/(losses) and posts into "Undistributed profits/(accumulated losses)" at the end of each reporting year.

4.8 Revenue and income

Revenue and income are recognised 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 and income is recognised:

Interest income

Interest income from deposits at banks, interest income from transferable certificates of deposit and interest income from bonds are recognised in the statement of income on an accrual basis unless collectability is in doubt.

Income from securities trading

Income from securities trading is recognised in the statement of income upon receipt of the trading report from the Vietnam Securities Depository Center which is verified by the Supervisory Bank (for listed securities) and completion of the sale agreement (for unlisted securities).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Expenses

Expenses are recognised on an accrual basis and on prudent basis.

4.10 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Fund, are related parties of the Fund. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the Fund, key management personnel and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationship with each related party, the Fund considers the substance of the relationship not merely the legal form.

4.11 Segment reporting

Business segments

The Fund's operation comprises only one business segment which is securities investment pursuantly to objectives and strategy specified in the Fund Charter.

Geographic segments

All of the Fund's investees are companies operating in Vietnam.

4.12 Nil items

Items required by Circular 198/2012/TT-BTC that are not presented in these financial statements indicate nil item.

5 ADDITIONAL INFORMATION TO THE STATEMENT OF INCOME

5.1 Interest income

	For the year ended 31 December	
	2023	2022
	VND	VND
Interest income on bonds	32,849,897,439	57,218,030,649
Interest income on bank deposits	3,206,997,455	2,312,946,196
Interest income on certificates of deposit	1,909,726,027	9,055,854,794
	37,966,620,921	68,586,831,639

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5 ADDITIONAL INFORMATION TO THE STATEMENT OF INCOME (continued)

5.2 Realised gain/(loss)/from disposal of investments

	Total proceeds of disposals VND	Weighted average cost of investments up to the latest trading date VND	Realised gain for the year ended 31/12/2023 VND	Cumulative realised gain/(loss) as at 31/12/2023 VND	Realised loss for the year ended 31/12/2023 VND	Cumulative realised gain/(loss) as at 31/12/2023 VND
Bonds	610,384,687,052	608,335,876,875	2,048,810,177	42,546,068,303	(13,026,687,918)	40,497,258,126
Transferable certificates of deposit	40,621,617,740	40,607,548,151	14,069,589	(305,502,161)	(4,042,583,097)	(319,571,750)
	<u>651,006,304,792</u>	<u>648,943,425,026</u>	<u>2,062,879,766</u>	<u>42,240,566,142</u>	<u>(17,069,271,015)</u>	<u>40,177,686,376</u>

5.3 Unrealised gain from revaluation of investments

	Carrying value VND	Revalued amount as at 31/12/2023 VND	Cumulative unrealised gain from revaluation of investments as at 31/12/2023 VND	Unrealised gain from revaluation of investment for the year ended 31/12/2023 VND
Listed bonds	336,109,713,216	337,039,878,972	930,165,756	837,049,204
Unlisted bonds	40,329,137,350	40,554,796,170	225,658,820	225,658,759
Transferable certificates of deposit	35,000,000,000	35,000,000,000	-	-
	<u>411,438,850,566</u>	<u>412,594,675,142</u>	<u>1,155,824,576</u>	<u>1,062,707,963</u>
			<u>93,116,552</u>	<u>93,116,552</u>
			<u>61</u>	<u>61</u>
			<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5 ADDITIONAL INFORMATION TO THE STATEMENT OF INCOME (continued)

5.4 Transaction costs from purchases and sales of investments

	For the year ended 31 December	
	2023 VND	2022 VND
Brokerage fees from purchases	118,193,949	122,204,686
Brokerage fees from sales	84,260,604	125,196,932
Settlement fees paid to Viet Nam Securities Depository and Clearing Corporation (“VSDC”)	1,703,191	1,631,110
	<u>204,157,744</u>	<u>249,032,728</u>

5.5 Custodian fees

	For the year ended 31 December	
	2023 VND	2022 VND
Safe keeping fees (Note 8(a)(ii))	180,033,249	311,720,455
Transaction fees (Note 8(a)(ii))	9,800,000	8,300,000
Custodian fees for underlying securities paid to VSDC	6,997,931	10,259,070
	<u>196,831,180</u>	<u>330,279,525</u>

5.6 Other operating expenses

	For the year ended 31 December	
	2023 VND	2022 VND
Remunerations to the Board of Representatives (Note 8(a)(iii))	78,000,000	93,000,000
Price quotation fee	94,000,000	136,633,336
Bank charges (Note 8(a)(iii))	108,154,750	96,667,414
Annual fee paid to the State Securities Commission	12,500,000	7,500,000
Right exercise fee	1,100,000	2,200,000
	<u>293,754,750</u>	<u>336,000,750</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION

6.1 Cash at bank and cash equivalents

Cash at bank and cash equivalents represent cash in Vietnamese Dong at the following depositories:

	As at	
	31/12/2023 VND	31/12/2022 VND
1. Cash at bank for the Fund's operations	44,570,014,737	2,261,179,782
Cash at bank for the Fund's operations at Standard Chartered Bank (Vietnam) Limited (Note 8(b))	44,401,207,265	2,231,978,061
Cash at bank for subscriptions and redemptions at Standard Chartered Bank (Vietnam) Limited (Note 8(b))	168,807,472	29,201,721
2. Term deposits with maturity of less than three (03) months (*)	24,770,000,000	88,400,000,000
Vietnam Prosperity Joint stock Commercial Bank	20,270,000,000	24,300,000,000
Ho Chi Minh City Development JSC Bank	4,100,000,000	-
Asia Commercial Joint Stock Bank	400,000,000	50,000,000,000
Bank for Investment and Development of Vietnam	-	14,100,000,000
	69,340,014,737	90,661,179,782

(*) Term deposits as at 31 December 2023 earned fixed interest rates from 3.25% per annum to 4.30% per annum (as at 31 December 2022: 6% per annum).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments

The details of the Fund's investments as at 31 December 2023 are as follows:

	Carrying value VND	Gain/(loss) from revaluation of investments		Revalued amount VND
		Gain VND	Loss VND	
Listed bonds	336,109,713,216	958,609,177	28,443,421	337,039,878,972
Unlisted bonds	40,329,137,350	225,658,820	-	40,554,796,170
Transferable certificates of deposit	35,000,000,000	-	-	35,000,000,000
	<u>411,438,850,566</u>	<u>1,184,267,997</u>	<u>28,443,421</u>	<u>412,594,675,142</u>

The details of the Fund's investments as at 31 December 2022 are as follows:

	Carrying value VND	Gain/(loss) from revaluation of investments		Revalued amount VND
		Gain VND	Loss VND	
Listed bonds	239,159,021,111	93,231,223	(114,671)	239,252,137,663
Unlisted bonds	71,546,322,979	79	(18)	71,546,323,040
Term deposits with maturity of more than three (03) months	29,400,000	-	-	29,400,000,000
	<u>340,105,344,090</u>	<u>93,231,302</u>	<u>(114,689)</u>	<u>340,198,460,703</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2023 are as follows:

	Quantity	Carrying value VND	Revalued amount VND	Interest		Start date	Maturity date
				Form	% per annum		
Listed bonds		336,109,713,216	337,039,878,972				
BAF122029 – BaF Viet Nam Agriculture Joint Stock Company	390,000	38,319,688,082	38,484,325,620	Fixed	10.5%	23/08/2022	23/08/2025
VND122013 – VNDIRECT Securities Corporation	590,000	58,973,114,698	59,007,670,000	Fixed/ Floating	• First year: 8.2% • Thereafter: Reference interest + 2.8%	07/03/2022	07/03/2024
CI121029 – Ho Chi Minh City Infrastructure Investment Joint Stock Company	650,000	64,644,992,063	65,096,200,000	Fixed	9.50%	21/10/2021	21/10/2024

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2023 are as follows (continued):

	Quantity	Carrying value VND	Revalued amount VND	Interest		Start date	Maturity date
				Form	% per annum		
Listed bonds (continued)							
MML121021 – Masan Meatlife Joint Stock Company	550,230	54,800,899,857	54,823,965,852	Fixed/ Floating	• First year: 9.5%. • Thereafter: Reference interest (*) + 3.9%	26/08/2021	26/08/2026
MSN121013 – Masan Group Coporation	100,000	10,014,360,274	10,005,983,500	Fixed/ Floating	• First years: 9.8%. • Thereafter: Reference interest (*) + 3.8%	11/01/2021	11/01/2024

(*) Reference interest rate is the average of deposit interest rates applied to personal savings deposits in Dong with a term of 12 months with interest paid in arrear (or equivalent) quoted by Vietnam Joint Stock Commercial Bank for Industry and Trade, Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Bank for Agriculture and Rural Development and Joint Stock Commercial Bank for Investment and Development of Vietnam on the relevant interest rate determination date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2023 are as follows (continued):

	Quantity	Carrying value VND	Revalued amount VND	Interest		Start date	Maturity date
				Form	% per annum		
Listed bonds (continued)							
SBT121002 – Thanh Thanh Cong – Bien Hoa Joint Stock Company (ii)	62,000	6,144,249,260	6,207,936,000	Fixed/ Floating	• First year: 10.0%. • Thereafter: Reference interest (*) + 3.875%	26/01/2021	26/01/2024
TNG122017 – TNG Investment and Trading Joint Stock Company	400,000	39,894,553,424	39,896,330,400	Fixed	10%	16/05/2022	16/05/2026
TD233119 – Vietnam State Treasury - Ministry of Finance	400,000	43,217,121,311	43,436,800,000	Fixed	3.2%	13/04/2023	13/04/2033
VRE12007 – Vincom Retail Joint Stock Company	200,000	20,100,734,247	20,080,667,600	Fixed/ Floating	• The first 4 periods: 10.0%. • Thereafter: Reference interest (*)+ 3.5%	26/08/2020	26/08/2025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2023 are as follows (continued):

	Quantity	Carrying value VND	Revalued amount VND	Form	Interest % per annum	Start date	Maturity date
Unlisted bonds		40,329,137,350	40,554,796,170				
KDH12202 - Khang Dien House Trading and Investment Joint Stock Company	41	40,329,137,350	40,554,796,170	Fixed	12%	23/08/2022	23/08/2025
Transferable certificates of deposit		35,000,000,000	35,000,000,000				
HD SAIGON Finance Company Limited	35	35,000,000,000	35,000,000,000	Fixed	11%	31/07/2023	31/07/2024
		411,438,850,566	412,594,675,142				

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2023 are as follows (continued):

- (i) The listed bonds MML121021 were guaranteed by a third party, which is Masan Group Joint Stock Company (“the Guarantor”) under the Payment Guarantee Agreement No. 01/2021/BLTT/MSN-TCBS dated 1 June 2021 between the Guarantor and Techcom Securities Joint Stock Company as the Representative of the Bond Holders.
- (ii) As at 31 December 2023, 7,000,000 outstanding bonds of series SBT121002, with a total par value of VND700,000,000,000, were secured by 36,970,145 shares of GEG and 10,000,000 shares of SBT, and land use rights and assets attached to land owned by Thanh Thanh Cong – Bien Hoa Joint Stock Company, which are in accordance with regulations on secured transactions.

On 5 July 2023, Thanh Thanh Cong – Bien Hoa Joint Stock Company has repaid 50% of both principal and interest of this bond. Quantity and value of collaterals may fluctuate depending on the agreement of the related parties expressed in the bond documents and/or the actual arising.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2022 are as follows:

	Quantity	Carrying value VND	Revalued amount VND	Form	Interest % per annum	Start date	Maturity date
Listed bonds		239,159,021,111	239,252,137,663				
CII121029 - Ho Chi Minh City Infrastructure Investment Joint Stock Company	750,000	75,210,864,671	75,210,750,000	Fixed	9.5%	21/10/2021	21/10/2024
KBC121020 - Kinh Bac City Development Share Holding Corporation	209,617	21,227,608,931	21,227,703,973	Fixed	10.8%	24/06/2021	24/06/2023
MML121021 - Masan Meatlife Joint Stock Company (i)	300,230	29,961,123,089	30,053,923,690	Fixed/ Floating	First year: 9.5% Thereafter: Reference interest + 3.9%	26/08/2021	26/08/2026
VND122013 - VNDIRECT Securities Corporation	730,000	72,760,380,547	72,760,560,000	Fixed/ Floating	First year: 8.2% Thereafter: Reference interest + 2.6%	07/03/2022	07/03/2024
TNG122017 - TNG Investment and Trading Joint Stock Company	400,000	39,999,043,873	39,999,200,000	Fixed	10%	16/05/2022	16/05/2026

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2022 are as follows (continued):

	Quantity	Carrying value VND	Revalued amount VND	Interest		Start date	Maturity date
				Form	% per annum		
Unlisted bonds		71,546,322,979	71,546,323,040				
KDHH2225001 - Khang Dien House Trading and Investment Joint Stock Company	37	37,000,000,000	37,000,000,000	Fixed	12%	23/08/2022	23/08/2025
PDRH2123006 - Phat Dat Real Estate Development Joint Stock Company (iii)	250	25,040,662,671	25,040,662,750	Fixed	13%	24/09/2021	24/09/2023
PDRH2123007 - Phat Dat Real Estate Development Joint Stock Company (iv)	95	9,505,660,308	9,505,660,290	Fixed	12%	02/12/2021	02/12/2023
Term deposits with maturity of more than three (03) months		29,400,000,000	29,400,000,000				
Vietnam Prosperity Joint stock Commercial Bank Joint Stock Commercial Bank for Investment and Development of Vietnam		19,400,000,000	19,400,000,000	Fixed	10%	06/12/2022	06/06/2023
		10,000,000,000	10,000,000,000	Fixed	8%	24/11/2022	24/05/2023
		340,105,344,090	340,198,460,703				

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.2 Investments (continued)

Details of investments as at 31 December 2022 are as follows (continued):

- (iii) Bond No. MML121021 is guaranteed by Masan Group Corporation (“Guarantor”), a third party, according to the Payment Guarantee Agreement No. 01/2021/BLTT/MSN-TCBS dated 1 June 2021 between the Guarantor and Techcom Securities Joint Stock Company as the Representative of bondholders acting on behalf of and for the benefit of bondholders
- (iv) As at 31 December 2022, 2,700 outstanding bonds of series PDRH2123006, with a total par value of VND270,000,000, were secured by 15,720,000 shares of PDR. In which, the Fund held 250 bonds with a total par value of VND25,000,000. On 17 January 2023, Phat Dat Real Estate Development Joint Stock Company has repaid 50% of both principal and interest of this series. At the date of the financial statements, the par value of the bonds that the Fund still holds is VND12,500,000, and the number of PDR shares used as collateral is 1,455,555 shares, respectively.
- (v) As at 31 December 2022, 2,863 outstanding bonds of series PDRH2123007, with a total par value of VND286,300,000, were secured by 27,660,000 shares of PDR. In which, the Fund held 95 bonds with a total par value of VND9,500,000. On 17 January 2023, Phat Dat Real Estate Development Joint Stock Company has repaid 50% of both principal and interest of this series. At the date of the financial statements, the par value of the bonds that the Fund still holds is VND4,700,000, and the number of PDR shares used as collateral is 908,152 shares, respectively.

6.3 Interest receivables not yet due

	As at	
	31/12/2023	31/12/2022
	VND	VND
Interest receivables from bonds	13,489,141,533	9,637,892,024
Interest receivables from transferable certificates of deposit	1,613,835,616	-
Interest receivables from term deposits	28,767,097	602,849,315
	15,131,744,246	10,240,741,339

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.4 Payables for investments purchased

Payables for purchases of listed bonds were settled in one (1) working day after the trade date (T+1) in accordance with Vietnamese securities settlement practice.

6.5 Accrued expenses and other payables

	As at	
	31/12/2023 VND	31/12/2022 VND
Brokerage fee	199,158,185	192,537,125
Audit fee	78,400,000	123,120,000
Board of Representatives' remunerations (Note 8(b))	12,000,000	12,000,000
	<u>289,558,185</u>	<u>327,657,125</u>

6.6 Subscription and redemption payables to fund certificate holders

Subscription payables to fund certificate holders represents cash received from fund certificate holders for valid subscription and in progress for issuance.

Redemption payables to fund certificate holders represent amount payable to fund certificate holders for valid redemption and in progress for settlement.

6.7 Fees payable to fund service providers

	As at	
	31/12/2023 VND	31/12/2022 VND
Fund management fee (Note 8(b))	434,822,138	466,811,916
Supervision fee (Note 8(b))	16,536,571	17,163,089
Custody fee (Note 8(b))	15,033,249	15,602,809
Fund administration fee (Note 8(b))	11,957,609	12,837,327
Transfer agent fee	11,000,000	11,000,000
Transaction fee (Note 8(b))	900,000	700,000
Custody service fee paid to VSDC	750,000	-
	<u>490,999,567</u>	<u>524,115,141</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 ADDITIONAL INFORMATION TO THE STATEMENT OF FINANCIAL POSITION (continued)

6.7 Movements in fund certificate holders' equity

	Unit	As at 31/12/2022	Incurred	As at 31/12/2023
Subscription capital				
Number of fund certificates	Unit	220,119,578.09	3,710,054.53	223,829,632.62
Subscription capital at par value	VND	2,201,195,780,900	37,100,545,300	2,238,296,326,200
Share premium of Subscription capital	VND	1,676,730,340,920	55,611,400,671	1,732,341,741,591
Total Subscription capital	VND	3,877,926,121,820	92,711,945,971	3,970,638,067,791
Redemption capital				
Number of fund certificates	Unit	(201,433,459.41)	(4,609,504.94)	(206,042,964.35)
Redemption capital at par value	VND	(2,014,334,594,100)	(46,095,049,400)	(2,060,429,643,500)
Share premium of Redemption capital	VND	(1,747,258,468,306)	(64,776,021,723)	(1,812,034,490,029)
Total Redemption capital	VND	(3,761,593,062,406)	(110,871,071,123)	(3,872,464,133,529)
Total contribution capital	VND	116,333,059,414	(18,159,125,152)	98,173,934,262
Undistributed profits	VND	318,531,837,686	34,890,488,461	353,422,326,147
Net asset value	VND	434,864,897,100		451,596,260,409
Number of outstanding fund certificates	Unit	18,686,118.68		17,786,668.27
NAV per fund certificate	VND per unit	23,272.08		25,389.59

6.8 Undistributed profits

	As at 31/12/2022 VND	Incurred VND	As at 31/12/2023 VND
Realised profits	318,438,721,073	33,827,780,498	352,266,501,571
Unrealised profits	93,116,613	1,062,707,963	1,155,824,576
Undistributed profits	318,531,837,686	34,890,488,461	353,422,326,147

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7 NET ASSET VALUE (NAV)

Year ended 31 December 2023					
No.	NAV calculation date	NAV VND	Quantity of fund certificates	NAV per fund certificate at calculation date VND	Increase/ (decrease) of NAV per fund certificate VND
1	31/12/2022	434,864,897,100	18,686,118.68	23,272.08	
2	05/01/2023	434,969,225,166	18,686,118.68	23,277.66	5.58
3	12/01/2023	433,163,118,984	18,579,554.88	23,313.96	36.30
4	26/01/2023	431,866,364,606	18,520,484.54	23,318.30	4.34
5	31/01/2023	430,161,277,858	18,443,288.30	23,323.45	5.15
6	02/02/2023	430,341,710,465	18,443,288.30	23,333.24	9.79
7	09/02/2023	422,219,846,111	18,068,529.70	23,367.69	34.45
8	16/02/2023	417,421,099,143	17,826,320.83	23,415.99	48.30
9	23/02/2023	410,939,282,398	17,521,520.14	23,453.40	37.41
10	28/02/2023	401,873,449,425	17,117,789.37	23,476.94	23.54
11	02/03/2023	402,159,906,873	17,117,789.37	23,493.68	16.74
12	09/03/2023	401,214,690,465	17,052,427.49	23,528.30	34.62
13	16/03/2023	390,836,867,947	16,587,484.18	23,562.15	33.85
14	23/03/2023	390,527,797,429	16,533,674.66	23,620.14	57.99
15	30/03/2023	390,737,695,583	16,510,386.36	23,666.17	46.03
16	31/03/2023	388,429,292,211	16,411,929.15	23,667.49	1.32
17	06/04/2023	389,068,200,215	16,411,929.15	23,706.42	38.93
18	13/04/2023	387,322,007,409	16,313,824.85	23,741.94	35.52
19	20/04/2023	387,006,314,288	16,284,505.04	23,765.31	23.37
20	27/04/2023	387,047,998,507	16,259,425.24	23,804.53	39.22
21	30/04/2023	386,328,526,936	16,217,384.40	23,821.87	17.34
22	04/05/2023	386,698,210,374	16,217,384.40	23,844.67	22.80
23	11/05/2023	387,000,877,096	16,201,587.09	23,886.60	41.93
24	18/05/2023	387,972,353,833	16,204,013.89	23,942.97	56.37
25	25/05/2023	388,493,863,889	16,199,133.26	23,982.38	39.41
26	31/05/2023	387,180,484,121	16,125,230.89	24,010.84	28.46
27	01/06/2023	387,520,763,966	16,125,230.89	24,031.95	21.11
28	08/06/2023	388,251,496,557	16,128,113.57	24,072.96	41.01
29	15/06/2023	388,755,486,943	16,125,390.30	24,108.28	35.32
30	22/06/2023	390,429,134,455	16,130,823.26	24,203.91	95.63
31	29/06/2023	390,283,530,039	16,128,692.11	24,198.08	(5.83)
32	30/06/2023	390,448,103,421	16,131,652.86	24,203.84	5.76
33	06/07/2023	390,826,621,094	16,131,652.86	24,227.31	23.47
34	13/07/2023	391,523,906,609	16,125,638.30	24,279.59	52.28
35	20/07/2023	390,742,412,440	16,064,539.33	24,323.28	43.69
36	27/07/2023	391,215,469,346	16,044,753.11	24,382.76	59.48
37	31/07/2023	389,117,533,138	15,944,482.22	24,404.52	21.76
38	03/08/2023	389,459,995,395	15,944,482.22	24,426.00	21.48
39	10/08/2023	390,935,109,757	15,973,940.53	24,473.30	47.30
40	17/08/2023	391,500,106,082	15,977,096.31	24,503.83	30.53
41	24/08/2023	393,716,627,277	16,046,058.30	24,536.65	32.82
42	31/08/2023	394,870,841,944	16,063,863.49	24,581.31	44.66
43	04/09/2023	395,241,452,450	16,063,863.49	24,604.38	23.07
44	07/09/2023	395,529,410,156	16,063,863.49	24,622.30	17.92
45	14/09/2023	396,512,557,945	16,077,514.59	24,662.55	40.25

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7 NET ASSET VALUE (NAV) (continued)

Year ended 31 December 2023					
No.	NAV calculation date	NAV VND	Quantity of fund certificates	NAV per fund certificate at calculation date VND	Increase/ (decrease) of NAV per fund certificate VND
46	21/09/2023	400,170,892,281	16,195,760.57	24,708.37	45.82
47	28/09/2023	400,369,435,488	16,175,424.32	24,751.71	43.34
48	30/09/2023	400,426,261,093	16,186,343.39	24,738.52	(13.19)
49	05/10/2023	400,978,285,377	16,186,343.39	24,772.62	34.10
50	12/10/2023	401,131,876,367	16,154,941.84	24,830.28	57.66
51	19/10/2023	401,628,194,862	16,154,519.13	24,861.66	31.38
52	26/10/2023	402,342,351,381	16,156,281.00	24,903.15	41.49
53	31/10/2023	402,370,072,596	16,138,212.66	24,932.75	29.60
54	02/11/2023	402,562,496,670	16,138,212.66	24,944.67	11.92
55	09/11/2023	402,247,431,296	16,098,722.72	24,986.29	41.62
56	16/11/2023	414,431,807,480	16,560,494.55	25,025.32	39.03
57	23/11/2023	416,274,035,371	16,589,471.36	25,092.66	67.34
58	30/11/2023	415,129,565,645	16,526,978.82	25,118.29	25.63
59	07/12/2023	416,046,892,384	16,497,053.65	25,219.46	101.17
60	14/12/2023	417,257,701,671	16,517,223.66	25,261.97	42.51
61	21/12/2023	430,405,067,243	17,004,581.99	25,311.12	49.15
62	28/12/2023	431,704,387,168	17,025,551.82	25,356.26	45.14
63	31/12/2023	451,596,260,409	17,786,668.27	25,389.59	33.33
Average NAV of the year					402,189,462,135
Changes in NAV per fund certificate during the year - highest level					101.17
Changes in NAV per fund certificate during the year - lowest level					1.32

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7 NET ASSET VALUE (NAV) (continued)

Year ended 31 December 2022					
No.	NAV calculation date	NAV VND	Quantity of fund certificates	NAV per fund certificate at calculation date VND	Increase/ (decrease) of NAV per fund certificate VND
1	31/12/2021	828,024,026,231	37,166,709.39	22,278.64	
2	06/01/2022	829,062,891,807	37,166,709.39	22,306.59	27.95
3	13/01/2022	924,315,697,898	41,386,061.52	22,333.98	27.39
4	20/01/2022	917,601,504,807	41,051,835.86	22,352.26	18.28
5	27/01/2022	916,285,985,746	40,975,887.87	22,361.58	9.32
6	31/01/2022	915,417,522,374	40,907,973.29	22,377.48	15.90
7	03/02/2022	915,891,371,372	40,907,973.29	22,389.06	11.58
8	10/02/2022	917,761,466,330	40,907,973.29	22,434.78	45.72
9	17/02/2022	908,391,208,671	40,439,400.99	22,463.02	28.24
10	24/02/2022	907,237,090,160	40,355,126.86	22,481.33	18.31
11	28/02/2022	898,528,876,092	39,925,462.14	22,505.15	23.82
12	03/03/2022	898,827,963,264	39,925,462.14	22,512.65	7.50
13	10/03/2022	883,741,674,581	39,197,083.18	22,546.10	33.45
14	17/03/2022	880,177,785,521	38,987,189.65	22,576.07	29.97
15	24/03/2022	859,600,196,908	38,018,561.56	22,610.01	33.94
16	31/03/2022	849,594,844,142	37,515,321.51	22,646.60	36.59
17	07/04/2022	842,939,001,233	37,129,728.68	22,702.53	55.93
18	14/04/2022	838,563,361,518	36,888,480.59	22,732.39	29.86
19	21/04/2022	838,246,445,999	36,801,145.36	22,777.72	45.33
20	28/04/2022	840,103,559,641	36,826,910.37	22,812.21	34.49
21	30/04/2022	829,618,672,267	36,344,025.31	22,826.82	14.61
22	05/05/2022	830,366,780,714	36,344,025.31	22,847.40	20.58
23	12/05/2022	835,981,465,380	36,542,617.93	22,876.89	29.49
24	19/05/2022	834,815,068,909	36,431,709.27	22,914.51	37.62
25	26/05/2022	822,107,778,113	35,829,763.63	22,944.82	30.31
26	31/05/2022	820,429,352,431	35,731,222.17	22,961.13	16.31
27	02/06/2022	820,772,682,043	35,731,222.17	22,970.74	9.61
28	09/06/2022	821,106,905,281	35,702,960.60	22,998.28	27.54
29	16/06/2022	820,310,405,615	35,612,226.87	23,034.51	36.23
30	23/06/2022	815,331,213,832	35,323,237.18	23,082.00	47.49
31	30/06/2022	814,536,621,585	35,259,224.52	23,101.37	19.37
32	07/07/2022	813,113,131,935	35,122,952.89	23,150.47	49.10
33	14/07/2022	812,845,931,242	35,059,310.67	23,184.88	34.41
34	21/07/2022	814,565,341,750	35,085,535.13	23,216.55	31.67
35	28/07/2022	816,301,008,134	35,096,285.72	23,258.90	42.35
36	31/07/2022	818,032,417,268	35,148,673.29	23,273.49	14.59
37	04/08/2022	818,725,768,844	35,148,673.29	23,293.21	19.72
38	11/08/2022	823,403,598,191	35,290,371.62	23,332.24	39.03
39	18/08/2022	820,395,909,533	35,108,589.39	23,367.38	35.14
40	25/08/2022	821,719,663,560	35,101,982.53	23,409.49	42.11
41	31/08/2022	821,079,639,087	35,029,944.17	23,439.36	29.87
42	04/09/2022	821,786,154,644	35,029,944.17	23,459.53	20.17
43	08/09/2022	822,499,027,144	35,029,944.17	23,479.88	20.35
44	15/09/2022	822,509,897,073	34,977,931.60	23,515.10	35.22
45	22/09/2022	819,022,432,317	34,775,654.51	23,551.60	36.50

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7 NET ASSET VALUE (NAV) (continued)

Year ended 31 December 2022					
No.	NAV calculation date	NAV VND	Quantity of fund certificates	NAV per fund certificate at calculation date VND	Increase/ (decrease) of NAV per fund certificate VND
46	29/09/2022	820,464,114,199	34,788,299.78	23,584.48	32.88
47	30/09/2022	817,235,444,011	34,661,797.98	23,577.41	(7.07)
48	06/10/2022	818,696,838,347	34,661,797.98	23,619.57	42.16
49	13/10/2022	657,927,549,321	27,846,897.85	23,626.60	7.03
50	20/10/2022	641,732,067,963	27,115,427.78	23,666.67	40.07
51	27/10/2022	638,456,930,131	26,953,888.82	23,687.00	20.33
52	31/10/2022	631,084,672,121	26,614,640.54	23,711.93	24.93
53	03/11/2022	631,408,277,999	26,614,640.54	23,724.09	12.16
54	10/11/2022	623,127,235,070	26,241,376.48	23,745.98	21.89
55	17/11/2022	615,258,628,710	25,872,090.21	23,780.78	34.80
56	24/11/2022	594,614,481,971	25,304,572.28	23,498.30	(282.48)
57	30/11/2022	537,587,567,769	22,975,036.14	23,398.76	(99.54)
58	01/12/2022	534,486,089,253	22,975,036.14	23,263.77	(134.99)
59	08/12/2022	479,205,082,952	20,714,379.63	23,133.93	(129.84)
60	15/12/2022	461,776,852,160	19,932,088.81	23,167.50	33.57
61	22/12/2022	448,562,282,771	19,318,340.09	23,219.50	52.00
62	29/12/2022	437,788,990,122	18,824,060.36	23,256.88	37.38
63	31/12/2022	434,864,897,100	18,686,118.68	23,272.08	15.20
Average NAV of the year				779,014,266,782	
Changes in NAV per fund certificate during the year - highest level					(282.48)
Changes in NAV per fund certificate during the year - lowest level					7.03

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8 RELATED PARTIES DISCLOSURE

(a) Transactions with related parties

The following transactions were carried out with related parties in the year:

(i) Dragon Capital VietFund Management Joint Stock Company, the Fund Management Company

	For the year ended 31 December	
	2023 VND	2022 VND
Fund management fee	4,816,539,131	9,350,341,186
Redemption fee collected on behalf	262,616,067	5,348,271,267

The Fund management fee is calculated on a daily and a monthly basis. Based on the actual number of days in the valuation period and NAV of the Fund at the date prior to the valuation date. The annual management fee rate is 1.2% of the Fund's NAV.

(ii) Standard Chartered Bank (Vietnam) Limited ("Standard Chartered"), the Supervising and Custodian Bank

	For the year ended 31 December	
	2023 VND	2022 VND
Supervision fee (*)	198,036,571	342,892,499
Safe keeping fee (Note 5.5) (**)	180,033,249	311,720,455
Fund administration fee (*)	134,625,836	257,134,379
Bank charges	108,154,750	96,595,675
Interest income	34,783,920	43,911,131
Transaction fee (Note 5.5) (***)	9,800,000	8,300,000

(*) These fees are calculated on a daily and a monthly basis. The fee amount is calculated based on the actual number of days in the valuation period and NAV of the Fund at the valuation date. The supervision fee and fund administration fee are subject to 10% value added tax.

The rates of supervision fee and fund administration fee applied during the year are as follows:

	Supervision fee	Fund administration fee
Rate	0.04% of NAV per annum Minimum VND15 million/month	0.03% of NAV per annum Minimum VND10 million/month

(**) Minimum safe keeping fee is VND15 million per month. The annual fee rate of safe keeping fee is 0.04% of NAV per annum.

(***) Transaction fee is charged at VND100,000 per transaction.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8 RELATED PARTIES TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

(iii) Board of Representatives' remunerations

	For the year ended 31 December	
	2023 VND	2022 VND
Board of Representatives' remunerations (Note 5.6)	78,000,000	93,000,000

Other than the above-mentioned remunerations, there is no other contract to which the Fund and any member of the Board of Representatives are parties to where a member of the Board of Representatives has a material interest. Remuneration and related expenses to members of the Board of Representatives are recognised as expenses of the Fund in the statement of income.

(b) Balances with related parties

As at the reporting date, the Fund had the following balances with related parties:

	As at	
	31/12/2023 VND	31/12/2022 VND
Dragon Capital VietFund Management Joint Stock Company		
Fund management fee payable (Note 6.7)	434,822,138	466,811,916
Redemption fee payables to Fund Management Company	11,059,231	-
Portion of Fund certificates held by the Fund Management Company and its related parties	56.15%	55.59%
Standard Chartered Bank (Vietnam) Limited		
Cash at bank for the Fund's operations (Note 6.1)	44,401,207,265	2,231,978,061
Cash at bank for the Fund's subscription and redemption (Note 6.1)	168,807,472	29,201,721
Custody fee payable (Note 6.7)	15,033,249	15,602,809
Supervision fee payable (Note 6.7)	16,536,571	17,163,089
Fund administration fee payable (Note 6.7)	11,957,609	12,837,327
Transaction fee payable (Note 6.7)	900,000	700,000
Bank charge payables	7,191,250	-
Board of Representatives		
Accrued Board of Representatives' remunerations (Note 6.5)	12,000,000	12,000,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9 THE FUND'S PERFORMANCE INDICATORS

	For the year ended 31 December	
	2023	2022
1 Total expenses/Average NAV during the year (%) (*)	1.48%	1.40%
2 Turnover of investment portfolio during the year = (Total value of purchase transactions + total value of sales transactions)/2/Average NAV during the year (%) (**)	166.68%	127.79%

(*) This ratio is calculated by dividing total operating expenses of the reporting period by the average NAV of same period. The corresponding figure of the previous years have been re-calculated for comparability.

(**) The contract value of index futures was not included in calculation of this ratio.

10 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

On 6 November 2009, the Ministry of Finance issued Circular 210/2009/TT-BTC providing guidance on the application of International Accounting Standards regarding the presentation and disclosure of financial instruments ("Circular 210/2009/TT-BTC"), which is applicable for fiscal years beginning on or after 1 January 2011. Circular 210/2009/TT-BTC provides definitions of financial instruments, classification, presentation and disclosure including financial risk management policies and fair value of financial instruments.

The Fund has exposure to the following risks from financial instruments:

Credit risk;
Liquidity risk; and
Market risk

The Fund's investment portfolio comprises listed bonds and unlisted bonds, transferable certificates of deposit, cash and term deposits at bank. Board of Management of the Fund Management Company has been given a discretionary authority to manage the Fund's assets in compliance with the Fund's investment objectives. Compliance with the investment restrictions is monitored by the Supervisory Bank on a weekly basis. If any breach to the investment restrictions is found, the investment portfolio shall be adjusted by the Fund Management Company to comply with the established restrictions.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Fund, resulting in a financial loss to the Fund. It arises principally from cash and term deposits at banks, certificates of deposit, debt instruments, and receivables.

All current accounts and term deposits and certificates of deposit were placed with or issued by financial institutions where the Fund expect losses arising from their operations are unlikely.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****10 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (continued)****(a) Credit risk (continued)**

Corporate bonds in the Fund's investment portfolio are issued by listed entities whose the issuance plans are approved by the State Securities Commission. Investment proposals in these bonds are approved in accordance with the Fund's investment policy. Information on the collateral of these bonds is presented in Note 6.2(b).

The Fund's securities will only be traded on the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange or with counterparties which have a specified credit rating. All securities transactions are settled or paid for upon receipt/ delivery of securities via approved brokers. The risk of default is considered minimal since the delivery of securities for sales transaction is only made once payment has been received and delivery of funds for purchase transaction is only made once the securities have been received. If either party fails to meet their obligations, the trade will fail.

Receivables include receivables from trades of bonds, interest receivables from term deposits, certificates of deposit and bonds. Credit risk relating to such receivables is considered not significant due to the fact that receivables account for a small proportion of the portfolio (as at 31 December 2023: 3.04%, as at 31 December 2022: 2.32%) and there are no overdue receivables as at 31 December 2023 and the issuance date of these financial statements.

The maximum exposure to credit risk faced by the Fund is equal to the carrying amounts of bank balances, certificates of deposit, bonds, and receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Open-ended funds face high risk of liquidity due to obligation to redeem its fund certificates from fund certificate holders.

The Fund's approach to managing liquidity risk is to maintain a highly liquid investment portfolio which comprises listed securities and bank deposits to meet its liquidity requirements in the short and long term.

As at 31 December 2023 and 31 December 2022, all the Fund's liabilities were due within 1 year.

As at 31 December 2023 and 31 December 2022, there was no obligation relating to derivative financial instruments.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and market prices will affect the Fund's income or the value of its investment portfolio.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Fund's financial instruments will fluctuate as a result of changes in market interest rates. This risk arises when the market interest rate increases, the value of fixed income instruments held by the Fund, such as corporate bonds, term deposits and transferable certificates of deposit, decreases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****10 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (continued)****(c) Market risk (continued)***Interest rate risk (continued)*

All corporate bonds and certificates of deposit held by the Fund have fixed interest rates or variable interest rates with a base rate referenced to 12-month VND deposit rates quoted by large Vietnamese commercial banks. Details of interest rates of term deposits, corporate bonds and transferable certificates of deposit are presented in Note 6.1 and Note 6.2.

Fund Management Company manage interest rate risk by analysing market competition to have the interest rates that benefit for the Fund's purposes and within the limit of risk management.

Currency risk

Currency risk is the risk that the value of the Fund's financial instruments will be affected by changes in exchange rates. The Fund is not exposed to currency risk as the Fund's assets and liabilities are denominated in Vietnamese Dong, which is also the Fund's accounting currency.

Market price risk

Market price risk is the risk that the value of the financial instruments will decrease as a result of change in securities indices and the values of individual securities.

The Fund has invested in securities that are affected by market price risk arising from the uncertainty in the fluctuation of their future market value. Market price risk is managed by the Fund Management Company by diversifying the investment portfolio and prudent selection of securities within investment restrictions.

As at 31 December 2023, if market price of bonds had increased/decreased by 1% with all other variables (including tax rate) being held constant, the net asset value of the Fund would have been higher/lower by VND3,775,946,751 (as at 31 December 2022: VND3,107,984,607).

(d) Fair value of financial assets and liabilities

According to Circular 210/2009/TT-BTC, financial assets comprise:

- Cash;
- Equity instruments of other entities;
- A contractual right:
 - To receive cash or other financial assets from other entities; or
 - To exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
- A contract that will or may be settled in the entity's own equity instruments.

Financial liabilities are contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity or contracts that will or may be settled in the entity's own equity instruments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10 FINANCIAL RISK MANAGEMENT AND FAIR VALUE (continued)

(d) Fair value of financial assets and liabilities (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Fair value measurement approach has not been stipulated in neither Circular 210/2009/TT-BTC nor Vietnamese Accounting Standards, Circular 198/2012/TT-BTC, Circular 181/2015/TT-BTC, Circular 98/2020/TT-BTC and prevailing regulations on preparation and presentation of financial statements applicable to open-ended investment funds.

Therefore, the Fund applies method of NAV valuation in accordance with Circular 98/2020/TT-BTC, the Fund's Charter and valuation manual approved by the Board of Representatives to determine fair value of the Fund's financial assets including cash and cash equivalents and investments. Fair value of the Fund's other financial assets and financial liabilities approximate their carrying value due to short-term maturity of these financial instruments.

Fair values of the Fund's financial assets and financial liabilities as at 31 December 2023 and 31 December 2022 are as follows:

	Revalued amount		Fair value/revalued amount	
	31/12/2023 VND	31/12/2022 VND	31/12/2023 VND	31/12/2022 VND
Financial assets				
Cash at bank and cash equivalents (Note 6.1)	69,340,014,737	90,661,179,782	69,340,014,737	90,661,179,782
Investments	412,594,675,142	340,198,460,703	412,594,675,142	340,198,460,703
– Listed bonds	337,039,878,972	239,252,137,663	337,039,878,972	239,252,137,663
– Unlisted bonds	40,554,796,170	71,546,323,040	40,554,796,170	71,546,323,040
– Certificate of deposit	35,000,000,000	-	35,000,000,000	-
– Deposits with term over three (03) months	-	29,400,000,000	-	29,400,000,000
Net dividend and interest receivables	15,131,744,246	10,240,741,339	15,131,744,246	10,240,741,339
Total	497,066,434,125	441,100,381,824	497,066,434,125	441,100,381,824
Financial liabilities				
Payables for securities purchased but not yet settled	44,140,400,000	-	44,140,400,000	-
Subscription and Redemption fee payable to distributors and FMC	11,059,231	-	11,059,231	-
Accrued expenses	289,558,185	-	289,558,185	-
Fees payable to related service providers	490,999,567	5,144,307,547	490,999,567	5,144,307,547
Subscription payables to unitholders	158,171,154	327,657,125	158,171,154	327,657,125
Redemption payables to unitholders	336,497,283	147,442,798	336,497,283	147,442,798
Other payables	38,191,250	524,115,141	38,191,250	524,115,141
Total	45,464,876,670	6,143,522,611	45,464,876,670	6,143,522,611

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

11 SUBSEQUENT EVENTS

There have been no significant subsequent events occurring after 31 December 2023 which would require adjustments or disclosures to be made these financial statements.

12 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2023 were approved by the Board of Representatives on 8 March 2024.



Dragon Capital VietFund Management Joint
Stock Company
Beat Schurch
Chief Executive Officer
8 March 2024



Dragon Capital VietFund Management Joint Stock
Company
Nguyen Kieu Truc Ly
Fund Accountant
8 March 2024

Dragon Capital VietFund Management Joint
Stock Company
Ninh Thi Tue Minh
Fund Accounting Manager
8 March 2024

