

## **VCBF Fixed Income Fund**

Financial statements

For the year ended 31 December 2022



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# Vietcombank Fund Management

## VCBF Fixed Income Fund

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# Vietcombank Fund Management

## VCBF Fixed Income Fund

### GENERAL INFORMATION

#### THE FUND

VCBF Fixed Income Fund ("the Fund") was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 24/GCN-UBCK dated 10 May 2019 and Public Fund Establishment Registration Certificate No. 40/GCN-UBCK dated 9 August 2019 granted by the State Securities Commission ("SSC"). As such, the Fund was licensed to operate for an indefinite period.

Total number of initial distributed fund units was 5,658,181.28 units amounting to VND56,581,812,800 and accounting for 113.16% of 5,000,000 fund units expected to be offered at par value of VND10,000 per fund unit. As at 31 December 2022, the Fund's contributed capital is VND73,343,825,900 at par, equivalent to 7,334,382.59 fund units.

The Fund's investment objective is primarily to preserve initial capital and to provide regular income by investing in fixed income assets.

The Fund is located at Vietcombank Fund Management, 15<sup>th</sup> Floor, Vietcombank Tower, 198 Tran Quang Khai Street, Ly Thai To Ward, Hoan Kiem District, Hanoi.

The Fund has no employee and is managed by Vietcombank Fund Management ("the Fund Management Company").

#### SUPERVISORY AND CUSTODIAN BANK

The Supervisory and Custodian Bank of the Fund is Standard Chartered Bank (Vietnam) Limited. The Supervisory and Custodian Bank was appointed by the General Meeting of Investors to carry out the depository of securities, economic contracts and related documents of assets of the Fund as well as supervise the Fund's activities. Rights and obligations of the Supervisory and Custodian Bank are stipulated in the Charter of the Fund.

#### FUND MANAGEMENT COMPANY

The Fund Management Company was established in accordance with License No. 06/UBCK-GPHDQLQ issued by the State Securities Commission on 2 December 2005, and is the authorized representative of the Fund, on behalf of the Fund to execute the ownership towards the assets of the Fund in an honest and careful manner. The Fund Management Company complies with the provisions of law and the charter of the Fund Management Company and manages the Fund's assets as stipulated in the Charter of the Fund in compliance with the rules of professional ethics, voluntariness, fairness, honesty and for the best interests of the Fund.

#### FUND REPRESENTATIVE BOARD

Members of the Fund Representative Board during the year and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Mac Quang Huy	Chairman, independent member	Appointed on 9 August 2019
Ms. Nguyen Thi Thuy	Independent member	Appointed on 9 August 2019
Mr. Pham Ngoc Ninh	Member	Appointed on 9 August 2019

#### LEGAL REPRESENTATIVE

The legal representative of the Fund Management Company during the year and at the date of this report is Mr. Vu Quang Dong, Chief Executive Officer of Vietcombank Fund Management - the Fund Management Company.

#### AUDITORS

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

# Vietcombank Fund Management

## VCBF Fixed Income Fund

### REPORT OF THE BOARD OF REPRESENTATIVES

The Board of Representatives of VCBF Fixed Income Fund ("the Fund") is pleased to present this report and the financial statements of the Fund for the year ended 31 December 2022.

#### **THE BOARD OF MANAGEMENT OF THE FUND MANAGEMENT COMPANY'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Board of Management of Vietcombank Fund Management ("the Fund Management Company") is responsible for the financial statements of each financial year which give a true and fair view of the financial position, investment portfolio of the Fund and of the results of its operations, its changes in net asset value, transactions of fund units and its cash flows for the year. In preparing those financial statements, the Board of 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;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue its business.

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

The Board of Management of the Fund Management Company confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

#### **APPROVAL OF THE FINANCIAL STATEMENTS**

The Board of Representatives hereby approved the accompanying financial statements based on the confirmation of the Board of Management of the Fund Management Company. The financial statements give a true and fair view of the financial position, investment portfolio of the Fund as at 31 December 2022 and of the results of its operations, its changes in net asset value, transactions of fund units and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to the preparation and presentation of open-ended funds' financial statements.

On behalf of the Board of Representatives:



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Mr. Mac Quang Huy  
Chairman

Ho Chi Minh City, Vietnam

30 March 2023

# Vietcombank Fund Management

## VCBF Fixed Income Fund

### REPORT OF THE FUND MANAGEMENT COMPANY

#### I. GENERAL INFORMATION OF THE FUND

##### 1. Investment objective

VCBF Fixed Income Fund ("the Fund") was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 24/GCN-UBCK dated 10 May 2019 and Public Fund Establishment Registration Certificate No. 40/GCN-UBCK dated 9 August 2019 granted by the State Securities Commission ("SSC"). As such, the Fund was licensed to operate for an indefinite period.

The Fund's investment objective is primarily to preserve initial capital and to provide regular income by investing in fixed income assets.

##### 2. The Fund performance summary

According to the audited financial statements of the Fund, as at 31 December 2022, the change in net asset value ("NAV") of the Fund and change of benchmark index are 7.22% and 2.09%, respectively, as compared to 31 December 2021.

##### 3. Investment strategy

The Fund will follow a disciplined investment strategy to generate a steady stream of income and maintain a diversified portfolio consisting of fixed income assets, which are primarily government bonds, government-guaranteed bonds, municipal bonds, and corporate bonds with high credit quality.

The Fund will apply appropriate investment selection method suitable for each type of asset to achieve the Fund's objectives and compliance with regulations prescribed in the Fund Charter. Based on assessments of the macroeconomic situation and interest rate trends, the Fund Management Company will appropriately allocate assets to achieve the Fund's objectives.

The Fund is allowed to invest in fixed income assets, shares, derivatives and rights arising in connection with securities that the Fund is holding. Depending on the market situation, the Fund will invest up to 100% of the Fund's assets in fixed income assets. The Fund will not buy shares but may exercise the right to convert bonds into shares or exercise the right to buy shares if this right is issued with bonds. In any case, the value of shares held by the Fund will not exceed 20% of the Fund's net asset value.

##### 4. Type of the Fund

The Fund is operating as an open-ended fund according to regulation of Circular No. 98/2020/TT-BTC ("Circular 98") dated 16 November 2020 promulgating the establishment and management of open-ended funds by the Ministry of Finance.

##### 5. Investment term recommendation of the Fund: Medium to long term.

##### 6. Short-term risk exposure level (low, medium, high): Low

##### 7. Operating duration

The Fund began its operation from the date of Public Fund Establishment Registration Certificate No. 40/GCN-UBCK dated 9 August 2019 granted by the State Securities Commission. The Fund was licensed to operate for an indefinite period.

##### 8. The Fund 's scale as at the reporting date

- Total net asset value: VND89,900,883,497
- Number of fund units: 7,334,382.59 fund units

##### 9. Benchmark index: 10-year Government bond yield

# Vietcombank Fund Management

## VCBF Fixed Income Fund

### REPORT OF THE FUND MANAGEMENT COMPANY (continued)

#### I. GENERAL INFORMATION OF THE FUND (continued)

##### 10. Dividend policy

The distribution of the Fund's profits to the fund unit holders shall be approved by the General Meeting of Investors or Fund Representative Board in compliance with the Fund's Charter as proposed by the Fund Management Company. Profit distribution is determined based on the audited financial statements confirming that there is sufficient such profit for distribution.

The Fund Management Company is required to deduct all taxes and fee charges as stipulated by the law before distributing dividend to the Fund Unit Holders.

Dividend of the Fund would not be distributed if after the distribution:

- The Fund is financially not be able to fulfil tax and financial obligations, asset obligations, maturing borrowings as stipulated by the law; or
- Net asset value of the Fund is under the minimum level set by the law.

##### 11. Net profit distributed per fund unit

During the year, the Fund has not distributed profit.

#### II. OPERATING FIGURES

##### 1. Assets portfolio

	31 December 2022 (%)	31 December 2021 (%)	31 December 2020 (%)
<i>Assets portfolio</i>			
Bonds portfolio	84.37	57.19	36.54
Other assets	15.63	42.81	63.46
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

# Vietcombank Fund Management

## VCBF Fixed Income Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

### II. OPERATING FIGURES (continued)

#### 2. Key performance indicators

	Items	31 December 2022	31 December 2021	31 December 2020
1	Net asset value (NAV) of the Fund (VND)	89,900,883,497	90,742,562,006	75,973,457,705
2	Total outstanding fund units ("units")	7,334,382.59	7,937,677.65	7,011,203.70
3	NAV per fund unit	12,257.45	11,431.87	10,836.00
4	Maximum NAV per fund unit during the reporting period	12,257.45	11,431.87	10,836.00
5	Minimum NAV per fund unit during the reporting period	11,435.65	10,843.75	10,170.93
6	Closing price of a fund unit at the reporting date (a)	Not applicable	Not applicable	Not applicable
7	Maximum closing price of a fund unit during the reporting period (a)	Not applicable	Not applicable	Not applicable
8	Minimum closing price of a fund unit during the reporting period (a)	Not applicable	Not applicable	Not applicable
9	Total growth (%) per fund unit	7.22	5.50	6.56
9.1	Capital growth (%) per fund unit (change due to price fluctuation) (b)	-0.62	-0.40	-0.11
9.2	Earnings growth (%) per fund unit (based on realized income) (b)	7.84	5.90	6.67
10	Gross distribution per fund unit (c)	Not applicable	Not applicable	Not applicable
11	Net distribution per fund unit (c)	Not applicable	Not applicable	Not applicable
12	Ex-date of distribution (c)	Not applicable	Not applicable	Not applicable
13	Expense ratio (%)	1.23	1.43	2.16
14	Turnover ratio of investment portfolio (%)	33.98	31.44	23.97

(a) The Fund unit is not listed on stock exchange.

(b) Split of growth per fund unit into earnings growth per fund unit and capital growth per fund unit is only relative measure.

(c) The Fund has not yet applied dividend policy.

#### 3. Growth over periods

Period	Growth of NAV per fund unit (%)	Benchmark index of the Fund (%)
1 year (From 1 January 2022 to 31 December 2022)	7.22	2.09
3 years (from 1 January 2020 to 31 December 2022)	20.54	8.09
3 years (annually compounded return)	6.42	2.63
Since inception	22.57	9.98
Since inception (annually compounded return)	6.17	2.84



# Vietcombank Fund Management

## VCBF Fixed Income Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

### II. OPERATING FIGURES (continued)

#### 4. Annual growth rate

Item	2022 (%)	2021 (%)	2020 (%)
Growth of NAV per fund unit	7.22	5.50	6.56

### III. MARKET UPDATE DURING THE YEAR

#### 1. Macroeconomics overview

Vietnam's economy witnessed deceleration in 4Q 2022 amid the slowdown of the manufacturing sector, which resulted from weakening global demands. On the contrary, the service sector has maintained a solid growth momentum on the back of the robust recovery in tourism. Another plus point is the improvement in the current account to support VND while food price stability has somehow eased concerns over inflation risks. For the whole year 2022, Vietnam's economy expanded at the fastest pace in 25 years, which is encouraging given global turbulence. Key economic indicators are as below:

- ▶ GDP grew by 5.92% yoy in 4Q 2022 and 8.02% in 12M 2022. The Industrial & Construction sector (+4.22% yoy in 4Q and +7.78% in 12M) was a crucial growth engine, contributing over 38% to the economy's expansion rate in 2022. Manufacturing & Processing remained the sector's key driver (+2.98% yoy in 4Q and +8.10% yoy in 12M) while Mining & Extraction sub-sector gathered pace (+7.93% yoy in 4Q and +5.19% in 12M). The Construction sector still enjoyed growth (+6.69% yoy in 4Q and +8.17% yoy in 12M) on the back of accelerated public investments toward the year-end. The Service sector (+8.12% yoy in 4Q and +9.99% in 12M) became the top contributor to GDP growth with 56.7%, driven by solid performance of Wholesale & Retail services, which increased by 10.15% yoy in 2022 as compared to the drop of 0.21% yoy in 2021.
- ▶ Real retail sales strongly rebounded by 15.6% yoy in 2022 after witnessing a sharp decline by 6.2% yoy in 2021 due to impacts of Covid-19 outbreak.
- ▶ The PMI dipped to 15-month low at 46.4 in December as export-oriented manufacturers scaled back production to cope with falling new orders.
- ▶ Exports weakened in 4Q 2022 (-6.7% qoq and -6.6% yoy) and its growth for the whole year declined to 10.5% yoy from 18.9% yoy in 2021. Export value of major items softened, notably Phones & Parts (-21.8 YoY in 4Q, +0.8% YoY in 12M), Computers & Electronics (-3.3% YoY in 4Q, +9.3% YoY in 12M), Textiles & Garments (-8.1% YoY in 4Q, +14.7% YoY in 12M). However, as imports rose by a slower pace (-5.9% yoy in 4Q and +7.8% yoy in 12M), Vietnam recorded a substantial goods trade surplus by US\$12.4bn as compared to US\$3.3bn in 2021.
- ▶ Tourism enjoyed a strong recovery. Vietnam welcomed 1.8m foreign tourist arrivals in 4Q (+41% qoq and 35% of pre-Covid level) and 3.7m in 12M 2022, generating US\$3.8bn to service export revenues. The number of domestic tourist visits also reached all-time high at over 101 million (19% higher than that in 2019).

# Vietcombank Fund Management

## VCBF Fixed Income Fund

### REPORT OF THE FUND MANAGEMENT COMPANY (continued)

#### III. MARKET UPDATE DURING THE YEAR (continued)

##### 1. Macroeconomics overview (continued)

- CPI in December cooled down from the previous month due to the drop in fuel prices. On a yearly basis, the price index rose by 4.6%, the highest since March 2020. The acceleration in the last month's inflation was mainly attributed to base effect while prices of key items in CPI basket remained stable. For the whole year 2022, inflation averaged 3.15%, well below the government target of 4%.
- FDI registered value significantly improved in 4Q (+91.0% qoq; +32.9% yoy) to narrow the YTD drop to 7% yoy. On the bright side, the disbursed value remained robust, growing 7.9% yoy in 4Q and 13.5% yoy in 12M 2022, the highest since 2015.
- VND appreciated against USD by 1.2% in 4Q to end 2022 with the devaluation by 3.5%.
- Total bank credit accelerated to increase by 3.5% in 4Q and 14.5% in 12M 2022.

##### 2. Bond market

For the entire 2022, State Treasury completed only 54% the initial plan of VND400 trillion. Tense liquidity, starting from late 1Q and extending to the year end, generated very weak demands. Subscription/Offer recorded historical low of 1.4x in 3Q 2022 and was around 1.9x for the entire year. Throughout the year, only 10 and 15-YR tenors were successfully issued. Under very tense market liquidity and surging exchange rates, yields of all tenors started rallies in 2Q and reached their peak in the first week of November. The market stabilized in the later half of November and yields started going down in December. By the end of the year, the yield curve was nearly flat with yields of 3-5YR tenors were nearly the same (around 4.7%), and just around 10-20bps lower than those of 10-15YR tenors (4.9%). 2022 witnessed the biggest increase in yields, especially of short tenors where 3-5YR surged by nearly 400bps from less than 1% to the peak of nearly 5%. Long and super long tenors recorded a rise of around 230-250bps.

VND267.7 trillion corporate bonds were issued through private placements in 2022. 72% of the volume was issued in 1H of the year. Decree 65 issued in September 2022 tightened private placements of corporate bonds negatively affected the issuance in 2H of the year. Apart from that, the corporate bond market experienced lots of turbulence in 2022, starting with the arrest of Tan Hoang Minh top management officials for deceiving investors in private placements of corporate bonds in April 2022. The market confidence had been totally eroded after the second arrest of Van Thinh Phat top management officials, also alleged for deceiving investors of corporate bonds, in October 2022. The tense liquidity of the interbank market and increasing policy rates resulted in big jumps in banks' mobilization rates in the final quarter of the year. By end of November, mobilization rates increased by at least 2% for all tenors in all banks. Some banks with liquidity and LDR issues offered rates above 10% for 6M and longer. Market chaos accompanied by the surging banks' mobilization rates resulted in big redemptions of fixed income mutual funds and sell-off of listed bonds on HNX, which significantly pushed up corporate bond yields to 15%-20% for most of 4Q. However, rates calmed down in the final week of December 2022 as a result of administrative orders from SBV. The corporate bond market also gradually regained stabilization and thus yields started cooling down in December 2022, and currently varied within the range of 11-15% depending on issuer.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

### REPORT OF THE FUND MANAGEMENT COMPANY (continued)

#### III. MARKET UPDATE DURING THE YEAR (continued)

##### 3. Stock market

After moving almost sideways in the 1Q, the VNI fell sharply into bear market territory and notched its losing streak in the rest three quarters of 2022. With the negative return of 32.7% in 12M, the VNI was amongst the worst performing indices in the Asia Pacific region in 2022. The drastic decline in last year also marks 2022 as the second worst year of the VNI since its inception, only lower than the 66.0% loss at the time of global financial crisis in 2008.

The slump of the VNI can be attributed to substantial macro headwinds, turmoil in the corporate bond market and margin call pressure:

- ▶ The most prominent macro challenge was the stubbornly elevated inflation and the resulting tightening monetary policy in the US. The US CPI accelerated during the course of 1H 2022 to reach 9.1% YoY increase in June, the largest increase since Feb 1983, and that could be attributable to both supply and demand factors. On the supply side, the war of Russia on Ukraine disrupted supply and accordingly prices of some major commodities including crude oil surged in the 1H 2022. As regards demand side, the strong economy and labor market in the US caused significant upward pressures on prices. To tame inflation, the US Federal Reserve has pursued aggressive monetary tightening. That led to mounting recession concern and thus dampened investor sentiment.
- ▶ The accelerated rate hike in the world largest economy put pressure on global central banks including Vietnam to follow suit. To help the VND hold up against a stronger USD as the US Dollar Index increased by 17.8% for the ytd to 30 September 2022 as a result of Fed's rate hikes, the State Bank of Vietnam (SBV) has been selling USD during the course of the 3Q. Also, the SBV lifted the policy rates twice by 1% each time to support the VND. Those led to liquidity constraint in the banking system. It is worth to note that, the SBV had earlier pursued cautious monetary policy since the 2Q as inflation pressure mounted after the high energy price fed into the domestic economy. Business outlook, across almost all sectors turned grim amid the restrictive monetary policy and tight liquidity. Besides, unfavourable conditions of the currency market raised concerns over currency crisis given the fact that the foreign currency reserve, which was estimated to weaken to the threshold of 12 weeks of imports recommended by multilateral institutions including the IMF.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

### REPORT OF THE FUND MANAGEMENT COMPANY (continued)

#### III. MARKET UPDATE DURING THE YEAR (continued)

##### 3. Stock Market (continued)

- ▶ As regards the corporate bond market, the market had been going through difficult times since the arrest of the chairman of Tan Hoang Minh group in April for corporate bond frauds and later the issuance of the Decree 65/2022/ND-CP on 16 September 2022, which imposed stricter requirements on private placements of corporate bond issuances. The arrest of executives of Van Thinh Phat group (VTP group) in early October dampened investor confidence further. Besides, the VTP group case also led to a serious bank-run at Saigon Commercial JSB, which is the fifth largest bank in Vietnam in terms of loan book and is rumored to be related to the group. That negatively impacted liquidity in the banking system and market sentiment. Consequently and as deposit rate increased following the higher policy rates, investors fled from their corporate bond investments at pace that has never seen in the market before. The panic selling perhaps spread to the equity market.
- ▶ Margin call pressure was clearly another reason that put stock prices down further and sharply, especially when margin loan balance was high. As at the end of 4Q 2021, the total margin loan balance reached VND196.8 trillion, which was significantly higher than the pre-Covid level (1Q 2020: VND50.2 trillion).

The combined trading value (matching and put-through) of HSX, HNX and UPCoM in 2022 approximated US\$213.9 billion (-26.0% YoY). The decline in liquidity could be attributed to investor's prolonged bearish sentiment amid challenges in macro and capital market conditions and to high interest rate, which makes the stock market less attractive to investors.

In 2022, all 12 sectors by GICS classification posted negative returns. Excluding the Not Classified group (-50.9%) and the Communication Services sector (-53.6%), which are small constituents in the VNIndex, the Materials and Real Estate sectors performed the worst with negative returns of -50.3% and -45.9%, respectively. The best performing sector was the Information Technology (-4.1%), chiefly driven by the resilient stock price of FPT Corporation (HSX: FPT).

By market capitalization, in 2022, large-cap and mid-cap stocks had better performances than the small-cap stocks as the VN30 Index and the VN70 Index lost 34.5% and 41.3%, respectively while the VNSmallcap Index decreased by 51.0%.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

### IV. KEY PERFORMANCE INDICATORS

#### 1. Key performance indicators

<i>Items</i>	<i>1 year up to reporting date (%)</i>	<i>From establishment up to the reporting date (%)</i>
Earnings growth per fund unit (a)	7.84	Not applicable
Capital growth per fund unit (a)	-0.62	Not applicable
Annual growth per fund unit	7.22	6.17
Growth of the restructuring portfolio	Not applicable	Not applicable
Change in market price per fund unit	Not applicable	Not applicable

(a) Split of growth per fund unit into earnings growth per fund unit and capital growth per fund unit is only relative measure.

Change in NAV:

<i>Items</i>	<i>31 December 2022 VND</i>	<i>31 December 2021 VND</i>	<i>Changing rate (%)</i>
NAV of the Fund	89,900,883,497	90,742,562,006	-0.93
NAV per fund unit	12,257.45	11,431.87	7.22

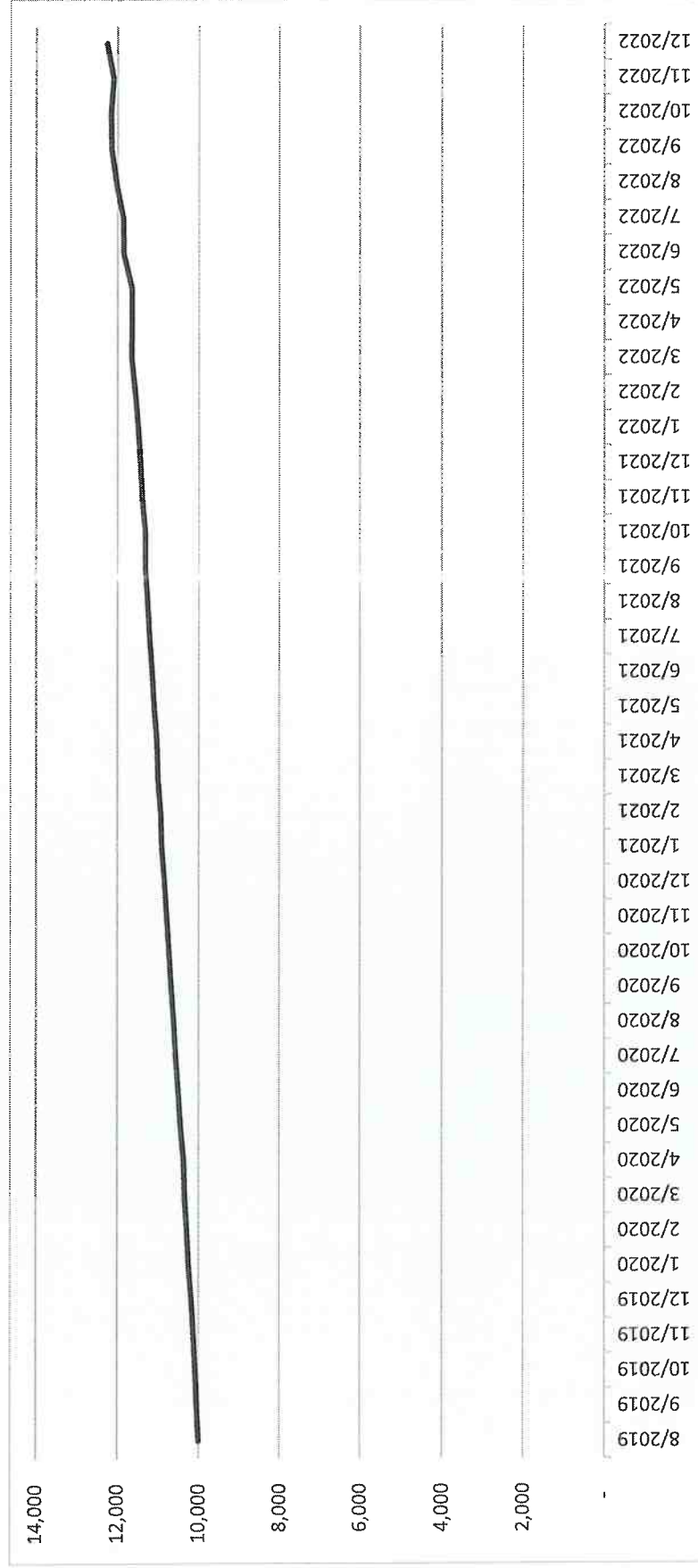
# Vietcombank Fund Management VCBF Fixed Income Fund

## REPORT OF THE FUND MANAGEMENT COMPANY (continued)

### IV. KEY PERFORMANCE INDICATORS (continued)

#### 1. Key performance indicators (continued)

Chart below shows monthly NAV per unit of the Fund:





# Vietcombank Fund Management

## VCBF Fixed Income Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

### IV. KEY PERFORMANCE INDICATORS (continued)

#### 2. Statistical information on Fund Unit Holders as at 31 December 2022

<i>Holding scale (fund units)</i>	<i>Number of fund unit holders</i>	<i>Number of fund units held</i>	<i>Holding percentage (%)</i>
Under 5,000	325	331,030.78	4.52
From 5,000 to 10,000	27	202,515.25	2.76
From 10,000 to 50,000	24	642,334.71	8.76
From 50,000 to 500,000	8	744,631.61	10.15
Over 500,000	1	5,413,870.24	73.81
<b>Total</b>	<b>385</b>	<b>7,334,382.59</b>	<b>100.00</b>

#### 3. Sunk cost and diminution: None

### V. MARKET OUTLOOK

Looking ahead to 2023, high uncertainties remain for both economic growth and economic stability of Vietnam. On the growth front, Vietnam will face considerable headwinds in addition to unfavorable base effect. One is from lower global economic growth and increasing risks of recession in major economies. Another major risk is related to the real estate and related sectors which has been struggling with high interest rates, funding difficulties and legal issues. That being said, tailwinds to support economic growth do exist including: (i) Government's relentless efforts in pushing up public investment, (ii) strong high-quality FDI disbursement during 2020-2022, which will translate into production and export in 2023 and (iii) increasing demand for goods and services, particularly for tourism, resulting from China reopening which may accelerate later this year. All in all, with such high uncertainties, GDP growth forecasts for Vietnam in 2023 vary in a quite large range, from 2.1% to 7.5%<sup>1</sup> by private agencies and from 6.2% by the IMF, 6.3% by the ADB and 6.3% by the World Bank.

On the stability front, the US inflation is expected to further decelerate in the coming months, opening for the US Federal Reserve (Fed) to be less hawkish and hence, pose less risks on the Vietnamese Dong. That being said, the risk of China bumpy reopening may cause upward pressures on global CPI, which may force the Fed to be more conservative in its monetary policy. Domestically in Vietnam, higher demand from China later in its reopening, the needs to adjust Government-controlled prices (electricity, education, petroleum, etc.) together with increased wage also create upside risks for inflation in 2023. In fact, the Government has relaxed its inflation target to 4.5% for 2023 to open room for economic growth support. With regard to interest rates, although the deposit rates might have peaked as liquidity crunch has been easing, how corporate bond market evolves with significant amount of corporate bonds due in 2023 and how SBV grants the credit quota and manage money supply will be interesting to watch.

<sup>1</sup> Bloomberg, 10/01/2023

# Vietcombank Fund Management

## VCBF Fixed Income Fund

### REPORT OF THE FUND MANAGEMENT COMPANY (continued)

#### V. MARKET OUTLOOK (continued)

Regarding the stock market, challenging environment with high interest rates and weakening demand present substantial headwinds to corporate earnings in the upcoming year and could negatively impact investor sentiment. In fact, earnings expectation has been downgraded sufficiently during the 2H2022. However, we believe significant market drawdown in 2022, to a certain degree, has reflected market's anticipation of economic/corporate earnings weakness in 2023. From business cycle perspective, earnings growth in 2024 is foreseen to be stronger YoY as business conditions are expected to improve. And the stock market in 2023 will lead the favorable earnings growth expectation. More importantly, as structural stories of Vietnam strength persist, downcycles will surely come and go as they did in the past. In the meantime, the current valuation is very compelling. The 2023 forward P/E of the VNIndex is 10.0<sup>[2]</sup>, amongst the lowest levels in the last 15 years. In addition, the Vietnamese stock market has never gone through two consecutive years of significant downturn in the past, which should bring in more optimism for the stock market in 2023.

#### VI. OTHER INFORMATION

Information of fund management personnel, Fund Representative Board, Board of Management of the Fund Management Company has been fully presented in the Fund's Prospectus.



Mr. Vũ Quang Đông  
Chief Executive Officer

Hanoi, Vietnam

30 March 2023

<sup>2</sup> Bloomberg, 07/01/2023





## SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of VCBF Fixed Income Fund ("the Fund") for the period from 01<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, recognize that the Fund operated and was managed in the following matters:

- a) During our supervision of the Fund's investments and asset transactions for the period from 01<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, 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 d, Clause 04, Article 35, Circular 98/2020/TT-BTC dated 16<sup>th</sup> November 2020 providing guidance on operation and management of securities investment funds ("Circular 98") and Article 10, 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 30% of total value of its assets in deposits at commercial banks as prescribed by the law on banking; money market instruments, including financial instruments and negotiable instruments as prescribed by law; listed shares, shares registered for trading, bonds listed on Stock Exchange, public fund certificates; 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; derivatives listed on Stock Exchange and used for prevention of risks to underlying securities held by the fund; of companies in the same group of: parent company-subsidaries; companies holding more than 35% of each other's shares/stakes; subsidiaries of the same parent company." 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.

From valuation date 19<sup>th</sup> January 2022 to 28<sup>th</sup> February 2022, at valuation date 18<sup>th</sup> May 2022, from valuation date 12<sup>th</sup> July 2022 to 26<sup>th</sup> July 2022, at date 31<sup>st</sup> July 2022 and from valuation date 09<sup>th</sup> August 2022 to 18<sup>th</sup> August 2022, the Fund's investment in assets issued by companies in the same group of companies deviated from the limit of 30% of the Fund's total asset value due to price fluctuation of the assets in the Fund's investment portfolio and making payments of the Fund as prescribed by law, including implementation of trading orders of investors.

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

At the other valuation dates in the period from 01<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, the Fund's investment portfolio complied with Point d, Clause 04, Article 35, Circular 98 and Article 10, Fund Charter.

- b) Assets Valuation and Pricing of the Fund units were carried out in accordance with Fund Charter, Fund Prospectus and other prevailing regulations.

### Standard Chartered Bank (Vietnam) Limited

Tầng 3, Tháp 1 và Tháp 2, Phòng CP1. L01 và Phòng CP2. L01, Tòa nhà Capital Place, số 29 Liễu Giai, phường Ngọc Khánh, quận Ba Đình, Hà Nội





- c) Fund subscriptions and redemptions were carried out in accordance with Fund Charter, Fund Prospectus and other prevailing regulations.
- d) For the period from 01<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, the Fund did not pay dividend to Fund Unit Holders.

**SUPERVISORY BANK REPRESENTATIVE**

**Nguyen Thuy Linh**  
**Senior Manager, Fiduciary and Fund Services**  
**Operations Vietnam**

**SUPERVISORY BANK OFFICER**

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



Reference: 61536595/ 22987113

## **INDEPENDENT AUDITORS' REPORT**

**To: The Investors of VCBF Fixed Income Fund**

We have audited the accompanying financial statements of VCBF Fixed Income Fund ("the Fund") prepared on 30 March 2023 as set out on pages 18 to 58, which comprise the statement of financial position, the statement of investment portfolio as at 31 December 2022, the income statement, the statement of changes in net asset value, transactions of fund units and the cash flow statement for the year then ended and the notes thereto.

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

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

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

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

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

### **Opinion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position, investment portfolio of the Fund as at 31 December 2022, and of the results of its operations, its changes in net asset value, transactions of fund units and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to the preparation and presentation of open-ended funds' financial statements.

**Ernst & Young Vietnam Limited**



  
\_\_\_\_\_  
Nguyen Phuong Nga  
Deputy General Director  
Audit Practicing Registration  
Certificate No. 0763-2019-004-1



\_\_\_\_\_  
Vu Tien Dung  
Auditor  
Audit Practicing Registration  
Certificate No. 3221-2020-004-1

Ho Chi Minh City, Vietnam

30 March 2023

Vietcombank Fund Management  
VCBF Fixed Income Fund

INCOME STATEMENT  
for the year ended 31 December 2022

B01-QM

Code	ITEMS	Notes	Current year VND	Previous year VND
<b>01</b>	<b>I. INCOME FROM INVESTING ACTIVITIES</b>		<b>7,429,573,501</b>	<b>5,814,259,680</b>
03	1.1 Interest income	13	7,975,391,255	6,157,726,960
04	1.2 Loss from investments trading	14	(202,592,910)	(137,957,725)
05	1.3 Unrealized loss on revaluation of investments	5	(343,224,844)	(205,509,555)
<b>10</b>	<b>II. EXPENSES FROM INVESTING ACTIVITIES</b>		<b>10,872,777</b>	<b>13,076,790</b>
11	2.1 Transaction expenses for investment trading	15	10,872,777	6,576,790
15	2.2 Other expenses from investing activities		-	6,500,000
<b>20</b>	<b>III. OPERATING EXPENSES</b>		<b>1,106,656,960</b>	<b>1,214,650,941</b>
20.1	3.1 Fund management fee	23.1	90,614,872	86,021,258
20.2	3.2 Custody fee	16	181,041,540	220,105,691
20.3	3.3 Supervisory fee	23.2	196,900,000	237,600,000
20.4	3.4 Fund administration fee	23.2	211,200,000	237,600,000
20.5	3.5 Transfer agent fee		132,000,000	132,000,000
20.7	3.6 General Meeting expense		20,846,448	20,936,873
20.8	3.7 Audit fee		141,240,000	145,200,000
20.10	3.8 Other operating expenses	17	132,814,100	135,187,119
<b>23</b>	<b>IV. NET INCOME FROM INVESTING ACTIVITIES</b>		<b>6,312,043,764</b>	<b>4,586,531,949</b>
<b>24</b>	<b>V. NET OTHER INCOME AND EXPENSES</b>		<b>-</b>	<b>-</b>
<b>30</b>	<b>VI. PROFIT BEFORE TAX</b>		<b>6,312,043,764</b>	<b>4,586,531,949</b>
31	6.1 Realized profit		6,655,268,608	4,792,041,504
32	6.2 Unrealized loss	5	(343,224,844)	(205,509,555)
<b>40</b>	<b>VII. CORPORATE INCOME TAX EXPENSE</b>		<b>-</b>	<b>-</b>
<b>41</b>	<b>VIII. PROFIT AFTER TAX</b>		<b>6,312,043,764</b>	<b>4,586,531,949</b>

Ms. Le Van  
Head of Department – Fund Accounting and  
Asset Portfolio

Mr. Vu Quang Dong  
Chief Executive Officer

Ms. Nguyen Minh Hang  
Preparer

Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

30 March 2023

Vietcombank Fund Management  
VCBF Fixed Income Fund

STATEMENT OF FINANCIAL POSITION  
as at 31 December 2022

B02-QM

Code	ITEMS	Notes	31 Dec 2022 VND	31 Dec 2021 VND
<b>100</b>	<b>I. ASSETS</b>			
<b>110</b>	<b>1. Cash and cash equivalents</b>	<b>4</b>	<b>6,685,243,389</b>	<b>22,050,764,085</b>
111	1.1 Cash at banks for operation of the Fund		582,087,224	119,185,239
112	1.2 Deposits with terms under three (3) months		6,103,156,165	21,931,578,846
<b>120</b>	<b>2. Net investments</b>		<b>81,032,606,619</b>	<b>66,994,572,002</b>
121	2.1 Investments	5	81,032,606,619	66,994,572,002
<b>130</b>	<b>3. Receivables</b>		<b>2,400,303,376</b>	<b>1,868,716,343</b>
133	3.1 Receivables, accrual for interest and dividends income from investments		2,400,303,376	1,868,716,343
134	3.1.1 Receivables for interest and dividend income from investments		138,000,000	-
136	3.1.2 Accruals for interest and dividend income from investments	6	2,262,303,376	1,868,716,343
<b>100</b>	<b>TOTAL ASSETS</b>		<b>90,118,153,384</b>	<b>90,914,052,430</b>
<b>300</b>	<b>II. LIABILITIES</b>			
313	1. Payables to Distributors	7	41,693,845	8,820,064
314	2. Tax and payables to the State Budget		9,536,320	2,022,792
316	3. Accrued expenses	8	71,280,000	72,600,000
317	4. Payables to fund unit holders for fund units subscription	9	24,433,177	11,500,000
319	5. Fund management fee payable	10	62,826,545	76,547,568
320	6. Other payables		7,500,000	-
<b>300</b>	<b>TOTAL LIABILITIES</b>		<b>217,269,887</b>	<b>171,490,424</b>
<b>400</b>	<b>III. NET ASSET VALUE ATTRIBUTABLE TO FUND UNITS HOLDERS</b>		<b>89,900,883,497</b>	<b>90,742,562,006</b>
411	1. Contributed capital		73,343,825,900	79,376,776,500
412	1.1 Capital from subscription	11	110,841,803,500	93,645,425,300
413	1.2 Capital from redemption	11	(37,497,977,600)	(14,268,648,800)
414	2. Capital premium	11	460,617,580	1,581,389,253
420	3. Retained earnings	12	16,096,440,017	9,784,396,253
<b>430</b>	<b>IV. NET ASSET VALUE PER FUND UNIT</b>	<b>11</b>	<b>12,257.45</b>	<b>11,431.87</b>


Vietcombank Fund Management  
VCBF Fixed Income Fund


STATEMENT OF FINANCIAL POSITION (continued)  
as at 31 December 2022

B02-QM

OFF BALANCE SHEET ITEM

Code	ITEM	Notes	31 Dec 2022	31 Dec 2021
004	1. Number of outstanding fund units	19	7,334,382.59	7,937,677.65

  
\_\_\_\_\_  
Ms. Le Van  
Head of Department – Fund Accounting and  
Asset Portfolio

  
\_\_\_\_\_  
Ms. Nguyen Minh Hang  
Preparer

Hanoi, Vietnam

30 March 2023

  
  
\_\_\_\_\_  
Mr. Vu Quang Dong  
Chief Executive Officer

  
\_\_\_\_\_  
Ms. Tran Thi Ha Linh  
Chief Accountant




Vietcombank Fund Management  
VCBF Fixed Income Fund

INCOME STATEMENT  
for the year ended 31 December 2022

B01-QM


No.	ITEMS	For the year ended 31 December 2022 VND	For the year ended 31 December 2021 VND
I	<b>Beginning balance of the Fund's Net Asset Value (NAV)</b>	<b>90,742,562,006</b>	<b>75,973,457,705</b>
II	<b>Changes in NAV during the year</b>	<b>6,312,043,764</b>	<b>4,586,531,949</b>
	<i>In which:</i>		
II.1	- Changes in NAV arising from market fluctuation and the Fund's investment activities during the year	6,312,043,764	4,586,531,949
III	<b>Changes in NAV due to redemption and subscription for fund units</b>	<b>(7,153,722,273)</b>	<b>10,182,572,352</b>
	<i>In which:</i>		
III.1	- Proceeds from additional subscription of fund units	20,355,957,535	21,390,271,902
III.2	- Payment on redemption of fund units	(27,509,679,808)	(11,207,699,550)
IV	<b>Ending balance of the Fund's NAV</b>	<b>89,900,883,497</b>	<b>90,742,562,006</b>


  
\_\_\_\_\_  
Ms. Le Van  
Head of Department – Fund Accounting and Asset Portfolio

  
\_\_\_\_\_  
Ms. Nguyen Minh Hang  
Preparer

Hanoi, Vietnam

30 March 2023

  
\_\_\_\_\_  
Mr. Vu Quang Dong  
Chief Executive Officer

  
\_\_\_\_\_  
Ms. Tran Thi Ha Linh  
Chief Accountant



Vietcombank Fund Management  
VCBF Fixed Income Fund

STATEMENT OF INVESTMENT PORTFOLIO  
as at 31 December 2022

B04-QM

No.	Items	Quantity	Market price as at 31 December 2022 VND	Total value VND	Proportion to the Fund's total assets as at 31 December 2022 (%)
<b>I</b>	<b>Bonds</b>			<b>76,032,606,619</b>	<b>84.37</b>
1	Listed bonds			76,032,606,619	84.37
1.1	CTD122015	11	999,458,920.000	10,994,048,120	12.20
1.2	GEG121022	119,589	99,999.804	11,958,876,561	13.27
1.3	HDG121001	142,548	99,756.329	14,220,065,186	15.78
1.4	MML121021	123,000	103,250.767	12,699,844,341	14.09
1.5	MSN120007	66,720	97,585.288	6,510,890,415	7.23
1.6	TNG122017	44,000	100,560.219	4,424,649,636	4.91
1.7	VHM121025	100,000	99,877.085	9,987,708,500	11.08
1.8	VIC121005	56,905	92,022.210	5,236,523,860	5.81
<b>II</b>	<b>Other assets</b>			<b>2,400,303,376</b>	<b>2.66</b>
1	Accrued interest income from bonds			2,306,256,491	2.56
2	Accrued interest income from certificates of deposit			84,136,986	0.09
3	Accrued interest income from term deposits			9,909,899	0.01
<b>III</b>	<b>Cash</b>			<b>11,685,243,389</b>	<b>12.97</b>
1	Cash at banks			6,685,243,389	7.42
1.1	- Demand deposits			582,087,224	0.65
1.2	- Deposits with terms under three (3) months			6,103,156,165	6.77
2	Certificates of deposit			5,000,000,000	5.55
<b>IV</b>	<b>Total investment portfolio</b>			<b>90,118,153,384</b>	<b>100.00</b>

Ms. Le Van  
Head of Department – Fund Accounting and  
Asset Portfolio

Mr. Vu Quang Dong  
Chief Executive Officer

Ms. Nguyen Minh Hang  
Preparer

Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

30 March 2023

Vietcombank Fund Management  
VCBF Fixed Income Fund

STATEMENT OF CASH FLOW  
for the year end 31 December 2022

B05-QM

Code	ITEMS	Notes	Current year VND	Previous year VND
	<b>I. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01	<b>1. Profit before tax</b>		<b>6,312,043,764</b>	<b>4,586,531,949</b>
02	<b>2. Adjustments for increase/(decrease) in net asset value from investing activities</b>		<b>349,404,844</b>	<b>132,909,555</b>
	<i>In which:</i>			
03	Unrealized loss from revaluation of investments	5	343,224,844	205,509,555
04	Accrued expenses		6,180,000	(72,600,000)
05	<b>3. Profit from investing activities before adjustments in working capital</b>		<b>6,661,448,608</b>	<b>4,719,441,504</b>
20	Increase in investments		(14,381,259,461)	(2,132,158,189)
07	(Increase)/decrease in accrued interest income from investments		(531,587,033)	1,566,934,664
11	Increase in payables to Distributors		32,873,781	210,689
13	Increase in tax and payables to the State Budget		7,513,528	1,687,850
14	Increase/(decrease) in payables to fund unit holders for fund units subscription		12,933,177	(70,439,777)
17	(Decrease)/increase in fund management fee payable		(13,721,023)	1,364,775
19	<b>Net cash flows (used in)/from investing activities</b>		<b>(8,211,798,423)</b>	<b>4,087,041,516</b>
	<b>II. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	1. Proceeds from issuance of fund units	11	20,355,957,535	21,390,271,902
32	2. Payment on redemption of fund units	11	(27,509,679,808)	(11,207,699,550)
30	<b>Net cash (used in)/from financing activities</b>		<b>(7,153,722,273)</b>	<b>10,182,572,352</b>
40	<b>III. Net (decrease)/increase in cash and cash equivalents during the year</b>		<b>(15,365,520,696)</b>	<b>14,269,613,868</b>

Vietcombank Fund Management  
VCBF Fixed Income Fund

STATEMENT OF CASH FLOW (continued)  
for the year ended 31 December 2022

B05-QM

Code	ITEMS	Notes	Current year VND	Previous year VND
<b>50</b>	<b>IV. Cash and cash equivalents at beginning of year</b>		<b>22,050,764,085</b>	<b>7,781,150,217</b>
51	Cash at banks at beginning of year:		22,050,764,085	7,781,150,217
52	- Cash at banks for the Fund's operation		22,039,264,085	7,699,210,440
	<i>In which:</i>			
	<i>Deposits with terms under three (3) months</i>	4	21,931,578,846	3,005,610,959
	<i>Demand deposit for the Fund's operation</i>	4	107,685,239	4,693,599,481
53	- Cash at bank of fund unit holders for subscriptions	4	11,500,000	81,939,777
<b>55</b>	<b>V. Cash and cash equivalents at end of year</b>		<b>6,685,243,389</b>	<b>22,050,764,085</b>
56	Cash at banks at the end of year:		6,685,243,389	22,050,764,085
57	- Cash at banks for the Fund's operation		6,660,810,212	22,039,264,085
	<i>In which:</i>			
	<i>Deposits with terms under three (3) months</i>	4	6,103,156,165	21,931,578,846
	<i>Demand deposits for the Fund's operation</i>	4	557,654,047	107,685,239
58	- Cash at banks for fund unit holders for subscriptions	4	24,433,177	11,500,000
<b>60</b>	<b>VI. Net (decrease)/increase in cash and cash equivalents during the year</b>		<b>(15,365,520,696)</b>	<b>14,269,613,868</b>

Ms. Le Van  
Head of Department – Fund Accounting and  
Asset Portfolio

Mr. Vu Quang Dong  
Chief Executive Officer

Ms. Nguyen Minh Hang  
Preparer

Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

30 March 2023

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2022 and for the year then ended

BM06-QM

### 1. THE FUND'S OPERATIONS

#### 1.1 General information

##### **The Fund**

VCBF Fixed Income Fund ("the Fund") was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 24/GCN-UBCK dated 10 May 2019 and Public Fund Establishment Registration Certificate No. 40/GCN-UBCK dated 9 August 2019 granted by the State Securities Commission ("SSC"). As such, the Fund was licensed to operate for an indefinite period.

The Fund has no employee and is managed by Vietcombank Fund Management ("the Fund Management Company").

The Fund is located at Vietcombank Fund Management, 15<sup>th</sup> Floor, Vietcombank Tower, 198 Tran Quang Khai Street, Ly Thai To Ward, Hoan Kiem District, Hanoi.

##### **Supervisory and Custodian Bank**

The Supervisory and Custodian Bank of the Fund is Standard Chartered Bank (Vietnam) Limited. The Supervisory and Custodian Bank was appointed by the General Meeting of Investors to carry out the depository of securities, economic contracts and related documents of assets of the Fund as well as supervise the Fund's activities. Rights and obligations of the Supervisory and Custodian Bank are stipulated in the Charter of the Fund.

##### **Fund Management Company**

The Fund Management Company was established in accordance with License No. 06/UBCK-GPHDQLQ issued by the State Securities Commission on 2 December 2005, and is the authorized representative of the Fund, on behalf of the Fund to execute the ownership towards the assets of the Fund in an honest and careful manner. The Fund Management Company complies with the provisions of law and the charter of the Fund Management Company and manages the Fund's assets as stipulated in the Charter of the Fund in compliance with the rules of professional ethics, voluntariness, fairness, honesty and for the best interests of the Fund.

#### 1.2 The Fund's operations

##### **Capital**

Total number of initial distributed fund units was 5,658,181.28 units amounting to VND56,581,812,800 and accounting for 113.16% of 5,000,000 fund units expected to be offered at par value of VND10,000 per fund unit. As at 31 December 2022, the Fund's contributed capital is VND73,343,825,900 at par, equivalent to 7,334,382.59 fund units.

##### **Investment objectives**

The Fund's investment objective is primarily to preserve initial capital and to provide regular income by investing in fixed income assets. The fixed income assets of the Fund will consist mainly of Vietnam Government bonds, municipal bonds, Government guaranteed bonds, and corporate bonds. In case of the investment environment is temporarily not suitable for the above fixed assets, the Fund may invest in other fixed income assets. Amendments of the Fund's Investment Objectives requires approval voting by Fund Unit Holders as specified in the Fund's Charter; if approved, the Prospectus will be updated.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

BM06-QM

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

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

##### **Investment strategy**

The Fund complies with a disciplinary investment strategy for the purpose of generating frequent income. The Fund will maintain a diversified portfolio of fixed income assets, mainly Vietnam Government bonds, Government-backed bonds, municipal bonds and high credit quality corporate bonds. Based on assessments of the macroeconomic situation and interest rate trends, the Fund Management Company will allocate assets appropriately to achieve the Fund's objectives.

##### **NAV valuation period ("NAV")**

NAV will be computed for every Trading Day of the Fund or the date which NAV is valued for the purpose of reporting (weekly, monthly, quarterly, yearly) or other purposes.

##### **Trading day**

Before 1<sup>st</sup> July 2022, fund units may be traded on every Wednesday if that is a Business Day. If Wednesday is not Business Day, the Trading Date shall be the subsequent Business Day. In case the next Business Day is Tuesday, the Trading Date will be Wednesday of the week.

From 1<sup>st</sup> July 2022, fund units may be traded on every Tuesday, Thursday if that is a Business Day. Should a Tuesday, Thursday not be a Business Day, the Trading Date will be the subsequent Business Day on Tuesday, Thursday.

##### **Investment restrictions**

The investments of the Fund shall be diversified and fulfil conditions under the prevailing Law. The investment portfolio of Fund shall have to comply with the following principles and limits:

- a) Not to invest in securities of an issuer which is more than 10% of total value of outstanding securities issued by that issuer, except for Government's debt instruments;
- b) Not to invest more than 20% of the Fund's total asset value in circulating securities and the following assets (if any) of an issuer, except for Government's debt instruments;
  - i. Deposits at commercial banks in accordance with banking law;
  - ii. Money market instruments including valuable papers, transferable instruments in accordance with relevant laws and regulations;
- c) Not to invest more than 30% of the Fund's total asset value in the following assets which are issued by companies in the group having ownership relationship belonging to these cases: parent company, subsidiary company; companies owning more than 35% of each other's shares and contributed capital; group of subsidiaries having the same parent company. In which, the investment in derivatives is calculated by the committed value of the contract determined according to the provisions in Appendix 14 issued together with Circular No. 98/2020/TT-BTC guiding the operation and management of securities investment fund:
  - i. Deposits at commercial banks in accordance with banking law;
  - ii. Money market instruments including valuable papers, transferable instruments in accordance with relevant laws and regulations;
  - iii. Shares listed, shares registered for trading, bonds listed on the Stock Exchange, public fund certificates;



# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

BM06-QM

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

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

##### Investment restrictions (continued)

- iv. Shares offered for the first time to the public, bonds offered to the public; corporate bonds issued privately by a listed organization with a payment guarantee of a credit institution or a repurchase commitment of the issuer at least one (01) time in twelve (12) months and each time commit to buy back at least 30% of the issuance value. The investment in these assets must be approved in writing by the Board of Fund Representatives on the type, code of securities, quantity, transaction value, and time of implementation; and have sufficient documents proving the payment guarantee or documents of the issuer's commitment to buy back;
- v. Derivative securities are listed and traded on the Stock Exchange and are only for the purpose of hedging risks for the underlying securities that the Fund is holding;
- d) Not to invest more than 10% of the Fund's total asset value in assets that are shares offered for the first time to the public, bonds offered to the public; corporate bonds issued privately by a listed organization with a payment guarantee of a credit institution or a repurchase commitment of the issuer at least one (01) time in twelve (12) months and each time commit to buy back at least 30% of the value of the issuance;
- e) At any time, the total value of commitments in derivative securities transactions, outstanding borrowings and payables of the Fund shall not exceed the net asset value of the Fund;
- f) Not to invest in Fund Certificates of VCBF - FIF;
- g) Only invest in other public fund certificates, public securities investment companies managed by other fund management companies and ensure the following restrictions:
  - i. Not invest in more than 10% of the total outstanding fund certificates of a public fund, outstanding shares of a public securities investment company;
  - ii. Not to invest more than 20% of the Fund's total asset value in fund certificates of a public fund, shares of a public securities investment company;
  - iii. Do not invest more than 30% of the total asset value of the fund in public fund certificates, shares of public securities investment companies;
- h) Do not directly invest in real estate, precious stones, precious metals;
- i) The Fund may only invest in deposits, certificates of deposit including deposits at commercial banks in accordance with banking laws and money market instruments including valuable papers, negotiable instruments under the provisions of law, issued by credit institutions on the list approved by the Fund Representative Board.

The Fund's investment structure may only exceed that of other mentioned in Clauses (a), (b), (c), (d), and (g) above and only for the following reasons:

- a) Changes in market prices of assets in the Fund's investment portfolio;
- b) Fulfilment of legitimate payments of the Fund, including execution of transaction orders of fund unit holders;
- c) Separation, splitting, merger and acquisition activities of issuers of securities held by the Fund;
- d) The Fund is newly licensed for establishment, or due to Fund separation, Fund consolidation or merger, the operation time is less than six (06) months from the date of issuance of the Fund establishment certificate or the Fund amendment establishment certificate; or
- e) The Fund is in the process of dissolution.

In case of deviation from the investment limits for the reasons specified at (a), (b), (c), (d) above, the Fund Management Company is obliged to notify to the State Securities Commission and adjust the portfolio structure to meet the investment limits as prescribed within 3 (three) months from the date the deviation arises.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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

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

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

If the excess investments are caused by the Fund Management Company's failure to comply with the investment limits prescribed by law or the Fund's Charter, the Fund Management Company shall adjust the investment portfolio within fifteen (15) days from the occurrence of such excess. The Fund Management Company shall pay compensation for any damage incurred by the Fund and incur all costs arising from the adjustment of the investment portfolio. Any profits earned will be accounted for as the Fund's profits.

Within 05 working days from the completion of the adjustment of the investment portfolio, the Fund Management Company shall disclose information as prescribed and notify SSC of the investments exceeding the limits, causes, time of occurrence or detection of the excess investment, damage and compensation to the Fund (if any) or profits earned by the Fund (if any), remedial measures, implementation period and results.

### 2. BASIS FOR PREPARATION

#### 2.1 *Accounting standards and system*

The financial statements of the Fund are prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds as per Circular No. 198/2012/TT-BTC ("Circular 198") dated 15 November 2012 stipulating the accounting system applicable to open-ended funds, Circular No. 98/2020/TT-BTC ("Circular 98") dated 16 November 2020 providing guidance on operation and management of securities investment funds and Circular No. 181/2015/TT-BTC dated 13 November 2015 stipulating the accounting system applicable to Exchange Traded Fund issued by the Ministry of Finance.

The financial statements are prepared based on historical cost, except for investments measured at fair value (*Note 3.3*).

Accordingly, the accompanying financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and investment portfolio, income statement, changes in net asset value, transactions of fund units and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

1. The income statement
2. The statement of financial position
3. The statement of changes in net asset value, transactions of fund units
4. The statement of investment portfolio
5. The statement of cash flows
6. Notes to the financial statements.

#### 2.2 *Applied accounting documentation system*

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

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### **2. BASIS FOR PREPARATION (continued)**

#### **2.3 Fiscal year**

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

The Fund also prepares the interim financial statements for the six-month period ended 30 June to submit to the regulatory bodies to meet requirements of Circular 198 and Circular 96/2020/TT-BTC issued by the Ministry of Finance on 16 November 2020.

#### **2.4 Accounting currency**

The financial statements are prepared in Vietnam Dong ("VND") which is also the Fund's accounting currency.

#### **2.5 Compliance statement**

The Board of Management of the Fund Management Company affirms these financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to preparation and presentation of open-ended funds' financial statements.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Accounting estimates**

The preparation of the financial statements is compiled in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and statutory requirements relevant to preparation and presentation of open-ended funds' financial statements which requires the Board of Management of the Fund Management Company make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities as at the date of the financial statements as well as the reported amount of revenues and expenses during the reporting period. Though these accounting estimates are based on the best knowledge of the Board of Management of the Fund Management Company, the actual results may differ.

#### **3.2 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks for the Fund's operation, cash of fund units holders for Fund units subscription and redemption, blocked deposits and term deposits at banks with an original maturity of less than three (3) months from transaction dates and short-term investments with maturity of less than three (3) months that are liquid and readily convertible into known amounts of cash, subject to an insignificant risk of change in value and used for the purpose of meeting commitments of short-term cash payment rather than investment purpose or others.

#### **3.3 Investments**

The Fund's investments include investments in listed bonds, unlisted bonds, deposits with terms over three (3) months and certificates of deposit.

##### *Classification*

Listed securities purchased under trading purpose are classified as trading securities.



# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 *Investments* (continued)

##### *Initial recognition*

Investments are initially recognized at cost that includes only purchase price without any attributable transaction costs.

Purchase price of bonds, certificates of deposit and bank deposits, excluding accrued interest (clean price), are recorded in "*Investments*". The accrued interest not yet entitled to receive up to the acquisition date are recorded in "*Accruals for interest and dividend income from investments*" in the statement of financial position.

##### *Subsequent recognition*

Investments presented in "*Investments*" in the statement of financial position are subsequently measured based on the following principles:

- ▶ Certificates of deposit and deposits with terms over three (3) months are measured at fair value;
- ▶ Listed, unlisted securities and other assets, are measured at fair value.

Gain or loss from investments after the date of acquisition is recognized in the income statement.

The accumulated interest receivables from deposits, treasury bills, bank bills, commercial papers, transferable certificates of deposit, bonds and other debt instruments are recorded in "*Receivables, accruals for interest and dividend income from investments*" in the statement of financial position.

##### *Revaluation for NAV determination*

Investments are revaluated on valuation date at fair value. Revaluation method is regulated in the Valuation Guideline in accordance with the asset valuation method as set out in the Fund's Charter and Circular No. 98/2020/TT-BTC ("Circular 98") dated 16 November 2020 providing guidance on operation and management of securities investment funds and is approved by the Fund Representative Board and the Supervisory Bank. The gain or loss arising from the revaluation of investments are recognized in the income statement in accordance with Circular No. 198/2012/TT-BTC dated 15 November 2012 stipulating the accounting system applicable to open-ended funds issued by the Ministry of Finance.

##### *Principles of valuation*

No.	Type of asset	Principles on the market's transaction valuation
<b>Cash and cash equivalents, money market instruments</b>		
1.	Cash (VND)	Cash balance on date before the Valuation Day.
2.	Foreign currency	The value is convertible into VND according to prevailing exchange rate at credit institutions, in which the Fund's foreign currency are held, are permitted to do business in foreign exchange on the date prior to the Valuation Day.
3.	Term deposit	Deposit value plus accumulated interest as of the date prior to the Valuation Day.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Investments (continued)

*Principles of valuation (continued)*

No.	Type of asset	Principles on the market's transaction valuation
<b>Cash and cash equivalents, money market instruments (continued)</b>		
4.	Treasury bills, transferable deposit certificates, and other money market instruments	Purchase price plus accumulated interest as of the date prior to the Valuation Day.
5.	Non-interest instruments including treasury bills, bonds, valuable papers and any instruments of the like kind	<p>Quoted price posted on the transaction system of the Stock Exchange.</p> <p>In the absence of the quoted price, the price is determined according to the discounted cash flows model in reliance on the time period of holding such instruments and the applied discounted rate which shall be one of the following rates in priority order:</p> <ul style="list-style-type: none"> <li>- Bid-awarding interest rate; or</li> <li>- Another rate designated by the Fund Representative Board.</li> </ul>
<b>Bonds</b>		
6.	Listed bonds	<ul style="list-style-type: none"> <li>- Weighted average quoted price (clean price) on the transaction system of the Stock Exchange (or otherwise called according to the regulations adopted by the Stock Exchange) of ordinary transaction made on the latest trading date before the Valuation Day plus accrued interest;</li> <li>- In case of no transaction in more than fifteen (15) days until the Valuation Day (not including the Valuation Day); or no transactions since the date when bonds are approved for listing until the Valuation Day; or in case of abnormal fluctuation in the bond price as regulated below, it shall be one of the following prices: <ul style="list-style-type: none"> <li>+ Weighted average quoted price (clean price) on the transaction system of the Stock Exchange, which does not have abnormal fluctuation as regulated below, made on the latest trading date before the Valuation Day but not more than sixty (60) days until the Valuation Day (not including the Valuation Day) plus accumulated interest; or</li> <li>+ Quoted clean price (if any) on quotation systems plus accumulated interest; or</li> <li>+ Price determined by Discounted Cash Flow method applied for bonds with tenor &gt; 1Y plus accumulated interest; or</li> <li>+ Purchase price plus accumulated interest; or</li> <li>+ Face value plus accumulated interest.</li> </ul> </li> </ul>

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

BM06-QM

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Investments (continued)

*Principles of valuation (continued)*

No.	Type of asset	Principles on the market's transaction valuation
<b>Bonds (continued)</b>		
6.	Listed bonds (continued)	<ul style="list-style-type: none"> <li>- In case a bond is delisted due to its reaching maturity, the price will be par value plus accumulated interest.</li> <li>- Bond prices are considered to have abnormal fluctuations if they fall into one of the following cases: <ul style="list-style-type: none"> <li>+ The weighted average quoted price (clean price) on the transaction system of the Stock Exchange has a fluctuation of more than +/- 3% in comparison with the quoted clean price (if any) on quotation systems of the same trading day.</li> <li>+ The weighted average quoted price (clean price) on the transaction system of the Stock Exchange has a fluctuation of more than +/- 3% in comparison with the price of the latest reporting period.</li> </ul> </li> </ul>
7.	Unlisted bonds	<ul style="list-style-type: none"> <li>- Quoted clean price (if any) on quotation systems plus accumulated interest; or</li> <li>- Price determined by Discounted Cash Flow method applied for bonds with tenor &gt;1Y plus accumulated interest; or</li> <li>- Purchase price plus accumulated interest; or</li> <li>- Face value plus accumulated interest; or</li> <li>- In case of government bond/ government- backed bond/municipal bond that has been successfully bid but not been listed, the price will be determined by purchase value plus accumulated interest.</li> </ul>
<b>Shares</b>		
8.	Shares listed or registered for trading	<ul style="list-style-type: none"> <li>- Closing price (or otherwise called according to the regulations adopted by the Stock Exchange) of the latest trading date before the Valuation Day.</li> <li>- In case of no transaction in more than fifteen (15) days until the Valuation Day (not including the Valuation Day); or no transactions since the date when shares are approved for listing until the Valuation Day, it shall be one of the following prices: <ul style="list-style-type: none"> <li>+ Price of the latest reporting period but not more than ninety (90) days until the Valuation Day (not including the Valuation Day); or</li> <li>+ A fair value which is derived from Public Comparable Peer Multiples Approach; or</li> </ul> </li> </ul>

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

BM06-QM

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 *Investments* (continued)

##### *Principles of valuation* (continued)

No.	Type of asset	Principles on the market's transaction valuation
<b>Shares</b> (continued)		
8.	Shares listed or registered for trading (continued)	<ul style="list-style-type: none"> <li>+ Purchase price; or</li> <li>+ Book value;</li> <li>- In case the share is in the process to change the Stock Exchange, the price shall be the closing price of the latest trading date on the former Stock Exchange.</li> </ul>
9.	Shares are suspended to transact, or cancelled listing or cancelled transaction registration	<p>It shall be one of the following prices:</p> <ul style="list-style-type: none"> <li>- A fair value which is derived from Public Comparable Peer Multiples Approach; or</li> <li>- Book value; or</li> <li>- Face value.</li> </ul>
10.	Shares of organizations falling into winding-up or bankruptcy	<p>It shall be one of the following prices:</p> <ul style="list-style-type: none"> <li>- 80% of liquidating value of such shares on the latest date of preparing balance sheet prior to the Valuation Day; or</li> <li>- Price determined by the other methods which are approved by the Fund Representative Board.</li> </ul>
11.	Stocks, other contributed capital (including shares for initial public offering pending for listing procedures)	<ul style="list-style-type: none"> <li>- Average price of successful transactions on the latest trading date before the Valuation Day which are provided by three (03) quotation providers that are not the related persons of Fund Management Company ("VCBF").</li> <li>- In case of no full quotation of three (03) quotation providers, use one of following prices: <ul style="list-style-type: none"> <li>+ Price of the latest reporting period but not more than ninety (90) days until the Valuation Day (not including the Valuation Day); or</li> <li>+ A fair value which is derived from Public Comparable Peer Multiples Approach; or</li> <li>+ Purchase price/ contributed capital value; or</li> <li>+ Book value.</li> </ul> </li> </ul>
12.	Right issue to buy share	<p>Value of the right = <math>\text{Max } \{0; (\text{Price of shares} - \text{Issuing price}) \times \text{conversion rate}\}</math></p> <p>Whereas:</p> <p>Conversion rate = <math>\frac{\text{Number of shares entitled to buy}}{\text{Number of rights}}</math></p>

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

BM06-QM

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.3 Investments (continued)

##### *Principles of valuation (continued)*

No.	Type of asset	Principles on the market's transaction valuation
<b>Derivative securities</b>		
13.	Listed derivative securities	Closed price (or otherwise called according to the regulations adopted by the Stock Exchange) on the latest trading date prior to the Valuation Day.
14.	Listed derivative securities without transaction in more than fifteen (15) days until the Valuation Day (not including the Valuation Day)	Price determined by the methods which are approved by the Fund Representative Board.
<b>Other assets</b>		
15.	Other permitted investment assets	<p>Average price of successful transactions on the latest trading date before the Valuation Day which are provided by quotation providers.</p> <p>In case of no quotations, price determined by the following methods:</p> <ul style="list-style-type: none"> <li>- Purchase price plus accumulated interest (if any)</li> <li>- Other methods which are approved by the Fund Representative Board.</li> </ul>

##### *Derecognition*

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

Gain/(loss) from sale of investments is the difference between the selling price and cost of investments calculated by using the weighted average method at the date of transaction.



# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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BM06-QM

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.4 *Net asset value and net asset value per fund unit*

Net asset value is the total market value of assets owned by the Fund after deducting its related liabilities (such as management fee, supervisory fee, custody fee, fund administration fee, transfer agent fee and other payables) on the date immediately preceding the valuation day.

Net asset value per fund unit is calculated by dividing net asset value by the total number of fund units outstanding as at the latest trading day preceding the valuation day and is rounded down to two (2) decimal.

#### 3.5 *Contributed capital and capital premium*

##### 3.5.1 *Contributed capital*

The Fund's units with discretionary dividends are classified as contributed capital, which includes capital from subscription and capital from redemption.

Capital from subscription reflects initial and supplementary capital contribution. Based on the result of releasing eligible blocked capital contribution and the confirmation of valid capital contribution from transfer agents (for initial offering), or credit advices from the Supervisory Bank attached with a detailed list of valid proceeds from subscriptions (for subsequent offerings), the Fund Management Company recognizes capital from subscription.

Capital from redemption reflects repurchases of fund units from Fund Unit Holders. Based on confirmation of transfer agents attached with a summary of fund units redemption orders, the Fund Management Company recognizes capital from redemption.

Difference between capital from subscription and capital from redemption is contributed capital.

Capital premium includes premium of capital from subscription and premium of capital from redemption.

- ▶ Premium of capital from subscription is the difference between subscription price and face value.
- ▶ Premium of capital from redemption is the difference between redemption price and face value.

##### 3.5.2 *Retained earnings*

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

Realized profit is the difference between the Fund's total income and expense during the year.

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

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

##### 3.5.3 *Profit/Assets distributed to Fund Unit Holders*

This account reflects the profit/assets distributed to Fund Unit Holders during the period and the transfer of distributed profit amount to "Retained earnings" at the end of the year.

The open-ended fund recognizes the profit/assets distributed to Fund Unit Holders in accordance with Fund Prospectus, Authorized Decision of the Board of Representative (in the latest period), Resolution by the General Meeting of Investors in compliance with the Fund Charter and prevailing securities laws.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 Receivables

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

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

The Fund has made provision for doubtful receivables in accordance with Circular No. 48/2019/TT-BTC, amended by Circular 24/2022/TT-BTC as follows:

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

#### 3.7 Payables and accrued expenses

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

#### 3.8 Expenses

The Fund's expenses are recognized on an accrual basis. The major expenses of the Fund are as below:

##### 3.8.1 Management fee of public securities investment fund

Management fee of public securities investment fund includes fund management fee, fund administration fee and transfer agency service fee. According to Circular No. 102/2021/TT-BTC dated 17 November 2021 prescribing prices of securities services applied in securities trading organizations and commercial banks participating in Vietnam's securities market, the Fund is required to pay total investment portfolio management fee to the Fund Management Company at a maximum rate of 2% of the Fund's NAV.

###### (i) Fund management fee

Management fee is calculated at maximum 0.9%NAV per annum, recognized as the Fund's expenses at each valuation period and paid monthly to the Fund Management Company. The specific fund management service fee will be announced by VCBF from time to time on its website.

###### (ii) Fund administration fee

Fund administration fee is calculated at 0.04%NAV per annum, with the minimum of VND18,000,000 per month for the first six months of the year, and then it is calculated at 0.05%NAV per annum, with a minimum of 11,000,000 per month for the last six months of the year. The fee is exclusive of value-added tax. The fund administration fee is recognized as the Fund's expenses at each valuation period and paid monthly to the fund administration service provider.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.8 Expenses (continued)

##### 3.8.1 Management fee of public securities investment fund (continued)

###### (iii) Transfer agent fee

Transfer agent fee is VND10,000,000 per month, exclusive of value-added tax, recognized as the Fund's expenses at each valuation period and paid monthly to the transfer agent provider.

##### 3.8.2 Supervisory fee

Supervisory fee is calculated at 0.04%NAV per annum based on the NAV, with the minimum of VND18,000,000 per month for the first six months of the year, with the minimum of VND 11,000,000 per month for from July to November and with the minimum of VND 16,000,000 for December. The fee is exclusive of value-added tax. Supervisory fee is recognized as the Fund's expenses at each valuation period and paid monthly to the Supervisory Bank.

##### 3.8.3 Custody fee

Custody fee is calculated at 0.04% Nav per annum based on the NAV with the minimum amount VND18,000,000 per month for the first six months of the year, and then it is calculated at 0.03%NAV per annum, with a minimum of 11,000,000 per month for the last six months of the year. The fee does not include amount payable to the Viet Nam Securities Depository, transactions fee and registered fee. Custody fee is recorded as the Fund's expense at each valuation period and paid monthly to the Supervisory Bank.

##### 3.8.4 Transaction fee

The Fund has an obligation to pay to the Supervisory Bank a fee of VND220,000 per transaction.

##### 3.8.5 Financial reporting fee

From 1st July 2022, the service fee for fund's financial statement preparation is VND 36,000,000 per year, equivalent to VND 3,000,000 per month. The fee is exclusive of value-added tax. Financial reporting fee is recorded as the Fund's expenses at each valuation period, and paid monthly to the Supervisory Bank.

#### 3.9 Revenue recognition

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

##### *Dividends*

Dividend income is recognized when the Fund's entitlement as an investor to receive the dividend is established.

When being entitled to shares dividends, the Fund records number of shares entitled to receive and does not recognize the increase in investment going with received stock dividends.

##### *Interest (including the interest from deposits, certificates of deposit and bonds)*

Revenue is recognized on an accrual basis (taking into account the effective yield on the asset) unless collectability is in doubt.

##### *Income from securities trading activities*

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



# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.10 Tax

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

##### *Dividend payments to fund unit holders*

When the Fund pays dividends to its fund unit holders, the Fund Management Company must comply with regulations on tax deduction and tax payment in accordance with Circular No. 78/2014/TT-BTC dated 18 June 2014, Circular No. 111/2013/TT-BTC dated 15 August 2013 issued by the Ministry of Finance, Circular No. 92/2015/TT-BTC dated 15 June 2015 guiding the implementation of value added tax and personal income tax applicable to resident individuals conducting business activities; guiding the implementation of a number of amendments and supplements to personal income tax as provided for in the Law amending and supplementing a number of articles of Tax Laws No. 71/2014/QH13 and Decree No. 12/2015/ND-CP dated 12 February 2015 of the Government detailing the implementation of the law amending and supplementing some articles of the tax law and amending and supplementing some articles of the tax decrees, Circular No. 96/2015/TT-BTC dated 22 June 2015 guiding corporate income tax in the Decree No.12/2015/ND-CP dated 12 February 2015 issued by the Government detailing the implementation of the law amending and supplementing a number of articles of the tax laws and amending and supplementing a number of articles of the tax decrees and amending and supplementing a number of articles of Circular No. 78/2014/TT-BTC dated 18 June 2014, Circular No. 119/2014/TT-BTC dated 25 August 2014, Circular No.151/2014/TT-BTC dated 10 October 2014 issued by the Ministry of Finance, Official Letter No. 10945/BTC-TCT dated 19 August 2010 on tax policy for dividends to institutional unit holders.

When the Fund pay dividends to its institutional unit holders, regardless of domestic or foreign, Fund Management Company is required to withhold an amount of corporate income tax equal to 20% of distributed profit (except for distributed profit portions already imposed to corporate income tax in the previous stages and interest income collected from tax-free bonds in accordance with the current regulations). In addition, when the Fund pays dividends to its individual unit holders; it is required to withhold an amount of the personal income tax equal to 5% of distributed profit.

##### *Fund units redemption*

The Fund Management Company is required to withhold, declare and pay income tax of transactions relating to fund units redemption from individuals (domestic or foreign) and from institutions classified as foreign in accordance with regulations on foreign exchange control. The applied tax rate for securities transfer transactions is 0.1% of transfer value in accordance with Circular No. 111/2013/TT-BTC dated 15 August 2013, Circular No. 78/2014/TT-BTC dated 18 June 2014, Circular No.103/2014/TT-BTC dated 6 August 2014 issued by the Ministry of Finance, Circular No. 92/2015/TT-BTC dated 15 June 2015, Circular 25/2018/TT-BTC dated 16 March 2018 and supplementing, amending Circulars issued by Ministry of Finance.

The Fund Management Company does not withhold income tax of domestic institutional unit holders since these domestic organizations shall be responsible for their income tax declaration and payment.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 *Related parties*

Parties/individuals are considered to be related if one party has the ability, directly or indirectly, to control other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Other investment funds under the management of the same Fund Management Company, shareholders of the Fund Management Company, the key management personnel such as General Director of Fund Management Company, members of Fund Representative Board, close members of the family of any such individual or joint-venture parties or joint-venture companies related to these individuals are considered as related parties to the Fund. In the consideration of relationship of each related party, the substance of each party's relationship is more important than its legal form.

#### 3.12 *Off balance sheet items*

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

#### 3.13 *Financial instruments*

##### *Financial instruments – initial recognition and presentation*

###### Financial assets

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

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

The Fund's financial assets include cash, short-term deposits, listed securities, unlisted securities, certificates of deposit and other investments, accrued interest and dividends receivable, interest from investment activities and other receivables.

###### Financial liabilities

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

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

The Fund's financial liabilities include payables to distributors, accrued expenses, payables to Fund Unit Holders for fund unit subscription and redemption, payables of fund management services and other payables.

##### *Financial instruments – subsequent re-measurement*

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

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.13 *Financial instruments* (continued)

##### *Offsetting of financial instruments*

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

#### 3.14 *Nil balance*

Items or balance stipulated in Circular No. 198/2012/TT-BTC dated 15 November 2012 stipulating the accounting systems applicable to open-ended funds, which are not presented in these financial statements, are considered to be nil balance.

### 4. CASH AND CASH EQUIVALENTS

	<i>Ending balance</i> <i>VND</i>	<i>Beginning balance</i> <i>VND</i>
Demand deposit at Supervisory and Custodian Bank for the Fund's operation	557,654,047	107,685,239
Deposit of Fund Unit Holders for fund units subscription	24,433,177	11,500,000
Deposits with terms under three (3) months	6,103,156,165	21,931,578,846
	<b>6,685,243,389</b>	<b>22,050,764,085</b>

# Vietcombank Fund Management VCBF Fixed Income Fund

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

	Cost VND	Market value or fair value VND	Revaluation difference			Revaluation value VND
			Increase VND	Decrease VND	Net (decrease)/ increase VND	
<b>31 December 2022</b>						
Listed Corporate bonds (a)	76,528,182,876	76,032,606,619	389,775,511	(885,351,768)	(495,576,257)	76,032,606,619
Certificates of deposit (b)	5,000,000,000	5,000,000,000	-	-	-	5,000,000,000
	<b>81,528,182,876</b>	<b>81,032,606,619</b>	<b>389,775,511</b>	<b>(885,351,768)</b>	<b>(495,576,257)</b>	<b>81,032,606,619</b>
<b>31 December 2021</b>						
Listed Corporate bonds	43,818,725,387	43,665,761,791	7,586,888	(160,550,484)	(152,963,596)	43,665,761,791
Unlisted Corporate bonds	8,328,198,028	8,328,810,211	612,183	-	612,183	8,328,810,211
Certificates of deposit	5,000,000,000	5,000,000,000	-	-	-	5,000,000,000
Deposits with term over three (3) months	10,000,000,000	10,000,000,000	-	-	-	10,000,000,000
	<b>67,146,923,415</b>	<b>66,994,572,002</b>	<b>8,199,071</b>	<b>(160,550,484)</b>	<b>(152,351,413)</b>	<b>66,994,572,002</b>
<b>Impact of the revaluation difference on investments in the income statement</b>						<b>(343,224,844)</b>

a) Listed corporate bonds are issued by Masan Group Joint Stock Company, Masan MeatLife Corporation, Ha Do Group Joint Stock Company, Cotecons Construction Joint Stock Company, Gia Lai Electricity Joint Stock Company, TNG Investment and Trading JSC, Vinhomes Joint Stock Company and Vingroup Joint Stock Company, having maturity from 2-5 years, interest rate ranging from 9.50%/p.a. to 11.58%/p.a., interest paid every 3 months and every 6 months.

b) Certificates of deposit is issued by Home Credit Vietnam One-member Finance Company Limited, having maturity 3 years.



Vietcombank Fund Management  
VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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**6. ACCRUALS FOR INTEREST AND DIVIDEND INCOME FROM INVESTMENTS**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Interest receivable from bonds	2,168,256,491	1,602,368,398
Interest receivable from certificates of deposit	84,136,986	84,136,986
Interest receivable from term deposits	9,909,899	182,210,959
	<b>2,262,303,376</b>	<b>1,868,716,343</b>

**7. PAYABLES TO DISTRIBUTORS**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Payables to Fund Management Company	41,693,845	7,239,844
Payables to Distributors	-	1,580,220
	<b>41,693,845</b>	<b>8,820,064</b>

**8. ACCRUED EXPENSES**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Audit fee	<b>71,280,000</b>	<b>72,600,000</b>

**9. PAYABLES TO FUND UNIT HOLDERS FOR FUND UNITS SUBSCRIPTION**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Payables to fund units holders for fund units subscription which are waiting for allotment	<b>24,433,177</b>	<b>11,500,000</b>

**10. FUND MANAGEMENT FEE PAYABLE**

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Payable to fund management fee	7,606,545	7,727,568
Payable to custodian service - safekeeping fee	11,000,000	18,000,000
Payable to custodian service - transaction fee	220,000	220,000
Payable to fund administration fee	15,400,000	19,800,000
Payable to supervisory fee	17,600,000	19,800,000
Payable to transfer agent fee	11,000,000	11,000,000
	<b>62,826,545</b>	<b>76,547,568</b>

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 11. STATEMENT OF CHANGES IN OWNERS' EQUITY

	<i>Beginning balance VND</i>	<i>Movement during the year VND</i>	<i>Ending balance VND</i>
<b>Subscription capital</b>			
Number of fund units ("units")	9,364,542.53	1,719,637.82	11,084,180.35
Subscription capital at par value	93,645,425,300	17,196,378,200	110,841,803,500
Capital premium of subscription capital	2,923,819,604	3,159,579,335	6,083,398,939
Total subscription capital	96,569,244,904	20,355,957,535	116,925,202,439
<b>Redemption capital</b>			
Number of fund units ("units")	(1,426,864.88)	(2,322,932.88)	(3,749,797.76)
Redemption capital at par value	(14,268,648,800)	(23,229,328,800)	(37,497,977,600)
Capital premium of redemption capital	(1,342,430,351)	(4,280,351,008)	(5,622,781,359)
Total redemption capital	(15,611,079,151)	(27,509,679,808)	(43,120,758,959)
<b>Number of outstanding fund units ("units")</b>	<b>7,937,677.65</b>	<b>(603,295.06)</b>	<b>7,334,382.59</b>
<b>Outstanding contributed capital</b>	<b>80,958,165,753</b>	<b>(7,153,722,273)</b>	<b>73,804,443,480</b>
<b>Retained earnings</b>	<b>9,784,396,253</b>	<b>6,312,043,764</b>	<b>16,096,440,017</b>
<b>NAV</b>	<b>90,742,562,006</b>		<b>89,900,883,497</b>
<b>NAV per fund unit</b>	<b>11,431.87</b>		<b>12,257.45</b>

### 12. RETAINED EARNINGS

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Realized profit	16,592,016,274	9,936,747,666
Unrealized loss	(495,576,257)	(152,351,413)
	<b>16,096,440,017</b>	<b>9,784,396,253</b>



Vietcombank Fund Management  
VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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13. INTEREST INCOME

	<i>Current year</i> VND	<i>Previous year</i> VND
Interest income from bond	7,426,886,946	3,514,185,254
Interest income from Certificates of deposit	415,000,000	1,633,301,370
Interest income from term deposits	132,222,077	1,008,848,663
Interest income from demand deposits	1,282,232	1,391,673
	<b>7,975,391,255</b>	<b>6,157,726,960</b>

14. LOSS FROM INVESTMENT TRADING

	<i>Current year</i>		
	<i>Total trading amount during the year VND</i>	<i>Weighted average cost at the end of trading date VND</i>	<i>Loss on investment trading during the year VND</i>
Listed bond	<b>28,999,200,000</b>	<b>29,201,792,910</b>	<b>(202,592,910)</b>
	<i>Previous year</i>		
	<i>Total trading amount during the year VND</i>	<i>Weighted average cost at the end of trading date VND</i>	<i>Loss on investment trading during the year VND</i>
Listed bond	11,000,000,000	11,182,895,753	(182,895,753)
Unlisted bond	6,554,468,843	6,509,530,815	44,938,028
Certificates of deposit	28,500,000,000	28,500,000,000	-
	<b>46,054,468,843</b>	<b>46,192,426,568</b>	<b>(137,957,725)</b>

15. TRANSACTION EXPENSES FOR INVESTMENT TRADING

	<i>Current year</i> VND	<i>Previous year</i> VND
Transaction expenses for buying investments	9,250,275	6,576,790
Transaction expenses for selling investments	1,622,502	-
	<b>10,872,777</b>	<b>6,576,790</b>

Vietcombank Fund Management  
VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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15. TRANSACTION EXPENSES FOR INVESTMENT TRADING (continued)

In 2022, the Fund's transactions are mainly conducted through the following securities companies:

No.	Name of securities companies (2)	Relationship with the Fund Management Company (3)	Trading rate of the Fund at each securities company			Average trading fee on market (%) (8)
			Trading value of the Fund during the year VND (4)	Total trading value of the Fund during the year (*) VND (5)	Trading rate of the Fund at each securities company during the year (%) (6)=(4)/(5)	
1	Viet Capital Securities Joint Stock Company	Not related	8,067,510,000	62,263,667,500	12.96	0.00 - 0.45
2	BIDV Securities Joint Stock Company	Not related	22,417,030,129	62,263,667,500	36.00	0.00 - 0.45
3	VNDIRECT Securities Joint Stock Company	Not related	11,066,107,371	62,263,667,500	17.77	0.00 - 0.45
4	Viet Dragon Securities Corporation	Not related	10,576,020,000	62,263,667,500	16.99	0.00 - 0.45
5	MB Securities Joint Stock Company	Not related	10,137,000,000	62,263,667,500	16.28	0.00 - 0.45
	<b>Total</b>		<b>62,263,667,500</b>		<b>100.00</b>	

(\*) Total trading value of the Fund comprises of total trading value of listed bonds and unlisted bonds.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 16. CUSTODY FEE

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Custody fee - safekeeping fee	174,000,000	216,000,000
Custody fee - transaction fee	5,720,000	3,520,000
Custody fee paid to Vietnam Securities Depository	1,321,540	585,691
	<b>181,041,540</b>	<b>220,105,691</b>

### 17. OTHER OPERATING EXPENSES

	<i>Current year</i> <i>VND</i>	<i>Previous year</i> <i>VND</i>
Remuneration of the Fund Representatives Board	120,000,000	120,000,000
Annual fee for the State Securities Commission	7,500,000	5,000,000
Bank charges	5,314,100	9,404,453
Others	-	782,666
	<b>132,814,100</b>	<b>135,187,119</b>

# Vietcombank Fund Management VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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## 18. NET ASSET VALUE

Net asset value for the year ended 31 December 2022:

Period of NAV	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
<b>Last period of December 2021</b>	<b>90,742,562,006</b>	<b>7,937,677.65</b>	<b>11,431.87</b>	
First period of January 2022	90,802,801,026	7,937,677.65	11,439.46	7.59
Second period of January 2022	90,912,774,861	7,939,377.68	11,450.86	11.40
Third period of January 2022	87,786,382,955	7,676,551.91	11,435.65	(15.21)
Fourth period of January 2022	87,022,086,416	7,588,877.19	11,467.05	31.40
<b>Last period of January 2022</b>	<b>87,197,217,476</b>	<b>7,587,591.43</b>	<b>11,492.08</b>	<b>25.03</b>
First period of February 2022	87,302,574,512	7,587,591.43	11,505.96	13.88
Second period of February 2022	87,186,529,867	7,585,444.42	11,493.92	(12.04)
Third period of February 2022	87,495,954,551	7,596,304.83	11,518.22	24.30
Fourth period of February 2022	88,578,432,087	7,679,308.57	11,534.68	16.46
<b>Last period of February 2022</b>	<b>88,860,031,443</b>	<b>7,688,523.25</b>	<b>11,557.49</b>	<b>22.81</b>
First period of March 2022	88,871,137,672	7,688,523.25	11,558.93	1.44
Second period of March 2022	90,811,351,571	7,852,346.83	11,564.86	5.93
Third period of March 2022	91,452,844,810	7,900,500.35	11,575.57	10.71
Fourth period of March 2022	92,040,727,604	7,917,723.11	11,624.64	49.07
Fifth period of March 2022	92,614,477,303	7,924,109.80	11,687.68	63.04
<b>Last period of March 2022</b>	<b>92,440,693,855</b>	<b>7,932,515.11</b>	<b>11,653.39</b>	<b>(34.29)</b>
First period of April 2022	92,440,550,740	7,932,515.11	11,653.37	(0.02)
Second period of April 2022	92,214,767,065	7,905,180.18	11,665.10	11.73
Third period of April 2022	89,106,236,913	7,656,306.42	11,638.27	(26.83)
Fourth period of April 2022	89,180,067,934	7,660,301.24	11,641.84	3.57
<b>Last period of April 2022</b>	<b>89,224,152,543</b>	<b>7,660,813.89</b>	<b>11,646.82</b>	<b>4.98</b>

# Vietcombank Fund Management VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 18. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2022 (continued):

Period of NAV	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
First period of May 2022	89,280,688,605	7,660,813.89	11,654.20	7.38
Second period of May 2022	89,742,398,396	7,660,780.88	11,714.52	60.32
Third period of May 2022	89,270,474,956	7,604,707.56	11,738.84	24.32
Fourth period of May 2022	88,835,688,207	7,575,886.56	11,726.11	(12.73)
<b>Last period of May 2022</b>	<b>89,669,476,689</b>	<b>7,611,616.62</b>	<b>11,780.60</b>	<b>54.49</b>
First period of June 2022	91,250,819,925	7,720,194.51	11,819.75	39.15
Second period of June 2022	91,363,867,648	7,719,739.22	11,835.09	15.34
Third period of June 2022	91,505,343,963	7,714,868.98	11,860.90	25.81
Fourth period of June 2022	91,665,358,043	7,718,110.00	11,876.65	15.75
<b>Last period of June 2022</b>	<b>91,153,758,895</b>	<b>7,694,346.48</b>	<b>11,846.84</b>	<b>(29.81)</b>
First period of July 2022	91,227,560,414	7,694,346.48	11,856.44	9.60
Second period of July 2022	91,297,195,488	7,697,107.95	11,861.23	4.79
Third period of July 2022	90,072,259,494	7,614,664.80	11,828.78	(32.45)
Fourth period of July 2022	90,225,933,277	7,624,742.54	11,833.30	4.52
Fifth period of July 2022	90,509,533,690	7,628,695.09	11,864.35	31.05
Sixth period of July 2022	90,566,346,190	7,629,217.13	11,870.98	6.63
Seventh period of July 2022	90,355,028,973	7,629,128.78	11,843.42	(27.56)
Eighth period of July 2022	90,513,972,944	7,637,925.60	11,850.59	7.17
<b>Last period of July 2022</b>	<b>90,529,384,441</b>	<b>7,634,385.25</b>	<b>11,858.11</b>	<b>7.52</b>

# Vietcombank Fund Management VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 18. NET ASSET VALUE (continued)

Period of NAV	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
First period of August 2022	90,551,350,370	7,634,385.25	11,860.98	2.87
Second period of August 2022	90,673,858,753	7,642,832.74	11,863.90	2.92
Third period of August 2022	90,716,552,847	7,642,738.87	11,869.63	5.73
Fourth period of August 2022	91,430,541,249	7,638,645.43	11,969.47	99.84
Fifth period of August 2022	91,510,765,520	7,640,219.91	11,977.50	8.03
Sixth period of August 2022	91,700,160,812	7,651,884.23	11,983.99	6.49
Seventh period of August 2022	91,858,679,991	7,651,954.24	12,004.60	20.61
Eighth period of August 2022	92,075,567,238	7,664,701.03	12,012.93	8.33
Ninth period of August 2022	91,797,497,555	7,643,958.42	12,009.15	(3.78)
<b>Last period of August 2022</b>	<b>91,923,397,929</b>	<b>7,645,243.48</b>	<b>12,023.60</b>	<b>14.45</b>
First period of September 2022	92,020,503,383	7,645,243.48	12,036.30	12.70
Second period of September 2022	92,086,533,063	7,634,238.02	12,062.30	26.00
Third period of September 2022	92,068,040,295	7,638,766.12	12,052.73	(9.57)
Fourth period of September 2022	92,185,958,336	7,641,662.37	12,063.60	10.87
Fifth period of September 2022	91,806,864,410	7,609,040.06	12,065.49	1.89
Sixth period of September 2022	91,926,631,884	7,615,283.07	12,071.33	5.84
Seventh period of September 2022	93,278,718,890	7,701,681.38	12,111.47	40.14
Eighth period of September 2022	93,423,193,233	7,704,388.59	12,125.97	14.50
<b>Last period of September 2022</b>	<b>93,579,022,642</b>	<b>7,707,385.05</b>	<b>12,141.47</b>	<b>15.50</b>



# Vietcombank Fund Management VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 18. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2022 (continued):

Period of NAV	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
First period of October 2022	93,424,561,708	7,707,385.05	12,121.43	(20.04)
Second period of October 2022	93,178,195,766	7,691,674.95	12,114.16	(7.27)
Third period of October 2022	93,311,622,586	7,717,509.52	12,090.89	(23.27)
Fourth period of October 2022	93,671,624,459	7,718,919.28	12,135.32	44.43
Fifth period of October 2022	93,535,809,947	7,719,606.30	12,116.65	(18.67)
Sixth period of October 2022	92,970,646,160	7,703,518.89	12,068.59	(48.06)
Seventh period of October 2022	93,259,118,838	7,705,490.88	12,102.94	34.35
Eighth period of October 2022	93,031,805,237	7,674,836.37	12,121.66	18.72
<b>Last period of October 2022</b>	<b>91,985,370,642</b>	<b>7,566,901.85</b>	<b>12,156.27</b>	<b>34.61</b>
First period of November 2022	91,953,868,736	7,566,013.03	12,153.54	(2.73)
Second period of November 2022	91,610,059,374	7,570,651.14	12,100.68	(52.86)
Third period of November 2022	91,910,346,496	7,575,321.72	12,132.86	32.18
Fourth period of November 2022	90,883,220,312	7,508,701.99	12,103.71	(29.15)
Fifth period of November 2022	90,002,823,039	7,428,902.85	12,115.22	11.51
Sixth period of November 2022	88,860,393,019	7,352,755.93	12,085.31	(29.91)
Seventh period of November 2022	88,051,967,542	7,275,706.46	12,102.18	16.87
Eighth period of November 2022	90,991,658,467	7,502,458.25	12,128.24	26.06
<b>Last period of November 2022</b>	<b>89,760,042,145</b>	<b>7,421,754.42</b>	<b>12,094.18</b>	<b>(34.06)</b>

Vietcombank Fund Management  
VCBF Fixed Income Fund

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18. NET ASSET VALUE (continued)

Period of NAV	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
First period of December 2022	88,373,465,070	7,334,156.45	12,049.57	(44.61)
Second period of December 2022	89,975,896,373	7,485,257.01	12,020.41	(29.16)
Third period of December 2022	90,113,631,473	7,480,920.89	12,045.79	25.38
Fourth period of December 2022	88,923,964,390	7,381,530.41	12,046.81	1.02
Fifth period of December 2022	89,139,793,447	7,382,166.97	12,075.01	28.20
Sixth period of December 2022	89,976,496,205	7,367,644.80	12,212.38	137.37
Seventh period of December 2022	90,080,865,890	7,368,207.05	12,225.61	13.23
Eighth period of December 2022	90,099,900,163	7,354,876.19	12,250.36	24.75
<b>Last period of December 2022</b>	<b>89,900,883,497</b>	<b>7,334,382.59</b>	<b>12,257.45</b>	<b>7.09</b>
Average NAV for the year	90,605,112,099			
Change maximum NAV per fund unit for the year				137.37
Change minimum NAV per fund unit for the year				(0.02)

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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### 19. OFF BALANCE SHEET ITEM

#### *Number of fund certificates in circulation*

By duration that the fund units could be redeemable:

	<i>Ending balance (fund units)</i>	<i>Beginning balance (fund units)</i>
Up to one year	<b>7,334,382.59</b>	<b>7,937,677.65</b>

### 20. FINANCIAL RATIOS TO MEASURE THE OPERATING EFFECTIVENESS OF THE FUND

	<i>Current year (%)</i>	<i>Previous year (%)</i>
Expense ratio	1.23	1.43
Turnover ratio of investment portfolio	33.98	31.44

#### 20.1 *Expense ratio*

Expense ratio is the performance ratio of operating expense of the Fund per one unit of net asset value. The expense ratio of the Fund is determined by the following formula:

$$\text{Expense ratio (\%)} = \frac{\text{Total operating expense} * 100 (\%)}{\text{Average net asset value (NAV) in the year}}$$

The following expenses are excluded from total operating expenses for expense ratio calculation purposes:

- Interest expense;
- Gain or loss arising from foreign exchange differences (realized and unrealized);
- Deductible personal income tax of Fund Unit Holders or income tax paid during the period (corporate income tax), including foreign contractor withholding tax;
- Transaction costs on buying, selling fund units and other related expense; and
- Dividends and other distribution amounts paid to the Fund Unit Holders.

#### 20.2 *Turnover ratio*

Turnover ratio of investment portfolio is the number of trading cycles of investment assets of the Fund in one (1) year.

The turnover ratio of the Fund is determined by the following formula:

$$\text{Turnover ratio (\%)} = \frac{(\text{Total purchase value in the year} + \text{Total sales value in the year})/2 * 100(\%)}{\text{Average net asset value (NAV) in the year}}$$

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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### 21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

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

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

#### 21.1 *Market risk*

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

##### *(i) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market's interest rate. Market risk due to interest rate fluctuation primarily relates to cash, bank deposits, certificates of deposit and corporate bonds. These assets are highly liquid in nature and the Fund holds these assets not for speculative purposes.

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

The Fund Management Company believes that interest rate risk does not have any impact on the Fund's operations. The Fund does not apply sensitive to interest analysis because investment portfolio of the Fund comprising of fixed income assets which has low interest rate risk and the Fund solely invests in corporate bonds and certificates of deposit have a stable interest rate at the reporting date.

##### *(ii) Currency risk*

Foreign currency risk is the risk that the value of financial instruments will fluctuate because of changes in foreign exchange rates.

The Fund was incorporated and operates in Vietnam, as such, its reporting and transaction currency is denominated in VND, the Fund is not exposed to foreign currency risk as at 31 December 2022.

##### *(iii) Price risk*

The Fund's listed bonds are exposed to market price risk arising from uncertainties about future prices of investing bonds. The Fund manages price risk by placing a limit on bonds investments. In addition, the investment committee manages and approves bonds investment decision.

At the reporting date, the exposure to the Fund's listed bonds at fair value was VND76,032,606,619. A decrease of 10% in these securities' market price could have an impact of approximately VND7,603,260,662 depending on whether or not the decline is significant or prolonged. An increase of 10% in the market price of the listed bonds would increase the Fund's operating results by VND7,603,260,662.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### 21.2 *Credit risk*

Credit risk is the risk that the counterparty participates to a financial instrument or customer contract will cause a financial loss for the Fund by failing to discharge an obligation as commitment. These credit exposures exist within financial relationships including deposits with banks, corporate bonds, certificate of deposit and other financial instruments.

The Fund places balances of certificates of deposits, corporate bonds and bank deposits with well-known banks, credit institutions and economic organization in Vietnam. Credit risk posing to balances of certificates of deposit, corporate bonds, bank deposits and economic organization is managed by the Fund's investment management department in accordance with the Fund's policy. The Fund evaluates the concentration of credit risk in respect to bank deposits and certificates of deposit is very low.

It is the Fund's policy to enter into financial instruments with reputable counterparties. The Investment management Department closely monitors the creditworthiness of the Fund's counterparties by reviewing their financial health, credit worthiness, financial statements and press releases on a regular basis.

#### 21.3 *Liquidity risk*

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

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

# Vietcombank Fund Management VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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## 22. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount and fair value of financial instruments of the Fund at 31 December 2022 are presented as follows:

	Ending balance		Beginning balance	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
<b>Financial assets</b>				
Cash and cash equivalents	6,685,243,389	6,685,243,389	22,050,764,085	22,050,764,085
Net investments	81,032,606,619	81,032,606,619	66,994,572,002	66,994,572,002
- Corporate bonds	76,032,606,619	76,032,606,619	51,994,572,002	51,994,572,002
- Certificates of deposit	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
- Deposit with terms over three (3) months	-	-	10,000,000,000	10,000,000,000
Receivables	2,400,303,376	2,400,303,376	1,868,716,343	1,868,716,343
	<b>90,118,153,384</b>	<b>90,118,153,384</b>	<b>90,914,052,430</b>	<b>90,914,052,430</b>
<b>Financial liabilities</b>				
Payables to Distributors	41,693,845	41,693,845	8,820,064	8,820,064
Accrued expenses	71,280,000	71,280,000	72,600,000	72,600,000
Payables to fund unit holders for fund units subscription	24,433,177	24,433,177	11,500,000	11,500,000
Fund management fee payable	62,826,545	62,826,545	76,547,568	76,547,568
Other payables	7,500,000	7,500,000	-	-
	<b>207,733,567</b>	<b>207,733,567</b>	<b>169,467,632</b>	<b>169,467,632</b>

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

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

- Fair values of receivables, payables to Distributors, accrued payables, payables of subscription to the fund unit holders, payables to fund management services, other payables were equal to their book values due mainly to the short-term maturities of these instruments.
- Fair value of cash and cash equivalents, corporate bonds, certificates of deposits and term-deposit is re-valued using the valuation method stated in Note 3.3.



# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 23. RELATED PARTIES TRANSACTIONS AND OTHER KEY CONTRACTS

#### 23.1 Related parties transactions

##### a) The Fund Management Company

The significant transactions in the year was as follow:

	<i>Current year VND</i>	<i>Previous year VND</i>
Fund management fee	<b>90,614,872</b>	<b>86,021,258</b>

The outstanding balance at the end of year was as follow:

	<i>Ending balance VND</i>	<i>Beginning balance VND</i>
Fund management fee payable	<b>7,606,545</b>	<b>7,727,568</b>

##### b) Remunerations of the Fund Representatives Board

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

	<i>Current year VND</i>	<i>Previous year VND</i>
Remunerations of the Fund Representatives Board	<b>120,000,000</b>	<b>120,000,000</b>

Balance of the remunerations of the Fund Representative Board was nil as at year-end.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2022 and for the year then ended

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### 23. RELATED PARTIES TRANSACTIONS AND OTHER KEY CONTRACTS (continued)

#### 23.1 Related parties transactions (continued)

##### c) Fund units held by the related parties

The fund units held by the related parties were as follows:

<u>Related parties</u>	<u>Relationship</u>	<u>Ending balance</u>		<u>Beginning balance</u>	
		<u>Fund units held by</u>	<u>Holding percentage (%)</u>	<u>Fund units held by</u>	<u>Holding percentage (%)</u>
Vietcombank Fund Management	Fund Management Company	5,413,870.24	73.81	5,000,000.00	62.99
Other related parties		260,702.58	3.55	286,607.22	3.61
		<b>5,674,572.82</b>	<b>77.36</b>	<b>5,286,607.22</b>	<b>66.60</b>

#### 23.2 Other key contracts

##### *Supervisory Bank*

According to the supervisory and custodian contract signed with Standard Chartered Bank (Vietnam) Limited ("Supervisory Bank"), the Fund has the obligation to pay the Supervisory Bank a supervisory fee equivalent to 0.04% per annum of NAV at the date prior to the Valuation Day with the minimum fee is VND18,000,000 per month for the first six months of the year, VND11,000,000 per month for from July to November and VND16,000,000 for December, exclusive of value-added tax. Custody fee is equivalent to 0.04% per annum of NAV with the minimum fee is VND18,000,000 per month for the first six months of the year, and then it is calculated at 0.03%NAV per annum, with a minimum of VND11,000,000 per month for the last six months of the year, exclusive of value-added tax.

According to the supervisory and custodian contract signed with Standard Chartered Bank (Vietnam) Limited ("Supervisory Bank"), the Fund has the obligation to pay the Supervisory Bank a Fund administration fee equivalent to 0.04% per annum of NAV with the minimum fee is VND18,000,000 per month for the first six months of the year, 0.05% per annum of NAV with the minimum fee is VND11,000,000 per month for the last six months of the year, exclusive of value-added tax.

From 1st July 2022, the service fee for preparing financial statements for the fund is VND 36,000,000 per year, equivalent to VND 3,000,000 per month. The fee is exclusive of value-added tax. Financial reporting fee are recognized in the Fund's expenses at each valuation period, and paid monthly to the Supervisory Bank.

Besides, the Fund has the obligation to pay Supervisory Bank transaction fee of VND220,000 per transaction.

# Vietcombank Fund Management

## VCBF Fixed Income Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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### 23. RELATED PARTIES TRANSACTIONS AND OTHER KEY CONTRACTS (continued)

#### 23.2 Other key contracts (continued)

Details of service fees and income during the year are as follows:


	Current year VND	Previous year VND
Supervisory fee	196,900,000	237,600,000
Custody fee - safe custody fee	174,000,000	216,000,000
Custody fee - transaction fee	5,720,000	3,520,000
Fund administration service	211,200,000	237,600,000
Interest from demand deposits	1,282,232	1,391,673
Bank charges	4,214,100	9,386,300

The outstanding balance was as follow:


	Ending balance VND	Beginning balance VND
Demand deposit	582,087,224	119,185,239
Payable of Supervisory service	17,600,000	19,800,000
Payable of Custodian service - safe custody fee	11,000,000	18,000,000
Payable of Custodian service - transaction fee	220,000	220,000
Payable of administration service fee	15,400,000	19,800,000


### 24. EVENTS AFTER THE BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the balance sheet date that requires adjustment or disclosure in the financial statements of the Fund.

  
Ms. Le Van  
Head of Department – Fund Accounting and  
Asset Portfolio

  
Mr. Vu Quang Dong  
Chief Executive Officer

  
Ms. Nguyen Minh Hang  
Preparer

  
Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

30 March 2023