

# **VCBF Mid-cap Growth Fund**

Financial statement

For the year ended 31 December 2023



# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

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# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

### GENERAL INFORMATION

#### THE FUND

VCBF Mid-cap 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 2023, the Fund's contributed capital is VND304,540,394,500 at par value, equivalent to 30,454,039.45 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 Company Limited, 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 Company Limited ("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-GPHĐQLQ dated 2 December 2005, and subsequent adjustment licenses issued by the State Securities Commission. The most recent adjustment was granted under License No. 28/GPĐC-UBCK dated 25 April 2023. The Fund Management Company has been issued a Business Registration Certificate with the number 0101842669 by the Hanoi Department of Planning and Investment, most recently on 5 June 2023 (initial registration on 2 December 2005) and acts as the authorized representative of the Fund and is entrusted to exercise ownership rights over the Fund's assets in a truthful and prudent manner. The Fund Management Company complies with legal regulations and its own charter, manages the Fund's assets in accordance with the provisions outlined in the Charter of the Fund, adheres to professional ethics, voluntarism, fairness, honesty, and acts in the best interests of the Fund.

#### BOARD OF REPRESENTATIVES

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

<u>Name</u>	<u>Position</u>	<u>Date of appointment/resignation</u>
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 Resignation on 21 November 2023
Ms. Vu Ngoc Quynh	Member	Appointed on 21 November 2023

#### LEGAL REPRESENTATIVE

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

#### AUDITORS

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

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

### REPORT OF THE BOARD OF REPRESENTATIVES

The Fund Representative Board of VCBF Mid-cap Growth Fund (“the Fund”) is pleased to present this report and the financial statements of the Fund for the year ended 31 December 2023.

### 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 Company Limited (“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 Fund Representative Board 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 2023 and of the results of its operations, its changes in net asset value, transactions of fund units and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to the preparation and presentation of open-ended funds’ financial statements.

On behalf of the Board of Representatives:



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Mr. Mac Quang Huy  
Chairman

Ho Chi Minh City, Vietnam

29 March 2024

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

### REPORT OF THE FUND MANAGEMENT COMPANY

#### I. GENERAL INFORMATION OF THE FUND

##### 1. Investment objective

VCBF Mid-cap 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, as at 31 December 2023, the change in net asset value ("NAV") per fund unit and benchmark index is 31.95% and 32.17%, respectively, as compared to 31 December 2022.

##### 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 stocks in the VN MID-CAP 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 Company Limited

## VCBF Mid-cap 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 at the reporting date

Total net asset value: 322,992,936,587 Vietnam dong.

Number of fund units: 30,454,039.45 fund units.

##### 9. Benchmark index

Benchmark of the Fund is the change in VNMID-CAP index.

##### 10. Dividend Policy

The distribution of the Fund's profits to the fund unit holders shall be approved by 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 year, the Fund has not distributed profit.

#### II. OPERATING FIGURES

##### 1. Assets portfolio

<i>Assets portfolio</i>	<i>31 December 2023</i> (%)	<i>31 December 2022</i> (%)
Securities portfolio	98.27	97.58
Other assets	1.73	2.42
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

II. OPERATING FIGURES (continued)

2. Key performance indicators

No	Items	31 December 2023	31 December 2022
1	Net asset value (NAV) of the Fund (VND)	322,992,936,587	255,876,261,450
2	Total outstanding fund units ("unit")	30,454,039.45	31,834,509.36
3	NAV per fund unit	10,605.91	8,037.70
4	Maximum NAV per fund unit during the year	10,946.13	10,754.48
5	Minimum NAV per fund unit during the year	8,034.19	6,778.32
6	Closing price of a fund unit at the year (a)	Not applicable	Not applicable
7	Maximum closing price of a fund unit year (a)	Not applicable	Not applicable
8	Minimum closing price of a fund unit during the year (a)	Not applicable	Not applicable
9	Total growth (%) per fund unit (b)	31.95	-19.62
9.1	Capital growth (%) per fund unit (change due to price fluctuation) (b)	31.44	-19.79
9.2	Earnings growth (%) per fund unit (based on realized income) (b)	0.51	0.17
10	Gross distribution per fund unit (c)	Not applicable	Not applicable
11	Net distribution per fund unit (c)	Not applicable	Not applicable
12	Ex-date of distribution (c)	Not applicable	Not applicable
13	Expense ratio (%)	2.26	2.44
14	Turnover ratio of investment portfolio (%)	5.46	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 yet applied dividend policy.

Vietcombank Fund Management Company Limited  
 VCBF Mid-cap 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>
1 year (from 1 January 2023 to 31 December 2023)	31.95	32.17
Since inception	6.06	-16.88
Since inception (annually compounded return)	2.87	-8.50

4. Annual growth rate

<i>Item</i>	<i>2023 (%)</i>	<i>From 2 December 2021 to 31 December 2022 (%)</i>
Growth of NAV (%) per fund unit	31.95	-19.62



# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

### III. MARKET UPDATE DURING THE YEAR

#### 1. Macroeconomics overview

Vietnam's GDP growth accelerated in the 4Q 2023, thus pushed the annual GDP growth to 5.05%, in line with updated expectations and the low-case guidance of Ministry of Planning & Investment at the end of the 3Q:

- ▶ GDP grew by 6.7% yoy in the 4Q 2023, the fastest pace in the 4Q since a growth of 7.0% recorded in 4Q 2019. However, the 5.05% recorded in 2023 is the third-lowest GDP growth over the last 12 years, and is only higher than two Covid-19 years. The Industry & Construction (+7.4% yoy in 4Q and +3.7% yoy for 2023) recovered from 9M 2023 but is still far below the average of 6.7% in the five years 2018-2022. Of which, Manufacturing grew by 3.6% yoy, Construction did well at 7.1% growth as a result of increasing public investment while Mining & Extraction contracted by 3.2% for 2023.
- ▶ The Services sector (42.5% of GDP) was the main driver, growing by 6.8% yoy and contributing 62.3% to the total growth against a third of that in the previous five years.
- ▶ Real retail sales grew strongly by 7.2% yoy in 4Q and by 9.6% yoy for 12M 2023.
- ▶ The PMI slightly recovered in December 2023 to 48.9 but remained in contracting territory throughout the year except for brief expansions in August and February.
- ▶ Exports grew 2.3% qoq in 4Q 2023 but have contracted by 4.6% for the year. Imports dropped by 9.2% yoy for 12M 2023. Trade surplus therefore surged to USD28.3bn for 12M 2023 (+133.1% yoy).
- ▶ Domestic inflation was under control, with the CPI of 3.3% on average for 12M 2023, well under the upper boundary of 4.5%, with core inflation easing to under 3.0%.
- ▶ FDI disbursements grew 3.5% yoy to the highest amount on record with FDI approvals of USD28.1bn, the highest since December 2017. 78% of FDI disbursements are for manufacturing projects which will bolster growth in the short to medium term.

The exchange rate has remained stable over the year as pressure on the VN Dong eased and gained 16bps over the 4Q after losing 3.0% against the US Dollar in 3Q, supported by the record high merchandise trade surplus, strong FDI disbursements and the falling service trade deficit. The budget position of the Government remains very sturdy. Despite a decline of 5.4% in revenues and a 10.9% increase in expenditures, the budget deficit of VND14.1trn was very modest.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

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

#### 2. Stock Market

Despite high volatility over quarters, VNIndex (VNI) managed to increase by 12.2% in 2023, which is much better than the plummet of 32.8% in 2022 and surpassing other regional indices, including the Thai Set Index (-15.2%), Indonesia JCI Index (+6.2%), the Philippines PCOMP Index (-1.8%), and Malaysia FBMEMAS Index (+1.1%). The strong performance of the VNI is mainly attributable to Government's relentless efforts in solving obstacles to corporate bond and real estate markets and pushing public investments to accommodate economic growth. And the most notably, the Government switched to loosening monetary policy early in the year, which led to remarkable redundant liquidity in the banking system and record-low interest rates, a development that surprised the market and drove investment demand in risky assets as stocks.

Total market turnover reached approximately US\$182.2bn in 2023, indicating a 14.8% decline compared to that in 2022, which was mainly due to slump liquidity in the 1H. The market liquidity significantly improved in 2H.

Except for the first quarter of net purchase, foreign investors continued their net selling trend in the last three quarter of the year, with the outflow value accelerating to US\$654.5 million in 4Q. Accumulative net selling in 2023 reached US\$943.7 million, almost offset all the net purchase of US\$1.2bn posted in 2022.

During 2023, 9/12 sectors delivered positive returns and six of them outperformed the index return in 2023, of which the top performers were the Information Technologies and the Materials sectors. On the contrary, Non-discretionary Consumption and Real Estate are the worst performing ones during the year.

As regards performance by market capitalization, mid-cap and small-cap stocks outperformed in 2023 with VN70 Index leading the market with an impressive gain of 32.2%, followed by VN30 Index with a return of 28.9%, supported by retail investors while VN100 Index only recorded a modest increase of 12.6%, due to selling pressures from foreign investors and disappointed earnings recorded by many large-cap companies, particularly in real estate and consumption sectors.

Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

**IV. KEY PERFORMANCE INDICATORS**

**1. Key performance indicators**

<i>Items</i>	<i>1 year up to the reporting date (%)</i>	<i>From establishment up to the reporting date (%)</i>
Earnings growth per fund unit (a)	0.51	Not applicable
Capital growth per fund unit (a)	31.44	Not applicable
Annual growth per fund unit	31.95	2.87
Growth of the restructuring portfolio	Not applicable	Not applicable
Change in market price of a fund unit	Not applicable	Not applicable

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

Change in NAV:

<i>Items</i>	<i>31 December 2023 VND</i>	<i>31 December 2022 VND</i>	<i>Changing rate (%)</i>
NAV of the Fund	322,992,936,587	255,876,261,450	26.23
NAV per fund unit	10,605.91	8,037.70	31.95

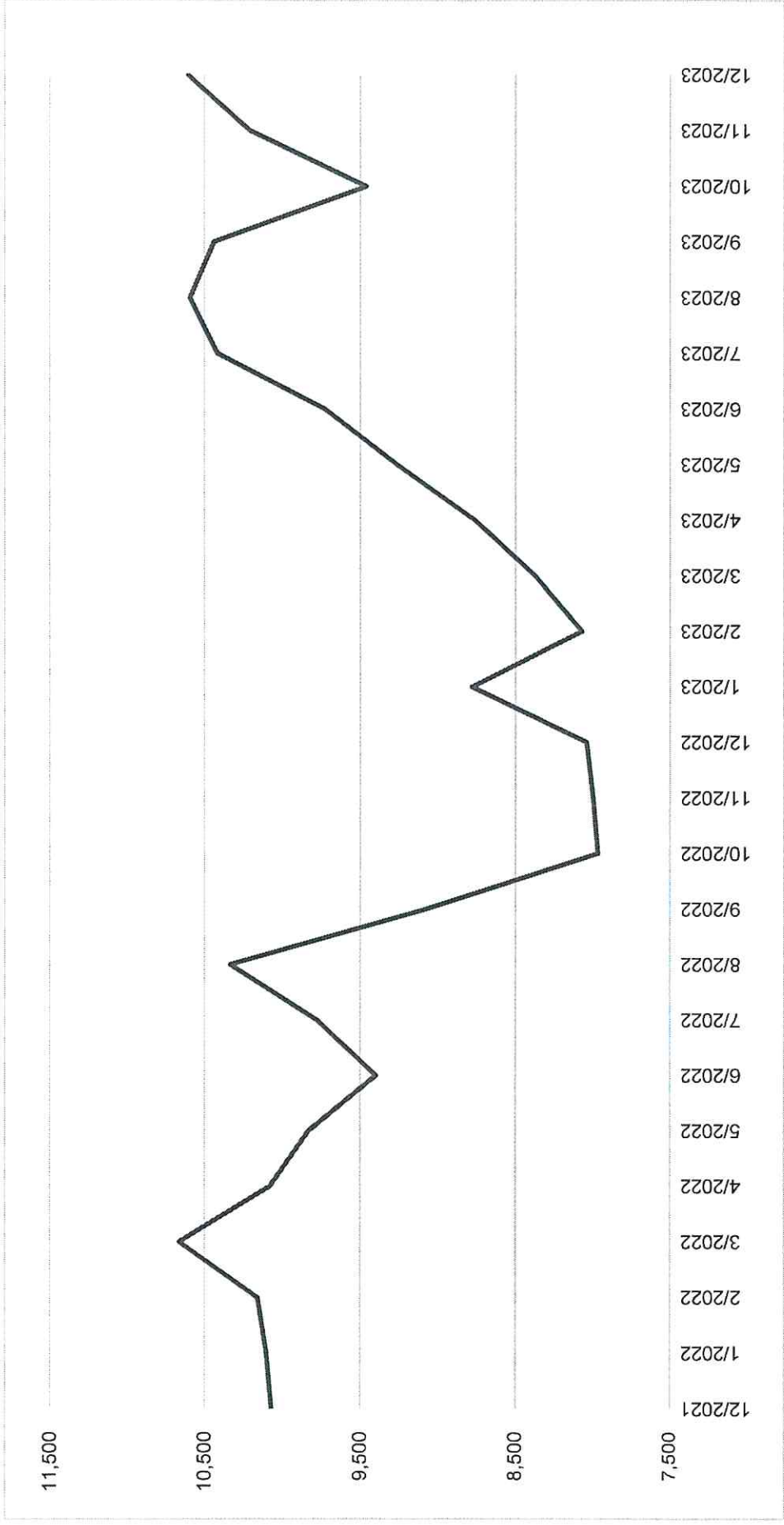
Vietcombank Fund Management Company Limited  
 VCBF Mid-cap Growth Fund

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 Company Limited

## VCBF Mid-cap 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 2023

<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	6,159	3,914,737.57	12.86
From 5,000 to 10,000	349	2,469,298.89	8.11
From 10,000 to 50,000	406	8,296,311.10	27.24
From 50,000 to 500,000	73	7,867,139.13	25.83
Over 500,000	6	7,906,552.76	25.96
<b>Total</b>	<b>6,993</b>	<b>30,454,039.45</b>	<b>100.00</b>

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

### V. MARKET OUTLOOK

Looking into 2024, the Vietnamese economy is set to further recover as major tailwinds remain largely intact while headwinds are expected to subside. The Government would continue to pursue expansive monetary policy to support growth, especially as the US Dollar looks benign given the prospect of interest rate cuts of the Fed and domestic inflation is in check. Commercial banks would be highly likely to maintain low deposit rates amid abundant liquidity and sluggish credit demand. Lending rates thus would remain at supportive levels and that benefits consumption and investment.

On the fiscal side, public investment continues to be a key focus of the Government. More importantly, disbursements in this year will have broader economic impact as various major projects start constructions after completed site clearance in last year. The tourism sector was an important economic growth driver in 2023 and could reach higher potential thanks to efforts of the Government such as offering e-visas and multiple-entry visas to attract international tourists. Last but not least, FDI capitals, especially to the manufacturing sector (2023: US\$23.5bn, or 64.2% of total registered FDI and +39.9% YoY), have been robust and that would eventually benefit the labor market and exports.

In terms of headwinds, sluggish global demand especially in 1H 2024, as a consequence of tightening policies of world major central banks, remains the key challenge for Vietnam. In the US and EU, price pressures have cooled off remarkably but the most updated core CPI in December 2023 are still well above the central banks' targets of 2.0% increase. Therefore, monetary policies in the US and EU would remain tight in a considerable period of time. While that could lead to a recession, hopes for soft-landing scenario have also been emerging as the economies are resilient. For 2024, the Fed expects the US economy to expand by 1.4% (2023: +2.5%) while the ECB forecasts the EU's economy to grow by 0.8% (2023: +0.5%). China, the third largest export market of Vietnam, also shows economic resilience though 2024 GDP growth is expected to slow to 4.6% from 5.2% in 2023. As a whole, major export markets of Vietnam will see subdued growth in 2024 and exports are expected to gradually recover from the low base in 2023 and with additional values from new FDI projects as mentioned above.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

### V. MARKET OUTLOOK (continued)

Barring a possible recession in the US, we expect brighter outlooks for the Vietnamese economy and stock market. Earnings of companies in the VNIndex is expected to recover in 2024 for low base effect and higher economic growth and specifically by 26.9% YoY, according to Bloomberg consensus as of 10 Jan 2024. Earnings growth will make stock valuation more attractive with the VNIndex's forward P/E of 12.5x<sup>1</sup>, considerably lower than the median in the last 10 years of 16.6x. Besides, the current low deposit rates will lift demand for risk assets including equities. It is also worth to note that the Government has been persistent to promote the Vietnamese stock market to emerging market status and that will continue to support investor sentiment.

That said, the pace and extent of earnings recovery would vary across companies and the stock market upgrade would benefit companies differently. Besides, several stocks performed remarkably well last year and thus the positive factors might have been largely factored in stock prices. Therefore, while we see a bright outlook for the stock market in 2024, we see opportunities in select companies and believe our approach of diversifying portfolios and making conviction-led decisions from bottom-up and fundamental analysis will continue to generate attractive risk-adjusted returns to our investors.

### VI. OTHER INFORMATION

Information of the Fund's executive officers, Board of Representatives and Board of Management of the Fund Management Company has been fully presented in the Fund Prospectus.



Mr. Vũ Quang Đông  
Chief Executive Officer

Hanoi, Vietnam

29 March 2024

<sup>1</sup> Bloomberg, 10.01.2024



## SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of VCBF Mid-Cap Growth Fund ("the Fund") for the period from 01<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023, recognize that the Fund operated and was managed in the following matters:

- a) During our supervision of the Fund's investments and asset transactions for the period from 01<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023, the Fund's investment portfolio complied with investment limits under prevailing regulations for open-end fund, Fund Charter, Fund Prospectus and other relevant regulations.
- b) Assets Valuation and Pricing of the Fund units were carried out in accordance with Fund Charter, Fund Prospectus, Valuation Manual approved by Board of Representatives of the Fund and other prevailing regulations.
- c) Fund subscriptions and redemptions were carried out in accordance with Fund Charter, Fund Prospectus and other prevailing regulations.
- d) For the period from 01<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023, the Fund did not pay dividend to Fund Unit Holders.

### SUPERVISORY BANK REPRESENTATIVE



**Nguyen Thuy Linh**

**Senior Manager, Supervisory Services Operations**

### SUPERVISORY BANK OFFICER

**Vu Minh Hien**

**Manager, Supervisory Services Operations**

Reference: 12906604/67501118

## INDEPENDENT AUDITORS' REPORT

To: **The Investors of VCBF Mid-cap Growth Fund**

We have audited the accompanying financial statements of VCBF Mid-cap Growth Fund ("the Fund") prepared on 29 March 2024 as set out on pages 16 to 59, which comprise the statement of financial position, the statement of investment portfolio as at 31 December 2023, the income statement, the statement of changes in net asset value, transactions of fund units and the cash flow statement for the year then ended and the notes thereto.

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

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

### *Auditors' responsibility*

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

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

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



### **Opinion**

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position and investment portfolio of the Fund as at 31 December 2023, 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 the 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.

### **Emphasis of matter**

We draw attention to *Note 2.4* to the financial statements. The financial period applicable for the preparation and presentation of the accompanying financial statements is from 1 January 2023 to 31 December 2023, whereas the financial period applicable for the preparation and presentation of the corresponding figures is from 2 December 2021 (date of establishment) to 31 December 2022. Accordingly, the corresponding figures of the income statement, the statement of changes in net asset value, transactions of fund units, statement of cash flows and the related notes to the financial statements are not comparable with those of the current period.

Our opinion is not modified in respect of this matter.

### **Ernst & Young Vietnam Limited**



\_\_\_\_\_  
Nguyen Phuong Nga  
Deputy General Director  
Audit Practicing Registration  
Certificate No.: 0763-2024-004-1

\_\_\_\_\_  
Nguyen Thi Quynh  
Auditor  
Audit Practicing Registration  
Certificate No.: 4207-2022-004-1

Ho Chi Minh City, Vietnam

29 March 2024

Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

INCOME STATEMENT  
for the year ended 31 December 2023


B01-QM

Code	ITEMS	Notes	Current year VND	For the period from 2 December 2021 to 31 December 2022 VND
<b>01</b>	<b>I. INCOME/(LOSS) FROM INVESTING ACTIVITIES</b>		<b>86,489,687,394</b>	<b>(55,079,585,223)</b>
02	1.1 Dividend		7,893,189,200	5,204,314,480
03	1.2 Interest income	13	99,412,394	1,589,463,097
04	1.3 Gain on investment trading	14	2,678,679,588	-
05	1.4 Unrealized gain/(loss) on revaluation of investments	5	75,818,406,212	(61,873,362,800)
<b>10</b>	<b>II. EXPENSES FROM INVESTING ACTIVITIES</b>		<b>46,256,907</b>	<b>435,200,965</b>
11	2.1 Transaction expenses for investment trading	15	46,256,907	435,200,965
<b>20</b>	<b>III. OPERATING EXPENSES</b>		<b>6,663,277,920</b>	<b>5,915,903,479</b>
20.1	3.1 Fund management fee	23.1	5,384,025,044	4,884,108,468
20.2	3.2 Custody fee	16	166,013,337	151,872,713
20.3	3.3 Supervisory fee	23.2	211,200,000	167,726,344
20.4	3.4 Fund administration fee	23.2	427,289,723	196,810,601
20.5	3.5 Transfer agency service fee		132,000,000	138,032,258
20.7	3.6 General Meeting expenses		64,061,197	80,807,976
20.8	3.7 Audit fee		143,880,000	142,560,000
20.10	3.8 Other operating expenses	17	134,808,619	153,985,119
<b>23</b>	<b>IV. NET INCOME FROM INVESTING ACTIVITIES</b>		<b>79,780,152,567</b>	<b>(61,430,689,667)</b>
<b>30</b>	<b>V. PROFIT/(LOSS) BEFORE TAX</b>		<b>79,780,152,567</b>	<b>(61,430,689,667)</b>
31	5.1 Realized profit/(loss)		3,961,746,355	442,673,133
32	5.2 Unrealized profit/(loss)	5	75,818,406,212	(61,873,362,800)
<b>40</b>	<b>VI. CORPORATE INCOME TAX EXPENSE</b>		<b>-</b>	<b>-</b>
<b>41</b>	<b>VII. PROFIT/(LOSS) AFTER TAX</b>		<b>79,780,152,567</b>	<b>(61,430,689,667)</b>

  
Ms. Le Van  
Head of Operations Department

  
Mr. Vu Quang Dong  
Chief Executive Officer

  
Ms. Duong Thi Hong Nam  
Preparer

  
Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

29 March 2024

Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

STATEMENT OF FINANCIAL POSITION  
as at 31 December 2023

B02-QM

Code	ITEMS	Notes	31 December 2023 VND	31 December 2022 VND
<b>100</b>	<b>I. ASSETS</b>			
<b>110</b>	<b>1. Cash and cash equivalents</b>	<b>4</b>	<b>5,210,236,036</b>	<b>5,607,053,966</b>
111	1.1 Cash at banks for operation of the Fund		3,180,493,294	5,607,053,966
112	1.2 Deposits with terms under three (3) months		2,029,742,742	-
<b>120</b>	<b>2. Net investments</b>		<b>318,536,178,000</b>	<b>250,476,602,200</b>
121	2.1 Investments	5	318,536,178,000	250,476,602,200
121.1	2.1.1 Listed shares		318,307,770,500	250,476,602,200
121.2	2.1.2 Right to buy shares		228,407,500	-
<b>130</b>	<b>3. Receivables</b>		<b>384,704,748</b>	<b>607,300,000</b>
133	3.1 Receivables, accrual for interest and dividends income from investments		384,704,748	607,300,000
136	3.1.1 Accruals for interest and dividend income from investments	6	384,704,748	607,300,000
<b>100</b>	<b>TOTAL ASSETS</b>		<b>324,131,118,784</b>	<b>256,690,956,166</b>
<b>300</b>	<b>II. LIABILITIES</b>			
313	1. Payables to Distributors	7	-	96,087,906
314	2. Tax and payable to the State		-	5,124,169
316	3. Accrued expenses	8	71,280,000	71,280,000
317	4. Payables to fund unit holder for fund units subscription	9	724,413,453	239,920,000
319	6. Fund management fee payable	10	342,488,744	394,782,641
320	7. Other payables		-	7,500,000
<b>300</b>	<b>TOTAL LIABILITIES</b>		<b>1,138,182,197</b>	<b>814,694,716</b>
<b>400</b>	<b>III. NET ASSET VALUE ATTRIBUTABLE TO FUND UNIT HOLDERS</b>			
			<b>322,992,936,587</b>	<b>255,876,261,450</b>
411	1. Contributed capital		304,540,394,500	318,345,093,600
412	1.1 Capital from subscription	11	440,692,717,100	356,668,028,800
413	1.2 Capital from redemption	11	(136,152,322,600)	(38,322,935,200)
414	2. Capital premium		103,079,187	(1,038,142,483)
420	3. Retained earnings	12	18,349,462,900	(61,430,689,667)
<b>430</b>	<b>IV. NET ASSET VALUE PER FUND UNIT</b>	<b>11</b>	<b>10,605.91</b>	<b>8,037.70</b>



Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

STATEMENT OF CHANGES IN NET ASSET VALUE,  
TRANSACTIONS OF FUND UNITS  
for the year ended 31 December 2023

B03-QM

Code	ITEMS	Current year VND	For the period from 2 December 2021 to 31 December 2022 VND
<b>I</b>	<b>Beginning balance of the Fund's Net Asset Value (NAV)</b>	<b>255,876,261,450</b>	<b>-</b>
<b>II</b>	<b>Changes in NAV during the year</b>	<b>79,780,152,567</b>	<b>(61,430,689,667)</b>
	<i>In which:</i>		
II.1	- Changes in NAV arising from market fluctuation and the Fund's investment activities during the year	79,780,152,567	(61,430,689,667)
<b>III</b>	<b>Changes in NAV due to redemption and subscription for fund units</b>	<b>(12,663,477,430)</b>	<b>317,306,951,117</b>
	<i>In which:</i>		
III.1	- Proceeds from additional subscription of fund units	83,324,536,122	354,049,675,182
III.2	- Payment on redemption of fund units	(95,988,013,552)	(36,742,724,065)
<b>IV</b>	<b>Ending balance of the Fund's NAV</b>	<b>322,992,936,587</b>	<b>255,876,261,450</b>

Ms. Le Van  
Head of Operations Department



Mr. Vu Quang Dong  
Chief Executive Officer

Ms. Duong Thi Hong Nam  
Preparer

Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

29 March 2024

Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

STATEMENT OF INVESTMENT PORTFOLIO  
as at 31 December 2023

B04-QM

No.	Items	Quantity	Market price as at 31 December 2023 VND	Total value VND	Proportion to the Fund's total assets as at 31 December 2023 (%)
<b>I</b>	<b>Listed shares</b>			<b>318,307,770,500</b>	<b>98.20</b>
1	ACB	448,500	23,900	10,719,150,000	3.31
2	BVH	255,000	39,500	10,072,500,000	3.11
3	BWE	250,700	41,200	10,328,840,000	3.19
4	CTD	282,933	68,800	19,465,790,400	6.01
5	DBD	274,290	54,200	14,866,518,000	4.59
6	DGW	122,000	52,300	6,380,600,000	1.97
7	FPT	126,040	96,100	12,112,444,000	3.74
8	GMD	182,000	70,500	12,831,000,000	3.96
9	HAX	628,250	13,900	8,732,675,000	2.69
10	HCM	425,900	34,200	14,565,780,000	4.49
11	HPG	260,100	27,950	7,269,795,000	2.24
12	LHG	369,800	30,300	11,204,940,000	3.46
13	MBB	709,220	18,650	13,226,953,000	4.08
14	MCM	208,800	37,000	7,725,600,000	2.38
15	MIG	474,316	18,900	8,964,572,400	2.77
16	MSB	659,100	13,000	8,568,300,000	2.64
17	MSH	161,800	36,300	5,873,340,000	1.81
18	MWG	240,000	42,800	10,272,000,000	3.17
19	NLG	374,900	36,650	13,740,085,000	4.24
20	NTC	66,700	193,500	12,906,450,000	3.98
21	PNJ	155,733	86,000	13,393,038,000	4.13
22	QNS	313,900	45,800	14,376,620,000	4.44
23	SCS	13,135	71,900	944,406,500	0.29
24	STB	1,117,800	27,950	31,242,510,000	9.64
25	TDM	216,500	40,550	8,779,075,000	2.71
26	THG	76,700	39,250	3,010,475,000	0.93
27	TLG	119,400	51,000	6,089,400,000	1.87
28	VTP	362,828	56,900	20,644,913,200	6.36

Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

STATEMENT OF INVESTMENT PORTFOLIO (continued)  
as at 31 December 2023

B04-QM

No.	Items	Quantity	Market price as at 31 December 2023 VND	Total value VND	Proportion to the Fund's total assets as at 31 December 2023 (%)
<b>II</b>	<b>Other securities</b>			<b>228,407,500</b>	<b>0.07</b>
1	Right to buy shares			228,407,500	0.07
1.1	TDM	216,500	1,055	228,407,500	0.07
<b>III</b>	<b>Other assets</b>			<b>384,704,748</b>	<b>0.12</b>
1	Dividend receivables			379,800,000	0.12
2	Accrued interest income from term deposits			4,904,748	-
<b>III</b>	<b>Cash</b>			<b>5,210,236,036</b>	<b>1.61</b>
1	Cash at banks			5,210,236,036	1.61
1.1	- Demand deposits			3,180,493,294	0.98
1.2	- Deposits with terms under three (3) months			2,029,742,742	0.63
<b>IV</b>	<b>Total investment portfolio</b>			<b>324,131,118,784</b>	<b>100.00</b>

Ms. Le Van  
Head of Operations Department



Mr. Vu Quang Dong  
Chief Executive Officer

Ms. Duong Thi Hong Nam  
Preparer

Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

29 March 2024

Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

STATEMENT OF CASH FLOW  
for the year ended 31 December 2023

B05-QM

Code	ITEMS	Notes	Current year VND	For the period from 2 December 2021 to 31 December 2022 VND
	<b>I. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
01	1. Profit/(loss) before income tax		79,780,152,567	(61,430,689,667)
02	2. Adjustments to reconcile profit before tax:		(75,825,906,212)	61,952,142,800
	<i>In which:</i>			
03	Unrealized (gain)/loss from revaluation of investments	5	(75,818,406,212)	61,873,362,800
04	Accrued expenses		(7,500,000)	78,780,000
05	3. Profit from investing activities before adjustments in working capital		3,954,246,355	521,453,133
20	Decrease/(increase) in investments		7,758,830,412	(312,349,965,000)
07	Decrease/(increase) in accrued interest income from investments		222,595,252	(607,300,000)
11	(Decrease)/increase in payables to Distributors		(96,087,906)	96,087,906
13	(Decrease)/increase in tax and payables to the State		(5,124,169)	5,124,169
14	Increase in payables to fund unit holders for fund units subscriptions		484,493,453	239,920,000
17	(Decrease)/increase in fund management fee payables		(52,293,897)	394,782,641
19	<b>Net cash flows from/(used in) investing activities</b>		<b>12,266,659,500</b>	<b>(311,699,897,151)</b>
	<b>II. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	1. Proceeds from subscription of fund units	11	83,324,536,122	354,049,675,182
32	2. Payments on redemption of fund units	11	(95,988,013,552)	(36,742,724,065)
30	<b>Net cash from (used in)/from financing activities</b>		<b>(12,663,477,430)</b>	<b>317,306,951,117</b>
40	<b>III. Net (decrease)/increase in cash and cash equivalents during the year</b>		<b>(396,817,930)</b>	<b>5,607,053,966</b>



Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

STATEMENT OF CASH FLOW (continued)  
for the year ended 31 December 2023

B05-QM

Code	ITEMS	Notes	Current year VND	For the period from 2 December 2021 to 31 December 2022 VND
<b>50</b>	<b>IV. Cash and cash equivalents at beginning of year</b>	<b>4</b>	<b>5,607,053,966</b>	<b>-</b>
51	Cash at banks at beginning of year:		5,607,053,966	-
52	- Cash at banks for the Fund's operation		5,367,133,966	-
	<i>In which:</i>			
	<i>Demand deposit for the Fund's operation</i>		5,367,133,966	-
53	- Deposits of fund unit holders for fund unit subscription and redemption		239,920,000	-
<b>55</b>	<b>V. Cash and cash equivalents at end of year</b>	<b>4</b>	<b>5,210,236,036</b>	<b>5,607,053,966</b>
56	Cash at banks at the end of year:		5,210,236,036	5,607,053,966
57	- Cash at banks for the Fund's operation		4,485,822,583	5,367,133,966
	<i>In which:</i>			
	<i>Demand deposits for the Fund's operation</i>		2,456,079,841	5,367,133,966
	<i>Deposits with terms under three (3) months</i>		2,029,742,742	-
58	- Deposits of fund unit holders for fund unit subscription and redemption		724,413,453	239,920,000
<b>60</b>	<b>VI. Net increase in cash and cash equivalents during the year</b>		<b>(396,817,930)</b>	<b>5,607,053,966</b>



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Preparer



Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

29 March 2024

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS  
as at 31 December 2023 and for the year then ended

B06-QM

### 1. THE FUND'S OPERATIONS

#### 1.1 *General information*

##### **The Fund.**

VCBF Mid-cap 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 Company Limited ("the Fund Management Company").

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

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

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

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

The Fund Management Company was established in accordance with License No. 06/UBCK-GPHĐQLQ dated 2 December 2005, and subsequent adjustment licenses issued by the State Securities Commission. The most recent adjustment was granted under License No. 28/GPĐC-UBCK dated 25 April 2023. The Fund Management Company has been issued a Business Registration Certificate with the number 0101842669 by the Hanoi Department of Planning and Investment, most recently on 5 June 2023 (initial registration on 2 December 2005) and acts as the authorized representative of the Fund and is entrusted to exercise ownership rights over the Fund's assets in a truthful and prudent manner. The Fund Management Company complies with legal regulations and its own charter, manages the Fund's assets in accordance with the provisions outlined in the Charter of the Fund, adheres to professional ethics, voluntarism, fairness, honesty, and acts in 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 2023, the Fund's contributed capital is VND304,540,394,500 at par value, equivalent to 30,454,039.45 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 Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

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**

Fund units may be traded on every Tuesday, Thursday that is a Business Day. If Tuesday, Thursday are not Business Day, the Trading Date shall be the Tuesday, Thursday next week.

##### **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 Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

B06-QM

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

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

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

- d) 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 Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

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.

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 (if any) 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.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

B06-QM

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

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

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

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 THE FINANCIAL STATEMENTS

#### 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, result of operations, changes in net asset value, transactions of fund units and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

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

#### 2.2 *Registered accounting documentation system*

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

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

B06-QM

### 2. BASIS FOR PREPARATION THE FINANCIAL STATEMENTS (continued)

#### 2.3 *Fiscal year*

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

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

#### 2.4 *Statement of comparative presentation of information*

The financial period applicable for the preparation and presentation of these financial statements is from 1 January 2023 to 31 December 2023, whereas the financial period applicable for the preparation and presentation of corresponding figures is from 2 December 2021 (date of establishment) to 31 December 2022. Accordingly, the corresponding figures of the income statement, the statement of changes in net asset value, transactions of fund units, statement of cash flows and the related notes to the financial statements are not comparable with those of the current period due to difference in reporting period.

#### 2.5 *Accounting currency*

The financial statements are prepared 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 preparation and presentation of open-ended funds' financial statements.

### 3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Accounting estimates*

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

#### 3.2 *Cash and cash equivalents*

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

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

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

#### 3.3 *Investments*

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

##### *Classification*

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

##### *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.

##### *Revaluation for NAV calculation*

Investments are revaluated on valuation date at fair value. Revaluation method is regulated in the Valuation Guidelines 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.



Vietcombank Fund Management Company Limited  
VCBF Mid-cap Growth Fund

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

3.3 *Investments* (continued)

*Principles of valuation*

No.	Type of asset	Principles on the market's transaction valuation
<b>Cash and cash equivalents, money market instruments</b>		
1.	Cash (VND)	Cash balance on date before the Valuation Day.
2.	Foreign currency	The value is convertible into VND according to prevailing exchange rate at credit institutions 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 bid-awarding interest rate or another rate designated by the Fund Representative Board and the time period of holding such instruments (detailed in the Valuation Guidelines).
6.	Listed bonds	<ul style="list-style-type: none"> <li>- Weighted average quoted price (clean price) on the transaction system (or otherwise called according to the regulations adopted by the Stock Exchange) of ordinary transaction made on the latest trading date before the Valuation Day plus accrued interest;</li> <li>- In case of no transaction in more than 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 (detailed in the Valuation Guidelines), it shall be one of the following prices: <ul style="list-style-type: none"> <li>+ Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or</li> <li>+ Purchase price plus accumulated interest; or</li> <li>+ Par value plus accumulated interest.</li> </ul> </li> </ul> <p>In case a bond is delisted due to its reaching maturity, the price will be par value plus accumulated interest.</p>

Vietcombank Fund Management Company Limited  
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NOTES TO THE FINANCIAL STATEMENTS (continued)  
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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
<b>Bonds</b> (continued)		
7.	Unlisted bonds	<ul style="list-style-type: none"> <li>- Quoted clean price (if any) on quotation systems plus accumulated interest as of the date prior to the Valuation Day; or</li> <li>- Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or</li> <li>- Purchase price plus accumulated interest; or</li> <li>- Par value plus accumulated interest;</li> </ul> <p>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 price plus accumulated interest.</p>
<b>Shares</b>		
8.	Shares listed or registered for trading	<ul style="list-style-type: none"> <li>- Closing price (or otherwise called according to the regulations adopted by the Stock Exchange) of the latest trading date before the Valuation Day.</li> <li>- In case of no transaction in more than 15 days until the Valuation Day (not including the Valuation Day); or no transactions since the date when shares are approved for listing until the Valuation Day, it shall be one of the following prices: <ul style="list-style-type: none"> <li>+ Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or</li> <li>+ Purchase price; or</li> <li>+ Book value.</li> </ul> </li> </ul> <p>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.</p>
9.	Shares are suspended to transact, or cancelled listing or cancelled transaction registration	<p>It shall be one of the following prices:</p> <ul style="list-style-type: none"> <li>- Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or</li> <li>- Book value; or</li> <li>- Face value.</li> </ul>
10.	Shares of organizations falling into winding-up or bankruptcy	<p>It shall be one of the following prices:</p> <ul style="list-style-type: none"> <li>- 80% (eighty percent) of liquidating value of such shares on the latest date of preparing balance sheet prior to the Valuation Day; or</li> <li>- Price determined by the other methods which are approved by the Fund Representative Board.</li> </ul>

Vietcombank Fund Management Company Limited  
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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
<b>Shares (continued)</b>		
11.	Stocks, other contributed capital	<ul style="list-style-type: none"> <li>- Average price of successful transactions on the latest trading date before the Valuation Day which are provided by 03 quotation providers that are not the related persons of VCBF.</li> <li>- In case of no full quotation of three (03) quotation providers, use one of following prices:               <ul style="list-style-type: none"> <li>+ Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or</li> <li>+ Purchase price/ contributed capital value; or</li> <li>+ Book value.</li> </ul> </li> </ul>
12.	Right issue to buy share	<p>Value of the right = Max {0; (Price of shares – Issuing price) x conversion rate}</p> <p>In which:</p> <p>Conversion rate = Number of shares entitled to buy/ Number of rights.</p>
<b>Other assets</b>		
13.	Listed fund certificates	<ul style="list-style-type: none"> <li>- Closed price (or otherwise called according to the regulations adopted by the Stock Exchange) on the latest trading date prior to the Valuation Day.</li> <li>- In case of no transaction in more than fifteen (15) days until the Valuation Day (not including the Valuation Day), which shall be one of the following prices in priority order:               <ul style="list-style-type: none"> <li>+ Price of NAV per fund unit which are approved by the Fund Management Company on the latest trading date prior to the Valuation Day;</li> <li>+ Price determined by the other methods which are approved by the Fund Representative Board.</li> </ul> </li> </ul>

Vietcombank Fund Management Company Limited  
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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
<b>Other assets</b> (continued)		
14.	Unlisted fund certificates	<ul style="list-style-type: none"> <li>- Price of NAV per fund unit which are approved by the Fund Management Company on the latest trading date prior to the Valuation Day;</li> <li>- In case the NAV price cannot be determined, price determined by the other methods which are approved by the Fund Representative Board.</li> </ul>
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 other methods which are approved by the Fund Representative Board.</p>

*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.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

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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 year.

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

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

##### 3.5.3 *Profit/Assets distributed to fund unit holders*

This account reflects the profit/assets distributed to fund unit holders during the year 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.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
as at 31 December 2023 and for the year then ended

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

The Fund has made provision for overdue debts in accordance with Circular No 48/2019/TT-BTC modified 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 management fee of public securities investment fund to the Fund Management Company at a maximum rate of 2% of the Fund's NAV.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

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

#### 3.8 Expenses (continued)

##### 3.8.1 Investment portfolio management fee (continued)

###### (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.

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

Before 1 July 2022, fund administration fee is calculate at 0.04% per annum based on the NAV, with the minium of VND18,000,000 per month. From 1 July 2022 to 31 January 2023, fund administration fee is calculate at 0.05% per annum based on the NAV, with the minium of VND11,000,000 per month. From 1 February 2023, fund administration fee is calculate at 0.05% per annum based on the NAV, with the minium of VND31,000,000 per month. 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 agent 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% per annum based on the NAV, with the minium of VND18,000,000 per month for the period before 1 July 2022, with the minium of VND11,000,000 per month for the period from 1 July 2022 to 30 November 2022, with the minium of VND16,000,000 per month from 1 December 2022. 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

Before 1 July 2022, custody fee is calculated at 0.04% per annum based NAV with the minium of VND18,000,000 per month. After 1 July 2022, custody fee is calculated at 0.03% per annum based NAV with the minium of VND11,000,000 per month. The fee does not include amount payable to the Viet Nam Securities Depository, transactions fee and registered fee. Custody fee is record 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 1 July 2022, the service fee for fund's financial statement preparation is VND 36,000,000 per year, equivalent to VND 3,000,000 per month. The fee is exclusive of value-added tax. Financial reporting fee is recorded as the Fund's expense at each valuation period and paid monthly to the Supervisory Bank.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

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

#### 3.9 Revenue recognition

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

##### *Dividends*

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

When being entitled to shares dividends, the Fund records number of shares entitled to receive and does not recognize 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.



# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

NOTES TO THE FINANCIAL STATEMENTS (continued)  
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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.

#### 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.

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

**3.13 Financial instruments** (continued)

*Financial instruments – initial recognition and presentation* (continued)

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. The Fund used methods and assumptions presented at *Note 22* to estimate the fair value of financial instruments.

*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.

**4. CASH AND CASH EQUIVALENTS**

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<u>VND</u>	<u>VND</u>
Demand deposit at Supervisory and Custodian Bank for the Fund's operation	2,456,079,841	5,367,133,966
Deposit of fund unit holders for fund units subscription and redemption	724,413,453	239,920,000
Deposits with terms under three (3) months	2,029,742,742	-
	<u><b>5,210,236,036</b></u>	<u><b>5,607,053,966</b></u>

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5. INVESTMENTS

	Cost VND	Market value or fair value VND	Revaluation difference		Fair value VND
			Increase VND	Decrease VND	
<b>31 December 2023</b>					
Shares	304,591,134,588	318,307,770,500	35,210,576,412	(21,493,940,500)	318,307,770,500
Right to buy shares (*)	-	228,407,500	228,407,500	-	228,407,500
	<b>304,591,134,588</b>	<b>318,536,178,000</b>	<b>35,438,983,912</b>	<b>(21,493,940,500)</b>	<b>318,536,178,000</b>
<b>31 December 2022</b>					
Shares	312,349,965,000	250,476,602,200	4,392,941,700	(66,266,304,500)	250,476,602,200
	<b>312,349,965,000</b>	<b>250,476,602,200</b>	<b>4,392,941,700</b>	<b>(66,266,304,500)</b>	<b>250,476,602,200</b>
					<b>75,818,406,212</b>

Impact of the revaluation difference on investments in the income statement

(\*) According to the announcement number 2017/TB-SGDHCM dated 21 December 2023 by the Ho Chi Minh City Stock Exchange regarding the final registration date for the purchase right of TDM securities of Thu Dau Mot Water Joint Stock Company. Accordingly, the right to buy shares for existing shareholders at the ratio of 10:1 (1 share entitled to 10 rights, 10 rights can buy 1 new share). The last registration date is 29 December 2023, the share purchase period is from 9 January 2024 to 7 February 2024. As of the date of issuing this financial report, the Fund has purchased all 21,650 shares equivalent to 216,500 purchase rights owned on 31 December 2023.

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**6. RECEIVABLES AND ACCRUED DIVIDENDS, INTEREST FROM INVESTMENTS**

	<i>31 December 2023</i> VND	<i>31 December 2022</i> VND
Accrued dividends	379,800,000	607,300,000
Interest receivable from term deposits	4,904,748	-
	<b><u>384,704,748</u></b>	<b><u>607,300,000</u></b>

**7. PAYABLES TO DISTRIBUTORS**

	<i>31 December 2023</i> VND	<i>31 December 2022</i> VND
Payables to Fund Management Company	-	96,087,906

**8. ACCRUED EXPENSES**

	<i>31 December 2023</i> VND	<i>31 December 2022</i> VND
Audit fee	71,280,000	71,280,000

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

This is the amount of money that investors have paid for the purchase of fund certificates and are awaiting transaction completion as of the end of the fiscal year.

**10. FUND MANAGEMENT FEE PAYABLE**

	<i>31 December 2023</i> VND	<i>31 December 2022</i> VND
Payable of fund management fee	264,388,744	337,740,265
Payable of fund administration fee	37,400,000	15,462,376
Payable of supervisory fee	17,600,000	17,600,000
Payable of custody fee - safekeeping fee	11,000,000	11,000,000
Payable of transfer agent fee	11,000,000	11,000,000
Payable of custody fee - transaction fee	1,100,000	1,980,000
	<b><u>342,488,744</u></b>	<b><u>394,782,641</u></b>

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11. STATEMENT OF CHANGES IN OWNERS' EQUITY

	<i>Current year</i>		
	<i>Beginning balance</i> VND	<i>Movement</i> <i>during the year</i> VND	<i>Ending balance</i> VND
<b>Subscription capital</b>			
Number of fund units ("unit")	35,666,802.88	8,402,468.83	44,069,271.71
Subscription capital at par value	356,668,028,800	84,024,688,300	440,692,717,100
Capital premium	<u>(2,618,353,618)</u>	<u>(700,152,178)</u>	<u>(3,318,505,796)</u>
Total subscription capital	354,049,675,182	83,324,536,122	437,374,211,304
<b>Redemption capital</b>			
Number of fund units ("unit")	(3,832,293.52)	(9,782,938.74)	(13,615,232.26)
Redemption capital at par value	(38,322,935,200)	(97,829,387,400)	(136,152,322,600)
Capital premium	<u>1,580,211,135</u>	<u>1,841,373,848</u>	<u>3,421,584,983</u>
Total redemption capital	(36,742,724,065)	(95,988,013,552)	(132,730,737,617)
<b>Number of outstanding fund units ("unit")</b>	<u>31,834,509.36</u>	<u>(1,380,469.91)</u>	<u>30,454,039.45</u>
<b>Outstanding contributed capital</b>	<u>317,306,951,117</u>	<u>(12,663,477,430)</u>	<u>304,643,473,687</u>
<b>Retained earnings</b>	<u>(61,430,689,667)</u>	<u>79,780,152,567</u>	<u>18,349,462,900</u>
<b>NAV</b>	<u>255,876,261,450</u>		<u>322,992,936,587</u>
<b>NAV per fund unit</b>	<u>8,037.70</u>		<u>10,605.91</u>

12. RETAINED EARNINGS

	<i>31 December 2023</i> VND	<i>31 December 2022</i> VND
Realized profit	4,404,419,488	442,673,133
Unrealized gain/(loss)	<u>13,945,043,412</u>	<u>(61,873,362,800)</u>
	<u>18,349,462,900</u>	<u>(61,430,689,667)</u>

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**13. INTEREST INCOME**

	<i>Current year</i> VND	<i>For the period from</i> <i>2 December 2021 to</i> <i>31 December 2022</i> VND
Interest from term deposits	93,211,515	1,569,207,750
Interest from demand deposits	6,200,879	20,255,347
	<b>99,412,394</b>	<b>1,589,463,097</b>

**14. LOSS FROM INVESTMENT TRADING**

	<i>Current year</i>		
	<i>Total trading</i> <i>amount during the</i> <i>year</i> VND	<i>Weighted average</i> <i>cost at the end of the</i> <i>trading date</i> VND	<i>Gain on</i> <i>investment</i> <i>trading during</i> <i>the year</i> VND
Listed shares	21,435,565,000	18,756,885,412	2,678,679,588

**15. TRANSACTION EXPENSES FOR INVESTMENT TRADING**

	<i>Current year</i> VND	<i>For the period from</i> <i>2 December 2021 to</i> <i>31 December 2022</i> VND
Transaction expenses for buying investments	31,134,262	-
Transaction expenses for selling investments	14,997,188	435,200,965
Other trading fee	125,457	-
	<b>46,256,907</b>	<b>435,200,965</b>

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15. TRANSACTION EXPENSES FOR INVESTMENT TRADING (continued)

In 2023, the Fund's transactions are mainly conducted through the following securities companies:

No.	Name of securities companies (2)	Relationship with the Fund Management Company (3)	Trading rate of the Fund at each securities company			Average trading fee (%) (7)	Average trading fee on market (%) (8)
			Trading value of the Fund during the year VND (4)	Total trading value of the Fund during the year (* VND (5)	Trading rate of the Fund at each securities company during the year (%) (6)=(4)/(5)		
(1)							
1	Vietcap Securities Joint Stock Company (Formerly Viet Capital Securities Joint Stock Company)	Not related	5,771,935,000	32,433,620,000	17.80	0.15	0.00 – 0.45
2	Vietcombank Securities Co., Ltd	Related party	3,178,220,000	32,433,620,000	9.80	0.15	0.00 – 0.45
3	Ho Chi Minh City Securities Corporation	Not related	7,331,350,000	32,433,620,000	22.60	0.15	0.00 – 0.45
4	SSI Securities Corporation	Not related	7,540,320,000	32,433,620,000	23.25	0.15	0.00 – 0.45
5	Viet Dragon Securities Corporation	Not related	3,944,105,000	32,433,620,000	12.16	0.14	0.00 – 0.45
6	MB Securities Joint Stock Company	Not related	3,621,290,000	32,433,620,000	11.17	0.10	0.00 – 0.45
7	Maybank Securities Limited	Not related	1,046,400,000	32,433,620,000	3.22	0.12	0.00 – 0.45
	<b>Total</b>		<b>32,433,620,000</b>		<b>100.00</b>		

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16. CUSTODY FEE

	<i>Current year</i>	<i>For the period from</i>
	<i>VND</i>	<i>2 December 2021</i>
	<i>VND</i>	<i>to 31 December</i>
	<i>VND</i>	<i>2022</i>
	<i>VND</i>	<i>VND</i>
Custody fee - safekeeping fee	132,000,000	76,633,333
Custody fee - depository fee paid to the Viet Nam Securities Depository and Clearing Corporation	27,853,337	12,869,380
Custody fee - transaction fee	6,160,000	62,370,000
	<b>166,013,337</b>	<b>151,872,713</b>

17. OTHER OPERATING EXPENSES

	<i>Current year</i>	<i>For the period from</i>
	<i>VND</i>	<i>2 December 2021</i>
	<i>VND</i>	<i>to 31 December</i>
	<i>VND</i>	<i>2022</i>
	<i>VND</i>	<i>VND</i>
Remuneration of the Fund Representatives Board	120,000,000	129,677,419
Annual fee for the State Securities Commission	7,500,000	10,000,000
Bank charges	7,308,619	14,307,700
	<b>134,808,619</b>	<b>153,985,119</b>



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18. NET ASSET VALUE

Net asset value for the year ended 31 December 2023:

Period of NAV	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
<b>Last period of December 2022</b>	<b>255,876,261,450</b>	<b>31,834,509.36</b>	<b>8,037.70</b>	
First period of January 2023	255,844,578,571	31,834,509.36	8,036.70	(1.00)
Second period of January 2023	261,965,054,109	31,843,790.76	8,226.56	189.86
Third period of January 2023	261,823,262,101	31,853,609.85	8,219.57	(6.99)
Fourth period of January 2023	264,320,592,366	31,880,225.43	8,291.05	71.48
Fifth period of January 2023	265,398,371,260	31,886,208.11	8,323.29	32.24
Sixth period of January 2023	273,615,097,674	31,872,718.86	8,584.61	261.32
Seventh period of January 2023	276,078,205,031	31,897,165.94	8,655.25	70.64
Eighth period of January 2023	277,189,821,296	31,897,165.94	8,690.10	34.85
<b>Last period of January 2023</b>	<b>280,412,435,812</b>	<b>31,939,813.44</b>	<b>8,779.40</b>	<b>89.30</b>
First period of February 2023	272,569,599,555	31,939,813.44	8,533.85	(245.55)
Second period of February 2023	272,168,089,855	31,999,983.57	8,505.25	(28.60)
Third period of February 2023	269,037,303,898	32,036,762.78	8,397.76	(107.49)
Fourth period of February 2023	262,491,426,072	32,052,755.26	8,189.35	(208.41)
Fifth period of February 2023	264,527,016,633	32,099,268.45	8,240.90	51.55
Sixth period of February 2023	276,453,727,289	32,073,674.18	8,619.33	378.43
Seventh period of February 2023	269,005,022,056	31,965,583.80	8,415.45	(203.88)
Eighth period of February 2023	257,010,781,157	31,939,553.01	8,046.78	(368.67)
<b>Last period of February 2023</b>	<b>257,829,402,117</b>	<b>31,951,607.35</b>	<b>8,069.37</b>	<b>22.59</b>
First period of March 2023	263,571,250,591	31,951,607.35	8,249.07	179.70
Second period of March 2023	259,698,109,078	31,990,031.39	8,118.09	(130.98)
Third period of March 2023	264,044,834,904	31,946,365.65	8,265.25	147.16
Fourth period of March 2023	262,565,550,011	31,932,980.12	8,222.39	(42.86)
Fifth period of March 2023	264,317,651,323	31,935,274.43	8,276.66	54.27
Sixth period of March 2023	256,225,519,858	31,891,864.97	8,034.19	(242.47)
Seventh period of March 2023	258,251,867,604	31,854,583.60	8,107.21	73.02
Eighth period of March 2023	261,829,892,494	31,851,766.10	8,220.26	113.05
Ninth period of March 2023	262,116,586,644	31,855,982.10	8,228.17	7.91
<b>Last period of March 2023</b>	<b>266,641,102,909</b>	<b>31,858,733.62</b>	<b>8,369.48</b>	<b>141.31</b>

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18. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2023 (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 April 2023	270,526,852,356	31,858,733.62	8,491.45	121.97
Second period of April 2023	273,830,188,719	31,849,290.78	8,597.68	106.23
Third period of April 2023	272,753,922,451	31,818,954.55	8,572.05	(25.63)
Fourth period of April 2023	275,848,575,166	31,801,443.31	8,674.08	102.03
Fifth period of April 2023	273,940,097,315	31,812,557.97	8,611.06	(63.02)
Sixth period of April 2023	276,008,953,634	31,822,421.66	8,673.41	62.35
Seventh period of April 2023	278,555,789,415	31,830,263.71	8,751.28	77.87
Eighth period of April 2023	273,230,856,771	31,375,358.18	8,708.45	(42.83)
<b>Last period of April 2023</b>	<b>269,949,136,170</b>	<b>30,824,268.19</b>	<b>8,757.68</b>	<b>49.23</b>
First period of May 2023	269,897,285,324	30,824,268.19	8,755.99	(1.69)
Second period of May 2023	273,379,253,953	30,852,597.80	8,860.81	104.82
Third period of May 2023	275,133,360,406	30,870,536.84	8,912.49	51.68
Fourth period of May 2023	277,239,140,077	30,785,841.58	9,005.41	92.92
Fifth period of May 2023	276,844,572,968	30,735,250.94	9,007.39	1.98
Sixth period of May 2023	281,554,699,911	30,785,302.59	9,145.75	138.36
Seventh period of May 2023	277,236,740,828	30,479,310.01	9,095.89	(49.86)
Eighth period of May 2023	280,612,538,727	30,506,230.38	9,198.53	102.64
<b>Last period of May 2023</b>	<b>280,916,397,989</b>	<b>30,343,208.33</b>	<b>9,257.96</b>	<b>59.43</b>
First period of June 2023	280,675,964,588	30,014,923.28	9,351.21	93.25
Second period of June 2023	284,404,021,122	30,109,677.18	9,445.60	94.39
Third period of June 2023	288,656,645,590	30,144,906.54	9,575.63	130.03
Fourth period of June 2023	285,207,590,557	30,154,793.14	9,458.11	(117.52)
Fifth period of June 2023	286,300,781,793	30,137,063.14	9,499.95	41.84
Sixth period of June 2023	292,897,591,172	30,159,852.95	9,711.50	211.55
Seventh period of June 2023	295,103,622,581	30,172,536.00	9,780.53	69.03
Eighth period of June 2023	298,218,763,001	30,269,085.63	9,852.25	71.72
<b>Last period of June 2023</b>	<b>297,489,465,924</b>	<b>30,596,108.38</b>	<b>9,723.11</b>	<b>(129.14)</b>

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18. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2023 (continued):

Period of NAV	NAV		Number of fund units	NAV per fund unit		Increase/(decrease) of NAV per fund unit VND
	VND	VND		VND	VND	
First period of July 2023	298,354,255,963		30,596,108.38	9,751.37	28.26	
Second period of July 2023	302,526,955,602		30,696,198.57	9,855.51	104.14	
Third period of July 2023	309,038,306,548		30,812,142.19	10,029.75	174.24	
Fourth period of July 2023	312,667,703,801		30,882,078.48	10,124.56	94.81	
Fifth period of July 2023	315,779,129,910		30,952,823.34	10,201.94	77.38	
Sixth period of July 2023	317,347,652,975		31,080,137.82	10,210.62	8.68	
Seventh period of July 2023	322,273,411,044		31,048,424.78	10,379.70	169.08	
Eighth period of July 2023	320,641,603,694		31,076,851.43	10,317.69	(62.01)	
<b>Last period of July 2023</b>	<b>323,975,455,391</b>		<b>31,102,658.45</b>	<b>10,416.32</b>	<b>98.63</b>	
First period of August 2023	320,230,566,349		31,273,752.83	10,239.59	(176.73)	
Second period of August 2023	325,300,242,091		31,293,517.40	10,395.13	155.54	
Third period of August 2023	325,980,275,653		31,347,671.00	10,398.86	3.73	
Fourth period of August 2023	325,518,183,099		31,355,129.91	10,381.65	(17.21)	
Fifth period of August 2023	327,281,846,782		31,360,277.55	10,436.19	54.54	
Sixth period of August 2023	307,766,506,933		30,839,275.95	9,979.69	(456.50)	
Seventh period of August 2023	306,924,089,368		30,861,683.55	9,945.15	(34.54)	
Eighth period of August 2023	316,846,914,654		30,876,417.62	10,261.77	316.62	
Ninth period of August 2023	323,533,872,341		30,921,475.51	10,463.08	201.31	
<b>Last period of August 2023</b>	<b>327,741,022,492</b>		<b>30,938,972.89</b>	<b>10,593.14</b>	<b>130.06</b>	
First period of September 2023	327,661,613,996		30,938,972.89	10,590.57	(2.57)	
Second period of September 2023	334,218,204,348		30,974,361.75	10,790.15	199.58	
Third period of September 2023	328,830,998,145		30,960,926.88	10,620.83	(169.32)	
Fourth period of September 2023	334,302,117,242		30,999,940.87	10,783.95	163.12	
Fifth period of September 2023	332,508,143,201		30,894,555.73	10,762.67	(21.28)	
Sixth period of September 2023	338,211,301,931		30,897,780.16	10,946.13	183.46	
Seventh period of September 2023	320,425,799,535		30,983,440.88	10,341.84	(604.29)	
Eighth period of September 2023	318,902,905,699		30,582,017.31	10,427.79	85.95	
<b>Last period of September 2023</b>	<b>320,550,152,359</b>		<b>30,709,708.20</b>	<b>10,438.07</b>	<b>10.28</b>	

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18. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2023 (continued):

Period of NAV	NAV		Number of fund units	NAV per fund unit		Increase/(decrease) of NAV per fund unit VND
	VND	VND		VND	VND	
First period of October 2023	320,656,176,585		30,709,708.20	10,441.52	3.45	
Second period of October 2023	316,980,096,613		30,823,057.64	10,283.86	(157.66)	
Third period of October 2023	323,973,937,795		30,913,094.52	10,480.15	196.29	
Fourth period of October 2023	329,250,882,388		30,970,020.91	10,631.27	151.12	
Fifth period of October 2023	327,473,626,765		31,047,467.13	10,547.51	(83.76)	
Sixth period of October 2023	315,270,731,747		31,048,897.06	10,154.00	(393.51)	
Seventh period of October 2023	313,920,522,768		31,070,062.03	10,103.63	(50.37)	
Eighth period of October 2023	317,173,003,675		31,164,246.69	10,177.46	73.83	
Ninth period of October 2023	302,353,247,462		31,163,559.75	9,702.14	(475.32)	
<b>Last period of October 2023</b>	<b>294,831,253,063</b>		<b>31,167,104.66</b>	<b>9,459.69</b>	<b>(242.45)</b>	
First period of November 2023	297,971,948,922		31,167,104.66	9,560.46	100.77	
Second period of November 2023	314,190,349,485		31,239,605.86	10,057.43	496.97	
Third period of November 2023	323,486,383,257		31,360,945.72	10,314.94	257.51	
Fourth period of November 2023	322,689,452,242		31,431,273.40	10,266.50	(48.44)	
Fifth period of November 2023	325,782,687,297		31,358,340.60	10,389.02	122.52	
Sixth period of November 2023	323,517,286,792		31,348,098.57	10,320.15	(68.87)	
Seventh period of November 2023	326,299,232,923		31,352,056.79	10,407.58	87.43	
Eighth period of November 2023	315,678,899,295		31,340,101.86	10,072.68	(334.90)	
Ninth period of November 2023	321,909,745,234		31,523,408.62	10,211.76	139.08	
<b>Last period of November 2023</b>	<b>322,357,035,050</b>		<b>31,583,642.32</b>	<b>10,206.45</b>	<b>(5.31)</b>	

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18. NET ASSET VALUE (continued)

Net asset value for the year ended 31 December 2023 (continued):

Period of NAV	NAV		Number of fund units	NAV per fund unit		Increase/(decrease) of NAV per fund unit VND
	VND			VND		
First period of December 2023	328,672,558,471		31,583,642.32	10,406.41	199.96	
Second period of December 2023	330,046,027,862		31,661,538.88	10,424.19	17.78	
Third period of December 2023	327,007,256,278		31,580,725.52	10,354.64	(69.55)	
Fourth period of December 2023	324,378,911,772		31,653,369.54	10,247.84	(106.80)	
Fifth period of December 2023	320,547,397,426		31,651,761.75	10,127.31	(120.53)	
Sixth period of December 2023	325,101,233,121		31,728,766.81	10,246.26	118.95	
Seventh period of December 2023	333,160,465,112		31,885,197.97	10,448.75	202.49	
Eighth period of December 2023	334,748,803,456		31,846,214.32	10,511.41	62.66	
<b>Last period of December 2023</b>	<b>322,992,936,587</b>		<b>30,454,039.45</b>	<b>10,605.91</b>	<b>94.50</b>	
Average NAV for the year	297,168,625,461				(604.29)	
Change maximum NAV per fund unit for the year					(1.00)	
Change minimum NAV per fund unit for the year						

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**19. OFF BALANCE SHEET ITEM**

*Number of outstanding fund units*

By duration that the fund units could be redeemable:

	<i>31 December 2023</i> <i>(fund units)</i>	<i>31 December 2022</i> <i>(fund units)</i>
Up to one year	<u><b>30,454,039.45</b></u>	<u><b>31,834,509.36</b></u>

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

	<i>Current year</i> <i>VND</i>	<i>For the period from 2</i> <i>December 2021 to</i> <i>31 December 2022</i> <i>VND</i>
Expense ratio	2.26	2.44
Turnover ratio of investment portfolio	5.46	59.93

**20.1 Expense ratio**

Expense ratio is the performance ratio of operating expense of the Fund per one unit of net asset value.

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

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

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

- Interest expense;
- Gain or loss arising from foreign exchange differences (realized and unrealized);
- Deductible personal income tax of Fund Unit Holders or income tax paid during the year (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.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

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

#### 20.2 *Turnover ratio*

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

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

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

### 21. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

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

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

#### 21.1 *Market risk*

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

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

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

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

The Fund Management Company believes that interest rate risk does not have any impact on the Fund's operations. The Fund does not apply sensitive to interest analysis because investment portfolio of the Fund comprising of fixed income assets which has low interest rate risk.

# Vietcombank Fund Management Company Limited

## VCBF Mid-cap Growth Fund

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

#### 21.1 *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, its reporting and transaction currency is denominated in VND, the Fund is not exposed to foreign currency risk as at 31 December 2023.

##### (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 VND318,536,178,000. A decrease of 10% in these securities' price could have an impact of approximately VND31,853,617,800 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 VND31,853,617,800.

#### 21.2 *Credit risk*

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

The Fund places balances of 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 financial health, credit worthiness, financial statements and press releases on a regular basis.

#### 21.3 *Liquidity risk*

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

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



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VCBF Mid-cap Growth Fund

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22. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount and fair value of financial instruments of the Fund at 31 December 2023 are presented as follows:

	31 December 2023		31 December 2022	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
<b>Financial assets</b>				
Cash and cash equivalents	5,210,236,036	5,210,236,036	5,607,053,966	5,607,053,966
Net investments	318,536,178,000	318,536,178,000	250,476,602,200	250,476,602,200
- Shares	318,307,770,500	318,307,770,500	250,476,602,200	250,476,602,200
- <i>Right to buy shares</i>	228,407,500	228,407,500	-	-
Receivables	384,704,748	384,704,748	607,300,000	607,300,000
	<b>324,131,118,784</b>	<b>324,131,118,784</b>	<b>256,690,956,166</b>	<b>256,690,956,166</b>
<b>Financial liabilities</b>				
Payables to Distributors	-	-	96,087,906	96,087,906
Accrued payables	71,280,000	71,280,000	71,280,000	71,280,000
Payables to fund unit holders for fund units subscription	724,413,453	724,413,453	239,920,000	239,920,000
Fund management fee payable	342,488,744	342,488,744	394,782,641	394,782,641
Other payables	-	-	7,500,000	7,500,000
	<b>1,138,182,197</b>	<b>1,138,182,197</b>	<b>809,570,547</b>	<b>809,570,547</b>

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

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

- Fair values of receivables, payables to Distributors and Fund Management Companies, accrued payables, payables of subscription to the investors, payables to fund management services, other payables were equal to their book values due mainly to the short-term maturities of these instruments.
- Fair value of cash and cash equivalents, shares is re-valued using the valuation method stated in Note 3.3.

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**23. RELATED PARTIES AND OTHER KEY CONTRACTS**

**23.1 Related parties**

a) *The Fund Management Company*

The significant transactions in the year was as follow:

	<i>Current year</i> VND	<i>For the period from</i> <i>2 December 2021 to</i> <i>31 December 2022</i> VND
Fund management fee	<u>5.384.025.044</u>	<u>4.884.108.468</u>

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

	<i>31 December 2023</i> VND	<i>31 December 2022</i> VND
Fund management fee payable	<u>264.388.744</u>	<u>337.740.265</u>

b) *Remunerations of the Fund Representatives Board*

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

	<i>Current year</i> VND	<i>For the period from</i> <i>2 December 2021 to</i> <i>31 December 2022</i> VND
Remunerations of the Fund Representatives Board	<u>120.000.000</u>	<u>129.677.419</u>

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

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**23. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)**

**23.1 Related parties (continued)**

*c) Fund units held by the related parties*

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

<i>Related parties</i>	<i>Relationship</i>	<i>31 December 2023</i>		<i>31 December 2022</i>	
		<i>Fund units held by</i>	<i>Holding percentage (%)</i>	<i>Fund units held by</i>	<i>Holding percentage (%)</i>
Vietcombank Fund Management Company Limited	Fund Management Company	4,861,250.92	15.96	4,861,250.92	15.27
Other related parties		470,012.33	1.55	377,767.84	1.19
		<b>5,331,263.25</b>	<b>17.51</b>	<b>5,239,018.76</b>	<b>16.46</b>

**23.2 Other key contracts**

*Supervisory Bank*

According to the supervisory and custodian contract signed with Standard Chartered Bank (Vietnam) Limited ("Supervisory Bank"), the Fund has the obligation to pay the Supervisory Bank a supervisory fee equivalent to 0.04% per annum of NAV at the date prior to the Valuation Day with the minimum fee is VND18,000,000 per month for the period before 1 July 2022, VND11,000,000 per month for from 1 July 2022 to 30 November 2022 and VND16,000,000 for the period from 1 December 2022, exclusive of value-added tax. Custody fee is equivalent to 0.04% per annum of NAV with the minimum fee is VND18,000,000 per month for the period before 1 July 2022, and then it is calculated at 0.03%NAV per annum, with a minimum of VND11,000,000 per month for the period after 1 July 2022.

The Custodian Bank is also an organization providing fund administration services. The Fund has the obligation to pay the Supervisory Bank a fund administration fee equivalent to 0.04% per annum of NAV with the minimum fee is VND18,000,000 per month for the period before 1 July 2022; from 1 July 2022 to 31 January 2023 the fee equivalent to at 0.05% per annum of NAV with the minimum fee is VND11,000,000 per month; from 1 February 2023 the fee equivalent to 0.05% per annum off NAV with the minium fee is VND31,000,000 per month, exclusive of value-added tax.

From 1 July 2022, the service fee for preparing financial statement for the fund is VND36,000,000 per year, equivalent to VND3,000,000 per month. The fee is exclusive of the value-added-tax. The service fee for preparing financial statement for the fund recognized as 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.

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**23. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)**

**23.2 Other key contracts (continued)**

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

	<i>Current year</i>	<i>For the period from 2 December 2021 to 31 December 2022</i>
	<i>VND</i>	<i>VND</i>
Supervisory fee	211,200,000	167,726,344
Custody fee - safekeeping fee	132,000,000	76,633,333
Custody fee - transaction fee	6,160,000	62,370,000
Fund administration fee	427,289,723	196,810,601
Interests from demand deposit	6,200,879	20,255,347
Bank charges	7,308,619	14,307,700

The outstanding balance was as follow:

	<i>31 December 2023</i>	<i>31 December 2022</i>
	<i>VND</i>	<i>VND</i>
Demand deposit	3,180,493,294	5,607,053,966
Payable of Supervisory service	17,600,000	17,600,000
Payable of Custody fee - safekeeping fee	11,000,000	11,000,000
Payable of Custody fee - transaction fee	1,100,000	1,980,000
Payable of of Fund administration fee	37,400,000	15,462,376

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

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

Ms. Le Van  
Head of Operations Department

Mr. Vu Quang Dong  
Chief Executive Officer

Ms. Duong Thi Hong Nam  
Preparer

Ms. Tran Thi Ha Linh  
Chief Accountant

Hanoi, Vietnam

29 March 2024