

VCBF Midcap Growth Fund

Financial statements

For the period from 2 December 2021 (the established date)
to 31 December 2022



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Vietcombank Fund Management

VCBF Midcap Growth Fund

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Vietcombank Fund Management

VCBF Midcap Growth Fund

GENERAL INFORMATION

THE FUND

VCBF Midcap Fund ("the Fund") was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No.152/GCN-UBCK dated 24 August 2021 and Public Fund Establishment Registration Certificate No. 48/GCN-UBCK dated 2 December 2021 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 15,299,243.34 fund units amounting to VND152,992,433,400 and accounting for 305.98% 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 VND 318,345,093,600 at par value, equivalent to 31,834,509.36 fund units.

The Fund's investment objective is primarily to gain medium to long term capital appreciation by allocating a majority proportion to stocks of mid-cap companies and high-growth potential enterprises.

The Fund is located at Vietcombank Fund Management, 15th 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.

BOARD OF REPRESENTATIVES

Members of the Board of Representatives during the period 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 2 December 2021
Ms. Nguyen Thi Thuy	Independent member	Appointed on 2 December 2021
Mr. Pham Ngoc Ninh	Member	Appointed on 2 December 2021

LEGAL REPRESENTATIVE

The legal representative of the Fund Management Company during the period 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 Midcap Growth Fund

REPORT OF THE BOARD OF REPRESENTATIVES

The Board of Representatives of VCBF Midcap Growth Fund ("the Fund") is pleased to present this report and the financial statements of the Fund for the period from 2 December 2021 (the established date) to 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.

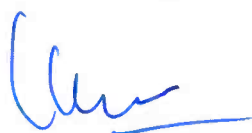
The Board of Management of the Fund Management Company is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Fund and to ensure that the accounting records comply with the applied accounting system. The 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 period from 2 December 2021 (the established date) to 31 December 2022 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:



Mr. Mac Quang Huy
Chairman

Ho Chi Minh City, Vietnam

30 March 2023

Vietcombank Fund Management

VCBF Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY

I. GENERAL INFORMATION OF THE FUND

1. *Investment objective*

VCBF Midcap Growth Fund ("the Fund") was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 152/GCN-UBCK dated 24 August 2021 and Public Fund Establishment Registration Certificate No. 48/GCN-UBCK dated 2 December 2021 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 gain medium to long term capital appreciation by allocating a majority proportion to stocks of mid-cap companies and high-growth potential enterprises.

2. *Operating efficiency*

According to the audited financial statements of the Fund, at 31 December 2022, the change in net asset value (NAV) per fund unit and benchmark index is -19.62% and -37.11% respectively, as compared to 2 December 2021 (the established date).

3. *Investment strategy*

The Fund will follow a disciplined investment strategy to achieve the Fund's investment objectives and will invest in a diversified portfolio of stocks that satisfy the conditions in the Asset Allocation section to reduce risk for the Fund. Mid-cap stocks are typically characterized by low liquidity. The Fund will carefully consider this risk in stock selection and the discount required for low-liquid stocks. Mid-cap companies are defined as companies whose capitalization falls within the capitalization of company in the VN MIDCAP index basket.

The Fund's asset allocation as follows:

<i>Type of investment</i>	<i>Risk level</i>	<i>% of NAV</i>
Shares of mid-cap companies and high-growth potential enterprises	High	The majority proportion
Bonds	Low	Hardly However, the Fund can consider investing in bonds arising from the execution of the right to buy shares held with a maximum proportion of 10% of the Fund's total asset value.
Cash	Mostly risk free	Uninvested amount

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 providing guidance on operation and management of securities investment funds issued 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):* Medium to high.

Vietcombank Fund Management

VCBF Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

I. GENERAL INFORMATION OF THE FUND (continued)

7. *Operating duration*

The Fund began its operation from the date of Public Fund Establishment Registration Certificate No. 48/GCN-UBCK dated 2 December 2021 granted by the State Securities Commission ("SSC"). The Fund was licensed to operate for an indefinite period.

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

Total net asset value: VND255,876,261,450.

Number of fund units: 31,834,509.36 fund units.

9. *Benchmark index*

Benchmark of the Fund is the change of index VDMIDCAP.

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 the Board of Representatives 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, fees and charges as stipulated by the law before distributing profits to the fund unit holders.

The Fund's profits shall not be distributed in case that after the distribution either:

- The Fund has inadequate financial capacity to fulfill tax and financial obligations, assets obligations, maturing borrowings as stipulated by the law; or
- Net asset value of the Fund is under the minimum set by the law.

11. *Net profit distributed per fund unit*

During the period, the Fund has not distributed profit.

II. OPERATING FIGURES

1. *Assets portfolio*

<i>Assets portfolio</i>	<i>31 December 2022 (%)</i>
Securities portfolio	97.58
Other assets	2.42
Total	100.00

Vietcombank Fund Management

VCBF Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

II. OPERATING FIGURES (continued)

2. Key performance indicators

No	Items	31 December 2022
1	Net asset value (NAV) of the Fund (VND)	255,876,261,450
2	Total outstanding fund units ("units")	31,834,509.36
3	NAV per fund unit	8,037.70
4	Maximum NAV per fund unit during the reporting period	10,754.48
5	Minimum NAV per fund unit during the reporting period	6,778.32
6	Closing price of a fund unit at the reporting date (a)	Not applicable
7	Maximum closing price of a fund unit during the reporting period (a)	Not applicable
8	Minimum closing price of a fund unit during the reporting period (a)	Not applicable
9	Total growth (%) per fund unit (b)	-19.62
9.1	Capital growth (%) per fund unit (change due to price fluctuation) (b)	-19.79
9.2	Earnings growth (%) per fund unit (based on realized income) (b)	0.17
10	Gross distribution per fund unit (c)	Not applicable
11	Net distribution per fund unit (c)	Not applicable
12	Ex-date of distribution (c)	Not applicable
13	Expenses ratio (%)	2.44
14	Turnover rate of investment portfolio (%)	59.93

(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 applied dividend policy.

Vietcombank Fund Management

VCBF Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

II. OPERATING FIGURES (continued)

3. Growth over periods

<i>Period</i>	<i>Growth of NAV per fund unit (%)</i>	<i>Benchmark index of the Fund (%)</i>
First year of the Fund's operation (from 2 December 2021 - the established date to 31 December 2022)	-19.62	-37.11
Since inception (annually compounded return)	-18.32	-34.92

III. MARKET UPDATE DURING THE PERIOD

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 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.

Vietcombank Fund Management

VCBF Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

III. MARKET UPDATE DURING THE PERIOD (continued)

1. Macroeconomics overview (continued)

- ▶ 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).
- ▶ 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 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 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.

Vietcombank Fund Management

VCBF Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

III. MARKET UPDATE DURING THE PERIOD (continued)

2. Bond Market (continued)

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.

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 Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

III. MARKET UPDATE DURING THE PERIOD (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 Midcap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

IV. KEY PERFORMANCE INDICATORS

1. Key performance indicators

<i>Items</i>	<i>First year of the Fund's operation (from 2 December 2021 - the established date to 31 December 2022) (%)</i>
Earnings growth per fund unit (a)	0.17
Capital growth per fund unit (a)	-19.79
Growth per fund unit	-19.62
Growth of the restructuring portfolio	Not applicable
Change in market price of a fund unit	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>2 December 2021 VND (*)</i>	<i>Changing rate (%)</i>
NAV of the Fund	255,876,261,450	152,992,482,230	67.25
NAV per fund unit	8,037.70	10,000.00	-19.62

(*) This is the value of Initial public offering.

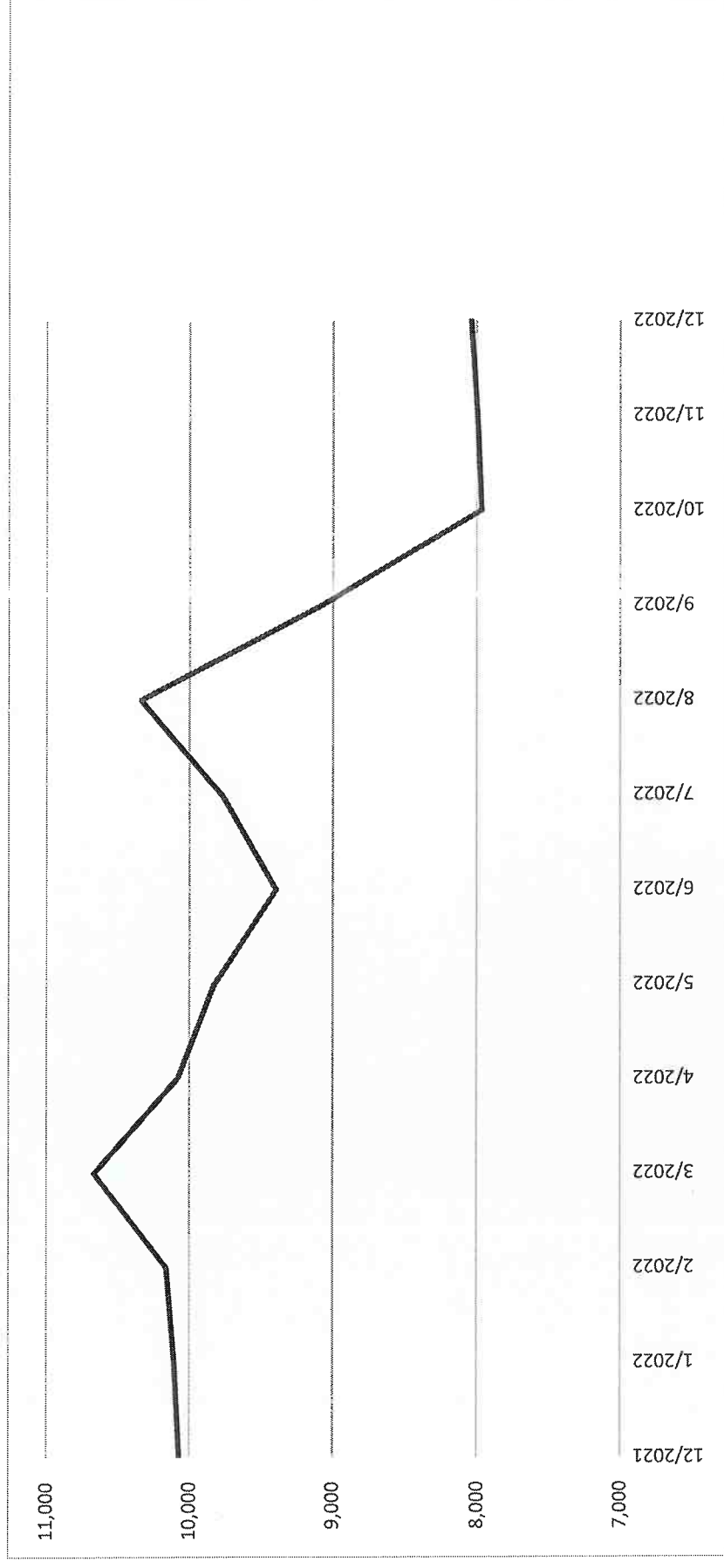
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VCBF Midcap Growth Fund

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 Midcap Growth 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	1,595	2,679,593.66	8.42
From 5,000 to 10,000	305	2,198,014.47	6.90
From 10,000 to 50,000	353	7,400,998.36	23.25
From 50,000 to 500,000	74	7,666,768.04	24.08
Over 500,000	11	11,889,134.83	37.35
Total	2,338	31,834,509.36	100.00

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%¹ 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.

¹ Bloomberg, 10/01/2023

Vietcombank Fund Management

VCBF Midcap Growth 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 10.0x^[2], 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, Board of Representatives, Board of Management of the Fund Management Company has been fully presented in the Fund's prospectus.



Mr. Vu Quang Dong
Chief Executive Officer

Hanoi, Vietnam

30 March 2023

² Bloomberg, 07/01/2023



SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of VCBF Mid-Cap Growth Fund ("the Fund") for the period from 02nd December 2021 as the establishment date of the Fund to 31st 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 02nd December 2021 as the establishment date of the Fund to 31st 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 I, Clause 04, Article 35, Circular 98/2020/TT-BTC dated 16th November 2020 providing guidance on operation and management of securities investment funds ("Circular 98") and Article 10, Fund Charter regulate that the structure of the investment portfolio of an open-end fund must ensure the following investment limit: "It must hold securities of at least 06 issuers, except bond funds." In case of deviation, the Fund Management Company has to adjust the Fund's investment portfolio in conformity with the prevailing regulations within the regulated recovery timeframe.

At valuation date 08th December 2021, the Fund's investment portfolio deviated from the above mentioned regulation.

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 02nd December 2021 as the establishment date of the Fund to 31st December 2022, the Fund's investment portfolio complied with Point I, 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.
- c) Fund subscriptions and redemptions were carried out in accordance with Fund Charter, Fund Prospectus and other prevailing regulations.
- d) For the period from 02nd December 2021 as the establishment date of the Fund to 31st 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: 12906604/66770732

INDEPENDENT AUDITORS' REPORT

To: The Investors of VCBF Midcap Growth Fund

We have audited the accompanying financial statements of VCBF Midcap Growth Fund ("the Fund") as prepared on 30 March 2023 and set out on pages 17 to 62, 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 statement of cash flows and the notes thereto for the period from 2 December 2021 (the established date) to 31 December 2022.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Midcap Growth Fund

INCOME STATEMENT

B01-QM

for the period from 2 December 2021 (the established date) to 31 December 2022

Code	ITEMS	Notes	For the period from 2 December 2021 (the established date) to 31 December 2022 VND
01	I. LOSS FROM INVESTING ACTIVITIES		(55,079,585,223)
02	1.1 Dividend		5,204,314,480
03	1.2 Interest income	13	1,589,463,097
05	1.3 Unrealized loss on revaluation of investments	5	(61,873,362,800)
10	II. EXPENSES FROM INVESTING ACTIVITIES		435,200,965
11	2.1 Transaction expenses for investment trading	14	435,200,965
20	III. OPERATING EXPENSES		5,915,903,479
20.1	3.1 Fund management fee	22.1	4,884,108,468
20.2	3.2 Custody fee	15	151,872,713
20.3	3.3 Supervisory fee	22.2	167,726,344
20.4	3.4 Fund administration fee	22.2	196,810,601
20.5	3.5 Transfer agent fee		138,032,258
20.7	3.6 General Meeting expenses		80,807,976
20.8	3.7 Audit fee		142,560,000
20.10	3.8 Other operating expenses	16	153,985,119
23	IV. NET LOSS FROM INVESTING ACTIVITIES		(61,430,689,667)
24	V. NET OTHER INCOME AND EXPENSES		-
30	VI. LOSS BEFORE TAX		(61,430,689,667)
31	6.1 Realized profit		442,673,133
32	6.2 Unrealized loss	5	(61,873,362,800)
40	VII. CORPORATE INCOME TAX EXPENSE		-
41	VIII. LOSS AFTER TAX		(61,430,689,667)

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

Mr. Vu Quang Dong
Chief Executive Officer

Ms. Vu Thi Thanh Mai
Preparer

Ms. Tran Thi Ha Linh
Chief Accountant

Hanoi, Vietnam

30 March 2023

Vietcombank Fund Management
VCBF Midcap Growth Fund

STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

B02-QM

Code	ITEMS	Notes	31 December 2022 VND
100	I. ASSETS		
110	1. Cash and cash equivalents	4	5,607,053,966
111	Cash at bank for operation of the Fund		5,607,053,966
120	2. Net investments		250,476,602,200
121	2.1 Investments	5	250,476,602,200
130	3. Receivables		607,300,000
133	3.1 Receivables, accrual for interest and dividends income from investments		607,300,000
136	3.1.1 Accruals for interest and dividend income from investments	6	607,300,000
100	TOTAL ASSETS		256,690,956,166
300	II. LIABILITIES		
313	1. Payables to Distributors	7	96,087,906
314	2. Tax and payable to the State Budget		5,124,169
316	3. Accrued expenses	8	71,280,000
317	4. Payables to fund unit holder for fund units subscription	9	239,920,000
319	5. Fund management fee payable	10	394,782,641
320	6. Other payables		7,500,000
300	TOTAL LIABILITIES		814,694,716
400	III. NET ASSET VALUE ATTRIBUTABLE TO FUND UNIT HOLDERS		255,876,261,450
411	1. Contributed capital		318,345,093,600
412	1.1 Capital from subscription	11	356,668,028,800
413	1.2 Capital from redemption	11	(38,322,935,200)
414	2. Capital premium		(1,038,142,483)
420	3. Retained earnings	12	(61,430,689,667)
430	IV. NET ASSET VALUE PER FUND UNIT	11	8,037.70


Vietcombank Fund Management
VCBF Midcap Growth Fund

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

B02-QM

OFF BALANCE SHEET ITEM

Code	ITEM	Notes	31 December 2022 VND
004	1. Number of outstanding fund units	18	31,834,509.36



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



Ms. Vu Thi Thanh Mai
Preparer

Hanoi, Vietnam

30 March 2023



Mr. Vu Quang Dong
Chief Executive Officer



Ms. Tran Thi Ha Linh
Chief Accountant

Vietcombank Fund Management
VCBF Midcap Growth Fund

STATEMENT OF CHANGES IN NET ASSET VALUE,
 TRANSACTIONS OF FUND UNITS
 for the period from 2 December 2021 (the established date) to 31 December 2022

B03-QM

No.	ITEMS	For the period from 2 December 2021 (the established date) to 31 December 2022 VND
I	Beginning balance of the Fund's Net Asset Value (NAV)	-
II	Changes in NAV during the period	(61,430,689,667)
	In which:	
II.1	- Changes in NAV arising from market fluctuation and the Fund's investment activities during the period	(61,430,689,667)
III	Changes in NAV due to redemption and subscription of fund units	317,306,951,117
	In which:	
III.1	- Proceeds from additional subscription of fund units	354,049,675,182
III.2	- Payments on redemption of fund units	(36,742,724,065)
IV	Ending balance of the Fund's NAV	255,876,261,450


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


 Ms. Vu Thi Thanh Mai
 Preparer

Hanoi, Vietnam

30 March 2022


 Mr. Vu Quang Dong
 Chief Executive Officer


 Ms. Tran Thi Ha Linh
 Chief Accountant

Vietcombank Fund Management
VCBF Midcap Growth 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 (%)
I	Listed shares			250,476,602,200	97.58
1	ACB	390,000	21,900	8,541,000,000	3.33
2	BVH	255,000	46,600	11,883,000,000	4.63
3	BWE	224,700	49,500	11,122,650,000	4.33
4	CTD	375,800	32,900	12,363,820,000	4.82
5	DBD	274,290	39,450	10,820,740,500	4.22
6	DGW	122,000	37,750	4,605,500,000	1.79
7	FPT	109,600	76,900	8,428,240,000	3.28
8	GMD	182,000	45,400	8,262,800,000	3.22
9	HAX	502,600	16,300	8,192,380,000	3.19
10	HCM	425,900	20,000	8,518,000,000	3.32
11	HPG	260,100	18,000	4,681,800,000	1.82
12	LHG	369,800	21,350	7,895,230,000	3.08
13	MBB	442,800	17,100	7,571,880,000	2.95
14	MCM	208,800	42,200	8,811,360,000	3.43
15	MIG	451,730	14,700	6,640,431,000	2.59
16	MSB	659,100	12,500	8,238,750,000	3.21
17	MSH	161,800	33,000	5,339,400,000	2.08
18	MWG	167,000	42,900	7,164,300,000	2.79
19	NLG	374,900	31,000	11,621,900,000	4.53
20	NTC	66,700	113,200	7,550,440,000	2.94
21	PNJ	155,733	89,900	14,000,396,700	5.45
22	QNS	313,900	35,800	11,237,620,000	4.38
23	SCS	13,135	75,000	985,125,000	0.38
24	STB	1,369,800	22,500	30,820,500,000	12.01
25	TDM	231,500	37,000	8,565,500,000	3.34
26	TLG	119,400	51,000	6,089,400,000	2.37
27	VNM	20,000	76,100	1,522,000,000	0.59
28	VTP	337,170	26,700	9,002,439,000	3.51

Vietcombank Fund Management
VCBF Midcap Growth Fund


STATEMENT OF INVESTMENT PORTFOLIO (continued)
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 (%)
II	Other assets			607,300,000	0.24
1	Dividend receivables			607,300,000	0.24
III	Cash			5,607,053,966	2.18
1	Cash at bank			5,607,053,966	2.18
1.1	- Demand deposits			5,607,053,966	2.18
IV	Total investment portfolio			256,690,956,166	100.00



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




Ms. Vu Thi Thanh Mai
Preparer

Hanoi, Vietnam

30 March 2023



Mr. Vu Quang Dong
Chief Executive Officer



Ms. Tran Thi Ha Linh
Chief Accountant

Vietcombank Fund Management
VCBF Midcap Growth Fund

STATEMENT OF CASH FLOWS

B05-QM

for the period from 2 December 2021 (the established date) to 31 December 2022

Code	ITEMS	Notes	For the the period from 2 December 2021 (the established date) to 31 December 2022 VND
	I. CASH FLOWS FROM INVESTING ACTIVITIES		
01	1. Loss before income tax		(61,430,689,667)
02	2. Adjustments for increase/(decrease) in net asset value from investing activities		61,952,142,800
	<i>In which:</i>		
03	Unrealized loss from revaluation of investments	5	61,873,362,800
04	Accrued expenses		78,780,000
05	3. Gain from investing activities before adjustments in working capital		521,453,133
20	Increase in investments		(312,349,965,000)
07	Increase in accrued interest income from investments		(607,300,000)
11	Increase in payables to Distributors		96,087,906
13	Increase in tax and payables to the State Budget		5,124,169
14	Increase in payables to fund unit holders for fund unit subscription		239,920,000
17	Increase in fund management fee payable		394,782,641
19	Net cash flow used in investing activities		(311,699,897,151)
	II. CASH FLOWS FROM FINANCING ACTIVITIES		
31	1. Proceeds from subscriptions fund units	11	354,049,675,182
32	2. Payments on redemption of fund units	11	(36,742,724,065)
30	Net cash from financing activities		317,306,951,117
40	III. Net increase in cash during the period		5,607,053,966

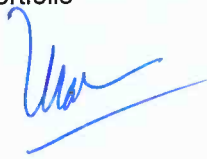
Vietcombank Fund Management
VCBF Midcap Growth Fund

STATEMENT OF CASH FLOWS (continued)
for the period from 2 December 2021 (the established date) to 31 December 2022

B05-QM

Code	ITEMS	Notes	For the the period from 2 December 2021 (the established date) to 31 December 2022 VND
50	IV. Cash and cash equivalents at the beginning of the period	4	-
51	Cash at bank at the beginning of the period:		-
52	- Cash at bank for the Fund's operation		-
	<i>In which:</i>		
	<i>Demand deposits for the Fund's operation</i>		-
53	- Deposits of fund unit holders for subscription and redemption		-
55	V. Cash and cash equivalents at the end of the period	4	5,607,053,966
56	Cash at bank at end of the period:		5,607,053,966
57	- Cash at bank for the Fund's operation		5,367,133,966
	<i>In which:</i>		
	<i>Demand deposits for the Fund's operation</i>		5,367,133,966
58	- Deposits of fund unit holders for subscription and redemption		239,920,000
60	VI. Net increase in cash and cash equivalents during the period		5,607,053,966


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


Ms. Vu Thi Thanh Mai
Preparer

Hanoi, Vietnam

30 March 2023


Mr. Vu Quang Dong
Chief Executive Officer


Ms. Tran Thi Ha Linh
Chief Accountant

Vietcombank Fund Management

VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS

B06-QM

as at 31 December 2022 and for the period from 2 December 2021 (the established date) to 31 December 2022

1. THE FUND'S OPERATIONS

1.1 General information

The Fund

VCBF Midcap Growth Fund ("the Fund") was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 152/GCN-UBCK dated 24 August 2021 and Public Fund Establishment Registration Certificate No. 48/GCN-UBCK dated 2 December 2021 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, 15th 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 15,299,243.34 fund units amounting to VND152,992,433,400 and accounting for 305.98% 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 VND318,345,093,600 at par value, equivalent to 31,834,509.36 fund units.

Investment objectives

The Fund's investment objective is mainly to increase the principal portion in the medium and long term by allocating a majority proportion to stocks of mid-cap companies and high-growth potential enterprises. Adjustment of the Fund's investment objectives is required to be approved by Fund Units Holders in accordance with the Fund Charter, and if approved, these adjustments will be updated in the Fund's Prospectus.

Vietcombank Fund Management

VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the period from 2 December 2021 (the established date)
to 31 December 2022

B06-QM

1. THE FUND'S OPERATIONS (continued)

1.2 *The Fund's operations* (continued)

Investment strategy

The Fund will mainly invest in a diversified portfolio of listed stocks which satisfies the regulations on Asset allocation to minimize risks for the Fund.

The Fund will combine both a growth investment strategy and a value investment strategy. In its search for traits of sustainable growth, the Fund assesses long-term market opportunities and the competitiveness of each industry to target industry leaders and companies with the potential to become industry leaders. In evaluating a company's value, the Fund will consider whether the security's price fully reflects the correlation between sustainable growth opportunities with business risks and financial risks.

The Fund will use a bottom-up approach, that is, from analyzing the fundamentals of a company to selecting investment stocks and selecting companies in a variety of industries. The Fund's industry weight in the Fund's portfolio is the result of company fundamental analysis and may therefore differ from industry weight in the benchmark index.

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 1st 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 1st 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 fulfill conditions under the prevailing Law. The investment portfolio of the Fund shall have to comply with the following principles and limits:

- a) Except deposits on the Fund's demand account opened at the Supervisory Bank, the Fund shall not invest more than 49% of the Fund's total asset value in the following assets: deposits at commercial banks in accordance with banking law; money market instruments including valuable papers, transferable instruments in accordance with relevant laws and regulations;
- b) 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;
- c) 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;

Vietcombank Fund Management

VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the period from 2 December 2021 (the established date)
to 31 December 2022

B06-QM

1. THE FUND'S OPERATIONS (continued)

1.2 *The Fund's operations* (continued)

Investment restrictions (continued)

- d) 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;
 - 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;
- e) 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;
- f) Total value of major investments in the Fund's investment portfolio shall not exceed 40% of the Fund's total asset value. In which, the Fund's major investment is one of the following assets (except certificates of deposit) issued by an issuer and its value takes from 5% or more of the Fund's total asset value:
 - i. Money market instruments including valuable papers, transferable instruments in accordance with relevant laws and regulations;
 - ii. Shares listed, shares registered for trading, bonds listed on the Stock Exchange, public fund certificates;
 - iii. 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;
 - iv. Rights arising in connection with securities held by the Fund;

Vietcombank Fund Management

VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the period from 2 December 2021 (the established date)
to 31 December 2022

B06-QM

1. THE FUND'S OPERATIONS (continued)

1.2 The Fund's operations (continued)

Investment restrictions (continued)

- g) 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;
- h) Not to invest in Fund Certificates of VCBF - MGF.
- i) Only invest in other public fund certificates, public securities investment companies managed by other fund management companies and ensure the following restrictions:
 - Not to invest in more than 10% of the total outstanding fund certificates of a public fund, outstanding shares of a public securities investment company;
 - 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;
 - Not to invest more than 30% of the Fund's total asset value in public fund certificates, shares of public securities investment companies;
- j) Do not directly invest in real estate, precious stones, precious metals;
- k) It must hold securities of at least 06 issuers;
- l) The Fund only invest in deposits and certificates of deposit issued by credit institutions on the list approved by the Fund Representative Board.

The Fund's investment structure may exceed investment restrictions that mentioned in Clauses (a), (b), (c), (d), (e), (f) and (i) above and only for the following reasons:

- (i) Changes in market prices of assets in the Fund's investment portfolio;
- (ii) Fulfilment of legitimate payments of the Fund, including execution of transaction orders of fund unit holders;
- (iii) Separation, splitting, merger and acquisition activities of issuers of securities held by the Fund;
- (iv) 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
- (v) The Fund is in the process of dissolution.

Vietcombank Fund Management

VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the period from 2 December 2021 (the established date)
to 31 December 2022

B06-QM

1. THE FUND'S OPERATIONS (continued)

1.2 *The Fund's operations* (continued)

Investment restrictions (continued)

In case of deviation from the investment limits for the reasons specified at (i), (ii), (iii), (iv) 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.

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 15 (fifteen) 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 OF PREPARATION

2.1 *Accounting standards and system*

The financial statements of the Fund are prepared in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds 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, the 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.

Vietcombank Fund Management

VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the period from 2 December 2021 (the established date)
to 31 December 2022

B06-QM

2. BASIS OF PREPARATION (continued)

2.1 *Accounting standards and system* (continued)

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.

2.3 *Fiscal year*

The Fund's first fiscal year starts on 2 December 2021 (the established date) and ends on 31 December 2022. The Fund's next fiscal years starts on 1 January and ends on 31 December.

The Fund also prepares the financial statements for the period from 2 December 2021 (the established date) to 31 December 2022 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 *Statement of comparative presentation of information*

No comparative figures are available as this is the Fund's first financial statement since the established date.

2.5 *Accounting currency*

The Fund maintains its accounting records in Vietnam Dong ("VND") which is also the Fund's accounting currency.

2.6 *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 the 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 complied 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 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.

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VCBF Midcap Growth Fund

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Cash and cash equivalent

Cash and cash equivalents comprise cash at banks for the Fund's operation, cash for fund unit holder for 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 other.

3.3 Investments

The Fund's investments include investments in listed shares and deposits with terms over three (3) months.

Classification

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

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 and 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 deposits, bonds and other debt instruments are recorded in "Receivables, accrual for interest and dividend income from investments" in the statement of financial position.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investments (continued)

Revaluation for NAV calculation

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 Board of Representatives 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
Cash and cash equivalents, money market instruments		
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.
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	Quoted price posted on the transaction system of the Stock Exchange. 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: - Bid-awarding interest rate; or - Another rate designated by the Fund Representative Board.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Investments* (continued)

Principles of valuation (continued)

No.	Type of asset	Principles on the market's transaction valuation
Bonds		
6.	Listed bonds	<ul style="list-style-type: none"> - 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. - 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"> + 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 + Quoted clean price (if any) on quotation systems plus accumulated interest; or + Price determined by Discounted Cash Flow method applied for bonds with tenor > 1Y plus accumulated interest; or + Purchase price plus accumulated interest; or + Face value plus accumulated interest.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investments (continued)

Principles of valuation (continued)

No.	Type of asset	Principles on the market's transaction valuation
Bonds (continued)		
6.	Listed bonds (continued)	<ul style="list-style-type: none"> - In case a bond is delisted due to its reaching maturity, the price will be par value plus accumulated interest. - Bond prices are considered to have abnormal fluctuations if they fall into one of the following cases: <ul style="list-style-type: none"> + 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. + 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.
7.	Unlisted bonds	<ul style="list-style-type: none"> - Quoted clean price (if any) on quotation systems plus accumulated interest; or - Price determined by Discounted Cash Flow method applied for bonds with tenor >1Y plus accumulated interest; or - Purchase price plus accumulated interest; or - Face value plus accumulated interest; - 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Investments* (continued)

Principles of valuation (continued)

No.	Type of asset	Principles on the market's transaction valuation
Shares		
8.	Shares listed or registered for trading	<ul style="list-style-type: none"> - Closing price (or otherwise called according to the regulations adopted by the Stock Exchange) of the latest trading date before the Valuation Day. - 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"> + Price of the latest reporting period but not more than ninety (90) days until the Valuation Day (not including the Valuation Day); or + A fair value which is derived from Public Comparable Peer Multiples Approach; or + Purchase price; or + Book value. - 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.
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"> - A fair value which is derived from Public Comparable Peer Multiples Approach; or - Book value; or - Face value.
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"> - 80% of liquidating value of such shares on the latest date of preparing balance sheet prior to the Valuation Day; or - Price determined by the other methods which are approved by the Fund Representative Board.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investments (continued)

Principles of valuation (continued)

No.	Type of asset	Principles on the market's transaction valuation
Shares (continued)		
11.	Stocks, other contributed capital (including shares for initial public offering pending for listing procedures)	<ul style="list-style-type: none"> - 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 the Fund Management Company ("VCBF"). - In case of no full quotation of three (03) quotation providers, use one of following prices: <ul style="list-style-type: none"> + Price of the latest reporting period but not more than ninety (90) days until the Valuation Day (not including the Valuation Day); or + A fair value which is derived from Public Comparable Peer Multiples Approach; or + Purchase price/ contributed capital value; or + Book value.
12.	Right issue to buy share	<p>Value of the right = $\text{Max} \{0; (\text{Price of shares} - \text{Issuing price}) \times \text{conversion rate}\}$</p> <p>Whereas:</p> <ul style="list-style-type: none"> - Conversion rate = $\frac{\text{Number of shares entitled to buy}}{\text{Number of rights}}$.
Other assets		
13.	Listed fund certificates	<ul style="list-style-type: none"> - Closed price (or otherwise called according to the regulations adopted by the Stock Exchange) on the latest trading date prior to the Valuation Day. - 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"> + Price of NAV per fund unit which are approved by the Fund Management Company on the latest trading date prior to the Valuation Day; + Price determined by the other methods which are approved by the Fund Representative Board.

Vietcombank Fund Management

VCBF Midcap Growth Fund

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Investments* (continued)

Principles of valuation (continued)

No.	Type of asset	Principles on the market's transaction valuation
Other assets (continued)		
14.	Unlisted fund certificates	<ul style="list-style-type: none"> - Price of NAV per fund unit which are approved by the Fund Management Company on the latest trading date prior to the Valuation Day; - Price determined by the other methods which are approved by the Fund Representative Board.
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"> - Purchase price plus accumulated interest (if any) - Other methods which are approved by the Fund Representative Board.

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 selling price and cost of investments calculated by using the weighted average method at the date of transaction.

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

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 advice from the Supervisory Bank and an allocation table of valid receipts from fund units subscription (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 cumulatively incurred during the period.

Unrealized profit is the difference between total gain and loss cumulatively incurred from revaluation of the Fund's investments during the period.

At the end of the period, the Fund calculates realized and unrealized profit during the period 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 period.

The open-ended fund recognizes the profit/assets distributed to fund unit holders in according to Prospectus, Authorized Decision of the Fund Representatives Board (in the latest period), Resolution by the General Meeting of Investors in compliance with the Fund's Charter and prevailing securities laws.

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3. SUMMARY OF 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 receivable from investments and other receivables.

Provision for doubtful debts is set up based on the aging schedule of overdue debts or expected losses which may occur in case where a debt has not been due for payment but an economic organization has become bankrupt or liquidated; or individual debtor is missing, ran away, being prosecuted, under a trial or serving a sentence or dead. Provision expense is recognized into expense or income 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 period.

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

<u>Overdue period</u>	<u>Provision rate</u>
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 public investment fund 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 the maximum of 1.9% per annum over the Fund's NAV. This fee is recognized as the Fund's expenses at each valuation period and paid monthly to the Fund Management Company. The specific price of fund management services will be announced by VCBF from time to time on its website.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Expenses (continued)

3.8.1 Management fee of public securities investment fund (continued)

(ii) Fund administration fee

Fund administration fee is calculated at 0.04%NAV per annum, with the minimum of VND18,000,000 per month from 2 December 2021 (the established date) to 30 June 2022, 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.

(iii) Transfer agent fee

Transfer agent fee is VND10,000,000 per month. The fee is exclusive value-added tax. The transfer agency service fee is recognized as the Fund's expenses at each valuation period and paid monthly to the transfer agent service 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 from 2 December 2021 (the established date) to 30 June 2022, 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% per annum based on the NAV with the minimum amount VND18,000,000 per month from 2 December 2021 (the established date) to 30 June 2022, 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 the obligation to pay the Supervisory Bank a transaction 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 are recognized in 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:

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Revenue recognition (continued)

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 an increase in investment by value of received stock dividends.

Interest (include interests 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 the deal confirmations, which are certified by the Supervisory Bank (for listed securities) and when assets transfer contracts are settled (for unlisted securities).

3.10 Tax

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

Dividend payments to fund unit holders

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Tax (continued)

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 the 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, 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.

3.11 Related parties

Parties/individuals are considered being 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 the Fund Management Company, members of Fund Representatives Board, family members of those individuals or parties, or related companies with those individuals are considered as related parties to the Fund. The substance of each party's relationship is more important than its legal form.

3.12 Off balance sheet items

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210 /2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the financial statements, as financial assets at fair value through profit or loss, 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, receivables, listed securities, unlisted securities, 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 for fund management fee and other payables.

Financial instruments - subsequent re-measurement

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is 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 stated 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.

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4. CASH AND CASH EQUIVALENTS

	<i>31 December 2022</i> <i>VND</i>
Demand deposit at Supervisory and Custodian Bank for the Fund's operation	5,367,133,966
Deposit of fund unit holders for subscription and redemption	239,920,000
	<u>5,607,053,966</u>

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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 VND	
31 December 2022						
Shares	312,349,965,000	250,476,602,200	4,392,941,700	(66,266,304,500)	(61,873,362,800)	250,476,602,200
	312,349,965,000	250,476,602,200	4,392,941,700	(66,266,304,500)	(61,873,362,800)	250,476,602,200
Impact of the revaluation difference on investments in the income statement						
					(61,873,362,800)	

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6. ACCRUALS FOR INTEREST AND DIVIDEND INCOME FROM INVESTMENT

	<i>31 December 2022</i> <i>VND</i>
Accrued dividends	<u>607,300,000</u>

7. PAYABLES TO DISTRIBUTORS

	<i>31 December 2022</i> <i>VND</i>
Payables to Distributors	<u>96,087,906</u>

8. ACCRUED EXPENSES

	<i>31 December 2022</i> <i>VND</i>
Audit fee	<u>71,280,000</u>

9. PAYABLES TO FUND UNIT HOLDER FOR FUND UNITS SUBSCRIPTION

	<i>31 December 2022</i> <i>VND</i>
Payables to fund units holder for fund units subscription which are waiting for allotment	<u>239,920,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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10. FUND MANAGEMENT FEE PAYABLE

	<i>31 December 2022</i> <i>VND</i>
Payable to fund management fee	337,740,265
Payable to custody fee - safekeeping fee	11,000,000
Payable to custody fee - transaction fee	1,980,000
Payable to fund administration fee	15,462,376
Payable to supervisory fee	17,600,000
Payable to transfer agent fee	11,000,000
	394,782,641

11. STATEMENT OF CHANGES IN OWNERS' EQUITY

	<i>2 December 2021</i> <i>(the established date)</i> <i>VND</i>	<i>Movement during</i> <i>the period</i> <i>VND</i>	<i>31 December</i> <i>2022</i> <i>VND</i>
Subscription capital			
Number of fund units ("units")	-	35,666,802.88	35,666,802.88
Subscription capital at par value	-	356,668,028,800	356,668,028,800
Capital premium	-	(2,618,353,618)	(2,618,353,618)
Total subscription capital	-	354,049,675,182	354,049,675,182
Redemption capital			
Number of fund units ("units")	-	(3,832,293.52)	(3,832,293.52)
Redemption capital at par value	-	(38,322,935,200)	(38,322,935,200)
Capital premium	-	1,580,211,135	1,580,211,135
Total redemption capital	-	(36,742,724,065)	(36,742,724,065)
Number of outstanding fund units ("units")	-	31,834,509.36	31,834,509.36
Outstanding contributed capital	-	317,306,951,117	317,306,951,117
Retained earnings	-	(61,430,689,667)	(61,430,689,667)
NAV	-		255,876,261,450
NAV per fund unit	-		8,037.70

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12. RETAINED EARNINGS

	<i>31 December 2022</i> VND
Realized profit	442,673,133
Unrealized loss	(61,873,362,800)
	<u>(61,430,689,667)</u>

13. INTEREST INCOME

	<i>For the period from 2 December 2021 (the established date) to 31 December 2022</i> VND
Interest from term deposits	1,569,207,750
Interest from demand deposits	20,255,347
	<u>1,589,463,097</u>

14. TRANSACTION EXPENSES FOR INVESTMENT TRADING

	<i>For the period from 2 December 2021 (the established date) to 31 December 2022</i> VND
Transaction expenses for buying investments	<u>435,200,965</u>

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14. TRANSACTION EXPENSES FOR INVESTMENT TRADING (continued)

For the period from 2 December 2021 (the established date) to 31 December 2022, the Fund's transactions are mainly conducted through the following securities companies:

No	Name of securities companies	Relationship with the Fund Management Company	Trading rate of the Fund at each securities company			Average trading fee (%)	Average trading fee on market (%)
			Trading value of the Fund during the period VND	Total trading value of the Fund during the period (*) VND	Trading rate of the Fund at each securities company during the period (%)		
(1)	(2)	(3)	(4)	(5)	(6)=(4)/(5)	(7)	(8)
1	Viet Capital Securities Joint Stock Company	Not related	84,796,830,000	312,349,965,000	27.15	0.15	0.00 - 0.45
2	Vietcombank Securities Company Limited	Related party	35,031,785,000	312,349,965,000	11.22	0.15	0.00 - 0.45
3	Ho Chi Minh City Securities Corporation	Not related	18,808,555,000	312,349,965,000	6.02	0.15	0.00 - 0.45
4	SSI Securities Corporation	Not related	12,036,475,000	312,349,965,000	3.85	0.15	0.00 - 0.45
5	Viet Dragon Securities Corporation	Not related	75,894,595,000	312,349,965,000	24.30	0.14	0.00 - 0.45
6	MB Securities Joint Stock Company	Not related	62,705,020,000	312,349,965,000	20.07	0.12	0.00 - 0.45
7	Maybank Securities Limited	Not related	23,076,705,000	312,349,965,000	7.39	0.12	0.00 - 0.45
	Total		312,349,965,000		100.00		

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15. CUSTODY FEE

	<i>For the period from 2 December 2021 (the established date) to 31 December 2022 VND</i>
Custody fee - safekeeping fee	76,633,333
Custody fee - transaction fee	62,370,000
Custody fee paid to Vietnam Securities Depository	12,869,380
	151,872,713

16. OTHER OPERATING EXPENSES

	<i>For the period from 2 December 2021 (the established date) to 31 December 2022 VND</i>
Remuneration of the Fund Representative Board	129,677,419
Annual fee for the State Securities Commission	10,000,000
Bank charges	14,307,700
	153,985,119

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17. NET ASSET VALUE

Net asset value for the period from 2 December 2021 (the established date) to 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
2 December 2021	152,992,482,230	15,299,243.34	10,000.00	
First period of December 2021	152,973,616,371	15,299,243.34	9,998.77	(1.23)
Second period of December 2021	152,847,100,302	15,299,243.34	9,990.50	(8.27)
Third period of December 2021	159,946,099,909	16,019,295.12	9,984.59	(5.91)
Fourth period of December 2021	163,640,195,815	16,371,323.54	9,995.53	10.94
Last period of December 2021	167,466,386,797	16,631,032.20	10,069.51	73.98
First period of January 2022	167,802,829,268	16,631,032.20	10,089.74	20.23
Second period of January 2022	169,565,980,997	16,871,572.41	10,050.39	(39.35)
Third period of January 2022	174,306,279,347	17,407,609.43	10,013.22	(37.17)
Fourth period of January 2022	179,869,396,699	17,898,883.69	10,049.19	35.97
Last period of January 2022	188,427,042,593	18,651,006.65	10,102.78	53.59
First period of February 2022	188,405,662,564	18,651,006.65	10,101.63	(1.15)
Second period of February 2022	190,364,322,638	18,685,003.65	10,188.08	86.45
Third period of February 2022	194,329,806,721	19,031,339.24	10,211.04	22.96
Fourth period of February 2022	198,432,311,011	19,306,279.74	10,278.12	67.08
Last period of February 2022	199,158,165,419	19,606,730.91	10,157.64	(120.48)
First period of March 2022	199,869,326,819	19,606,730.91	10,193.91	36.27
Second period of March 2022	203,676,406,731	19,984,869.82	10,191.53	(2.38)
Third period of March 2022	206,609,341,446	20,244,996.05	10,205.45	13.92
Fourth period of March 2022	236,588,003,484	22,822,023.56	10,366.65	161.20
Fifth period of March 2022	267,876,365,088	25,102,589.65	10,671.26	304.61
Last period of March 2022	268,627,389,193	25,186,152.02	10,665.67	(5.59)
First period of April 2022	270,864,029,441	25,186,152.02	10,754.48	88.81
Second period of April 2022	268,154,021,881	25,763,178.40	10,408.42	(346.06)
Third period of April 2022	271,181,244,535	25,880,379.72	10,478.25	69.83
Fourth period of April 2022	268,282,473,439	26,851,947.74	9,991.17	(487.08)
Last period of April 2022	272,081,724,176	26,989,716.37	10,080.94	89.77

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17. NET ASSET VALUE (continued)

Net asset value for the period from 2 December 2021 (the established date) to 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	272,058,091,522	26,989,716.37	10,080.06	(0.88)
Second period of May 2022	261,946,159,568	27,146,381.29	9,649.39	(430.67)
Third period of May 2022	255,020,130,258	27,352,091.99	9,323.60	(325.79)
Fourth period of May 2022	255,940,007,762	27,350,169.51	9,357.89	34.29
Last period of May 2022	270,771,361,277	27,544,927.88	9,830.17	472.28
First period of June 2022	273,753,058,053	27,692,252.84	9,885.54	55.37
Second period of June 2022	266,035,957,606	27,970,844.75	9,511.18	(374.36)
Third period of June 2022	249,174,434,951	27,734,927.17	8,984.13	(527.05)
Fourth period of June 2022	264,998,895,518	27,764,505.16	9,544.52	560.39
Last period of June 2022	261,707,453,027	27,848,226.89	9,397.63	(146.89)
First period of July 2022	263,105,038,414	27,848,226.89	9,447.82	50.19
Second period of July 2022	257,189,813,037	27,900,928.07	9,217.96	(229.86)
Third period of July 2022	259,935,420,035	27,958,895.06	9,297.05	79.09
Fourth period of July 2022	266,898,250,561	28,007,957.13	9,529.37	232.32
Fifth period of July 2022	266,076,179,759	28,040,265.15	9,489.07	(40.30)
Sixth period of July 2022	267,966,294,482	27,860,672.09	9,618.08	129.01
Seventh period of July 2022	266,368,554,278	27,869,405.21	9,557.74	(60.34)
Eighth period of July 2022	268,705,755,871	27,881,260.38	9,637.50	79.76
Last period of July 2022	274,674,264,486	28,095,376.29	9,776.49	138.99

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17. NET ASSET VALUE (continued)

Net asset value for the period from 2 December 2021 (the established date) to 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 August 2022	278,582,390,751	28,095,376.29	9,915.59	139.10
Second period of August 2022	281,923,445,962	28,190,371.89	10,000.69	85.10
Third period of August 2022	283,225,535,930	28,215,588.91	10,037.90	37.21
Fourth period of August 2022	283,970,426,811	28,190,838.66	10,073.14	35.24
Fifth period of August 2022	287,032,926,401	28,300,359.36	10,142.37	69.23
Sixth period of August 2022	288,438,040,623	28,325,081.47	10,183.13	40.76
Seventh period of August 2022	288,742,586,644	28,347,743.64	10,185.73	2.60
Eighth period of August 2022	294,513,142,940	28,386,731.81	10,375.02	189.29
Ninth period of August 2022	293,286,042,401	28,465,316.81	10,303.27	(71.75)
Last period of August 2022	296,883,184,332	28,723,689.66	10,335.83	32.56
First period of September 2022	296,682,529,872	28,723,689.66	10,328.84	(6.99)
Second period of September 2022	287,466,148,137	28,743,671.31	10,001.02	(327.82)
Third period of September 2022	288,504,587,782	28,782,997.64	10,023.43	22.41
Fourth period of September 2022	287,944,781,984	28,834,984.89	9,985.95	(37.48)
Fifth period of September 2022	275,666,828,479	28,877,677.36	9,546.01	(439.94)
Sixth period of September 2022	293,513,988,343	30,413,999.87	9,650.62	104.61
Seventh period of September 2022	288,371,210,526	30,445,036.76	9,471.86	(178.76)
Eighth period of September 2022	281,864,366,344	30,425,195.14	9,264.17	(207.69)
Last period of September 2022	276,375,280,947	30,448,274.47	9,076.87	(187.30)
First period of October 2022	262,276,493,605	30,448,274.47	8,613.83	(463.04)
Second period of October 2022	264,943,626,101	30,487,457.27	8,690.25	76.42
Third period of October 2022	249,574,409,876	30,546,336.83	8,170.35	(519.90)
Fourth period of October 2022	246,642,286,678	30,546,241.96	8,074.39	(95.96)
Fifth period of October 2022	254,592,677,699	30,573,927.92	8,327.11	252.72
Sixth period of October 2022	255,148,725,199	30,604,660.30	8,336.92	9.81
Seventh period of October 2022	232,345,409,837	30,636,212.97	7,584.01	(752.91)
Eighth period of October 2022	235,981,975,467	30,678,192.28	7,692.17	108.16
Last period of October 2022	244,486,599,207	30,689,862.55	7,966.36	274.19

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17. NET ASSET VALUE (continued)

Net asset value for the period from 2 December 2021 (the established date) to 31 December 2022 (continued):

<i>Period of NAV</i>	<i>NAV VND</i>	<i>Number of fund units</i>	<i>NAV per fund unit VND</i>	<i>Increase/(decrease) of NAV per fund unit VND</i>
First period of Novemebr 2022	247,523,444,345	31,223,554.13	7,927.45	(38.91)
Second period of Novemebr 2022	231,126,821,294	31,272,353.07	7,390.77	(536.68)
Third period of Novemebr 2022	233,743,842,288	31,299,494.20	7,467.97	77.20
Fourth period of Novemebr 2022	213,299,541,632	31,282,541.80	6,818.48	(649.49)
Fifth period of Novemebr 2022	212,960,701,454	31,417,914.90	6,778.32	(40.16)
Sixth period of Novemebr 2022	223,678,621,019	31,418,399.84	7,119.35	341.03
Seventh period of Novemebr 2022	226,825,595,191	31,430,815.42	7,216.66	97.31
Eighth period of Novemebr 2022	244,618,838,859	31,439,557.24	7,780.60	563.94
Last period of Novemebr 2022	252,235,661,898	31,547,309.14	7,995.47	214.87
First period of December 2022	263,145,994,753	31,617,604.98	8,322.76	327.29
Second period of December 2022	249,490,571,994	31,736,857.23	7,861.22	(461.54)
Third period of December 2022	255,141,255,641	31,783,175.86	8,027.55	166.33
Fourth period of December 2022	263,174,303,629	31,887,603.97	8,253.18	225.63
Fifth period of December 2022	261,378,866,666	31,900,603.14	8,193.53	(59.65)
Sixth period of December 2022	257,746,426,373	31,789,048.00	8,108.02	(85.51)
Seventh period of December 2022	248,403,143,856	31,807,679.69	7,809.53	(298.49)
Eighth period of December 2022	253,843,282,015	31,820,562.41	7,977.33	167.80
Last period of December 2022	255,876,261,450	31,834,509.36	8,037.70	60.37
Average NAV for the period	241,409,988,554			
Change in NAV per fund unit – maximum:				(752.91)
Change in NAV per fund unit – minimum:				(0.88)

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18. OFF BALANCE SHEET ITEMS

Number of outstanding fund units

By duration that the fund units could be redeemable:

	<i>31 December 2022 (fund units)</i>
Up to one year	<u>31,834,509.36</u>

19. FINANCIAL RATIOS TO MEASURE THE OPERATING EFFECTIVENESS OF THE FUND

	<i>For period from 2 December 2021 (the established date) to 31 December 2022 %</i>
Expense ratio	2.44
Turnover ratio of investment portfolio	59.93

19.1 *Expense ratio*

Expense ratio is the performance ratio of operating expense of the Fund per one unit of net asset value. For the period from 2 December 2021 (the established date) to 31 December 2022, this rate will be calculated on a year-round basis by dividing the operating expense ratio by the actual number of operated days of the Fund (from 2 December 2021 – the established date to 31 December 2022) then multiply by 365.

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

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

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.

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19. FINANCIAL RATIOS TO MEASURE THE OPERATING EFFECTIVENESS OF THE FUND (continued)

19.2 Turnover ratio

Turnover ratio of investment portfolio is the number of trading cycles of investment assets of the Fund in one (1) period. For the period from 2 December 2021 (the established date) to 31 December 2022, this rate will be calculated on a year-round basis by dividing the portfolio turnover rate by the actual number of operated days of the Fund (from 2 December 2021 – the established date to 31 December 2022) then multiply by 365.

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

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

20. FINANCIAL RISK MANAGEMENT POLICIES

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

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

20.1 Market risk

Market risk is the risk that the fair value or 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 shares 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 of future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. 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 they are not held for speculative purposes.

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

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20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.1 *Market risk* (continued)

(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 reporting and transaction currency is denominated in VND. The Fund is not exposed to foreign currency as at 31 December 2022.

(iii) *Price risk*

The Fund's listed shares are exposed to market price risk arising from uncertainties about future prices of investing shares. The Fund manages price risk by placing a limit on shares investments.

At the reporting date, the exposure to the Fund's listed shares and right issue to buy shares at fair value was VND250,476,602,200. A decrease of 10% in these securities' price could have an impact of approximately VND25,047,660,220 on the Fund's operating results, depending on whether or not the decline is significant or prolonged. An increase of 10% in the price of the listed securities would increase the Fund's operating results VND25,047,660,220.

20.2 *Credit risk*

Credit risk is the risk that the counterparty 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 and other financial instruments.

The Fund places balances of bank deposits with well-known banks in Vietnam. Credit risk posing to balances of bank deposits 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 deposits at banks 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 credit worthiness, financial statements and press releases on a regular basis.

20.3 *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.

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21. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount and fair value of financial instruments of the Fund at the reporting date are presented as follows:

	31 December 2022	
	Carrying amount VND	Fair value VND
Financial assets		
Cash and cash equivalents	5,607,053,966	5,607,053,966
Investments	250,476,602,200	250,476,602,200
- Shares	250,476,602,200	250,476,602,200
Receivables	607,300,000	607,300,000
	256,690,956,166	256,690,956,166
Financial liabilities		
Payables to distributors	96,087,906	96,087,906
Accrued expenses	71,280,000	71,280,000
Payables to fund unit holders for fund units subscription	239,920,000	239,920,000
Fund management fee payables	394,782,641	394,782,641
Other payables	7,500,000	7,500,000
	809,570,547	809,570,547

The fair values of the financial assets and liabilities represent the amounts at which the financial 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 value of receivables, payables to Distributors, accrued payables, payables of subscription to the fund unit holders, payables of redemption to fund unit holders, payables to fund management fee payable, 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, shares and deposits with terms over three (3) months is re-valued using the valuation method stated in Note 3.3.

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22. RELATED PARTIES AND OTHER KEY CONTRACTS

22.1 Related parties

a) The Fund Management Company

The significant transaction during the period was as follow:

	For the period from 2 December 2021 (the established date) to 31 December 2022 VND
Fund management fee	4,884,108,468

The outstanding balance at the period ended was as follow :

	31 December 2022 VND
Fund management fee payable	337,740,265

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.

	For the period from 2 December 2021 (the established date) to 31 December 2022 VND
Remunerations of the Fund Representatives Board	129,677,419

Balance of the remunerations of the Board of Representatives was nil as at period-end.

Vietcombank Fund Management
VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)

as at 31 December 2022 and for the period from 2 December 2021 (the established date) to 31 December 2022

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22. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)

22.1 Related parties (continued)

c) *Fund units held by the related parties*

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

	31 December 2022	
	<i>Fund units held by</i>	<i>Holding percentage (%)</i>
Vietcombank Fund Management	4,861,250.92	15.27
Other related parties	377,767.84	1.19
	5,239,018.76	16.46

Vietcombank Fund Management

VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the period from 2 December 2021 (the established date)
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22. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)

22.2 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 from 2 December 2021 (the established date) to 30 June 2022, 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 from 2 December 2021 (the established date) to 30 June 2022, 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 supervisory fee equivalent to 0.04% per annum of NAV with the minimum fee is VND18,000,000 per month from 2 December 2021 (the established date) to 30 June 2022, 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.

Details of service fees and income in the period are as follows:

	<i>For the period from 2 December 2021 (the established date) to 31 December 2022</i>
	<i>VND</i>
Supervisory fee	167,726,344
Custody fee - safekeeping fee	76,633,333
Custody fee - transaction fee	62,370,000
Fund administration fee	196,810,601
Interests from demand deposit	20,255,347
Bank charges	14,307,700

The outstanding balance at the reporting date was as follow:

	<i>31 December 2022</i>
	<i>VND</i>
Demand deposit	5,607,053,966
Payable of Supervisory fee	17,600,000
Payable of Custody fee - safekeeping fee	11,000,000
Payable of Custody fee - transaction fee	1,980,000
Payable of Fund administration fee	15,462,376

Vietcombank Fund Management
VCBF Midcap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2022 and for the period from 2 December 2021 (the established date)
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23. 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. Vu Thi Thanh Mai
Preparer

Ms. Tran Thi Ha Linh
Chief Accountant

Hanoi, Vietnam

30 March 2023