

VCBF Tactical Balanced Fund

Interim financial statements

For the six-month period ended 30 June 2023



Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

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Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

GENERAL INFORMATION

THE FUND

VCBF Tactical Balanced Fund (“the Fund”) was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 44/GCN-UBCK dated 16 September 2013 and Public Fund Establishment Registration Certificate No. 07/GCN-UBCK dated 24 December 2013 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 6,042,661.45 fund units amounting to VND60,426,614,500 and accounting for 120.85% of 5,000,000 fund units expected to be offered at par value of VND10,000 per fund unit. As at 30 June 2023, the Fund’s contributed capital is 80,823,371,300 at par value, equivalent to 8,082,337.13 fund units.

The Fund’s investment objective is to provide long-term total returns via growth of capital and current income by investing in shares and high-quality fixed income instruments.

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 period and at the date of this report are:

<i>Name</i>	<i>Position</i>	<i>Date of appointment</i>
Mr. Mac Quang Huy	Chairman, independent member	Appointed on 19 June 2019
Ms. Nguyen Thi Thuy	Independent member	Appointed on 15 March 2017
Mr. Pham Ngoc Ninh	Member	Appointed on 1 October 2016

LEGAL REPRESENTATIVE

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

AUDITORS

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

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

REPORT OF THE BOARD OF REPRESENTATIVES

The Board of Representatives of VCBF Tactical Balanced Fund (“the Fund”) is pleased to present this report and the interim financial statements of the Fund for the six-month period ended 30 June 2023.

THE BOARD OF MANAGEMENT OF THE FUND MANAGEMENT COMPANY’S RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

The Board of Management of Vietcombank Fund Management Company Limited (“the Fund Management Company”) is responsible for the interim financial statements of each financial period which give a true and fair view of the interim financial position, interim investment portfolio of the Fund and of the interim results of its operations, its changes in net asset value, transactions of fund units and its interim cash flows for the period. In preparing those interim 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 interim financial statements; and
- ▶ prepare the interim 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 interim 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 interim financial statements.

APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Board of Representatives hereby approved the accompanying interim financial statements based on the confirmation of the Board of Management of the Fund Management Company. The interim financial statements give a true and fair view of the interim financial position, interim investment portfolio of the Fund as at 30 June 2023 and of the interim results of its operations, its changes in net asset value, transactions of fund units and its interim cash flows for the six-month period 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’ interim financial statements.

On behalf of the Board of Representatives:



Mr. Mac Quang Huy
Chairman

Ho Chi Minh City, Vietnam

14 August 2023

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

REPORT OF THE FUND MANAGEMENT COMPANY

I. GENERAL INFORMATION OF THE FUND

1. Investment objective

VCBF Tactical Balanced Fund (“the Fund”) was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 44/GCN-UBCK dated 16 September 2013 and Public Fund Establishment Registration Certificate No. 07/GCN-UBCK dated 24 December 2013 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 to provide long-term total returns via growth of capital and current income by investing in shares and high-quality fixed income instruments.

2. Operating efficiency

According to the reviewed interim financial statements of the Fund, at 30 June 2023, the change in net asset value (“NAV”) per fund unit and benchmark index is 10.68% and 6.80% respectively, as compared to 31 December 2022.

3. Investment strategy

The Fund has flexibility in asset allocation taking either defensive or aggressive investment strategy depending on opportunities available at various points in time. Allocation can vary substantially depending upon the perception of the Fund Management Company, the intention being at all times to seek to protect the interest of the investors.

The Fund’s asset allocation is as follows:

<i>Type of investment</i>	<i>Risk level</i>	<i>% of NAV</i>
Equities	From medium to high	50.00%
Fixed-income assets (include deposit on Fund settlement account at Supervisory Bank)	From low to medium	50.00%

The asset allocation will vary from the allocation given above by $\pm 25.00\%$ (plus or minus twenty five per cent) subject to availability of investment opportunities and the investment team’s assessment of risk and return of those opportunities across the asset classes. Typically a higher allocation to fixed income is adopted when the macro-economic conditions warrant a defensive position. Alternatively, a higher allocation to equities is adopted when macro-economic conditions warrant an aggressive position.

The Fund invests mainly in securities with large and medium market capitalization listed on the Ho Chi Minh Stock Exchange (HSX) and Ha Noi Stock Exchange (HNX). Large and medium market capitalization securities are securities with market capitalization larger than or equal to the market capitalization of smallest market capitalization stock in the VN100 Index listed on HSX.

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 Tactical Balanced 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. 07/GCN-UBCK dated 24 December 2013 granted by the State Securities Commission ("SSC"). The Fund was licensed to operate for an indefinite period.

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

Total net asset value: VND 211,250,053,259.

Number of fund units: 8,082,337.13 fund units.

9. Benchmark index

A blended benchmark which has a return is an equally weighted average of VN Index return and 10 (ten) year Vietnam Government bond yield, which is equaling to 50.0% (fifty per cent) multiplied by the VN Index return plus 50.0% (fifty per cent) multiplied by the 10 (ten) year Vietnam Government bond yield. The 10 (ten) year Vietnam Government bond yield is obtained from Reuters or Bloomberg at the beginning of each year.

10. Dividend Policy

The distribution of the Fund's profits to the fund unit holders shall be approved by the General Meeting of Investors or Board of Representatives in compliance with the Fund's Charter as proposed by the Fund Management Company. Profit distribution is determined based on the reviewed interim 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 fulfil tax and financial obligations, assets obligations, maturing borrowings as stipulated by the law; or
- Net asset value of the Fund is under the minimum set by the law.

11. Net profit distributed per fund unit

During the period, the Fund has not distributed profit.

II. OPERATING FIGURES

1. Assets portfolio

<i>Assets portfolio</i>	<i>30 June 2023</i> <i>(%)</i>	<i>30 June 2022</i> <i>(%)</i>	<i>30 June 2021</i> <i>(%)</i>
Securities portfolio	94.50	95.16	81.26
Other assets	5.50	4.84	18.74
Total	100.00	100.00	100.00

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

II. OPERATING FIGURES (continued)

2. Key performance indicators

No	Items	30 June 2023	30 June 2022	30 June 2021
1	Net asset value (NAV) of the Fund (VND)	211,250,053,259	242,954,993,498	208,278,752,084
2	Total outstanding fund units ("unit")	8,082,337.13	9,508,169.31	8,148,912.31
3	NAV per fund unit	26,137.24	25,552.23	25,559.08
4	Maximum NAV per fund unit during the reporting period	26,351.52	28,297.48	25,580.74
5	Minimum NAV per fund unit during the reporting period	23,604.47	25,154.39	21,075.90
6	Closing price of a fund unit at the reporting date (a)	Not applicable	Not applicable	Not applicable
7	Maximum closing price of a fund unit during the reporting period (a)	Not applicable	Not applicable	Not applicable
8	Minimum closing price of a fund unit during the reporting period (a)	Not applicable	Not applicable	Not applicable
9	Total growth (%) per fund unit (b)	10.68	-4.76	19.75
9.1	Capital growth (%) per fund unit (change due to price fluctuation) (b)	9.39	-5.59	18.58
9.2	Earnings growth (%) per fund unit (based on realized income) (b)	1.29	0.82	1.17
10	Gross distribution per fund unit (c)	Not applicable	Not applicable	Not applicable
11	Net distribution per fund unit (c)	Not applicable	Not applicable	Not applicable
12	Ex-date of distribution (c)	Not applicable	Not applicable	Not applicable
13	Expenses ratio (%)	2.14	1.99	2.23
14	Turnover rate of investment portfolio (%)	8.72	23.59	32.12

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

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

(c) The Fund has not applied dividend policy.

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced 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>
6 months (from 1 January 2023 to 30 June 2023)	10.68	6.80
1 year (from 30 June 2022 to 30 June 2023)	2.29	-1.52
3 years (from 30 June 2020 to 30 June 2023)	45.99	26.74
3 years (annually compounded return)	13.44	8.22
Since inception	161.40	99.76
Since inception (annually compounded return)	10.62	7.54

4. Annual growth rate

<i>Item</i>	<i>30 June 2023 (YTD) (%)</i>	<i>2022 (%)</i>	<i>2021 (%)</i>
Growth of NAV (%) per fund unit	10.68	-11.98	25.70

III. MARKET UPDATE DURING THE PERIOD

1. Macroeconomics overview

Vietnam's GDP growth in the 2Q 2023 continued to be weak, with the growth rate only recovering to be above 1Q and the record lows during the pandemic years 2020 and 2021. With the global economy remaining bleak and China's recovery already stuttering, the GDP growth for 2023 would be lower than the Government target of 6.5%:

- ▶ GDP grew by 4.14% yoy in the 2Q 2023, the lowest quarterly growth rate in over 10 years except for the pandemic year 2020. Growth over 1H 2023 of 3.72 % yoy is the second-lowest 1H over the last 10 years. The Industry & Construction (+2.5% yoy in 2Q and +1.1% yoy for 1H) recovered from the contraction in 1Q but was still the second lowest quarterly growth over the past 10 years, dragged mainly by the Manufacturing and Processing sub-sector (+1.2% yoy in 2Q and +0.4% yoy for 1H). Construction improved to 4.7% growth and Mining & Extraction contracted by 1.4% for 1H 2023 so the Industrial & Construction sector, normally one of the main growth drivers, contributed just 11.9% to overall GDP growth.
- ▶ Growth of the Services sector eased from 6.6% yoy in the 1Q to 6.1% in the 2Q and grew by 6.3% yoy for the 1H 2023, but was still the main growth driver, contributing 78.9% of total GDP growth.
- ▶ Real retail sales grew by 8.4% yoy for 1H 2023, similarly to 1H 2022.

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VCBF Tactical Balanced Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

III. MARKET UPDATE DURING THE PERIOD (continued)

1. Macroeconomics overview (continued)

- ▶ The PMI slightly recovered in June 2023 to 46.2 but still shows worsening business conditions and points to continuing weak manufacturing growth into the next quarter.
- ▶ Exports continued to fall by 12.0% yoy for the 1H with those to the US and the EU (28), accounting for 41.8% of the total, declining by 22.1% and 9.2% respectively. Imports dropped by 18.4% yoy for the 1H. Trade surplus therefore surged to USD 12.8bn in 1H 2023 (up 10 folds yoy).
- ▶ Domestic inflation was under control, with CPI at 3.3% on average for 6M 2023. Inflation is tapering down with falling fuel prices compensating for increased electricity prices.
- ▶ FDI approvals were 19.9% lower than last year in 1H 2023 but disbursements remained strong. 80% of FDI disbursements as well as the FDI approvals are for manufacturing projects which will bolster growth in the short to medium term.
- ▶ The exchange rate has remained stable, supported by the growing merchandise trade surplus, FDI disbursements regaining par to last year and the falling service trade deficit.

Credit growth accelerated in June and reached 4.7% for 6M 2023 but is still well below the 1H rate of 8.5% in 2022 and the 6.9% average 2018-2022, as lower orders and uncertainties in the real estate market subdued credit demand of both companies and households. As one of the first central banks in the region, the SBV lowered its policy rates by 1.5% - 2.0% in four instalments from mid-March to June to support the economy. On the other hand, to support the demand side, the National Assembly recently approved a reduction of VAT for many goods and services by 2.0% to 8.0% in the 2H 2023.

2. Bond market

In the first half of 2023, State Treasury completed 41% issuance volume of VND400 trillion planned for the entire year. Demand for Government Bonds gradually increased in 1Q, but steadily declined in the 2Q with subscription volume reaching over 179 trillion in March, then decreasing to just above 59 trillion in June. State Treasury also adjusted down the offer volume, decreasing from 51 trillion in March to less than 20 trillion in June. After 2022 with no 5-7YR bond issued, 1H 2023 recorded an issuance volume of 22.5 trillion, accounting for 13.6% total issuance volume. Easing concerns on inflation and exchange rates, ample system's liquidity and continuous reduction of policy rates in the first half pushed down the yields of all tenors. Compared to end of last year, 3-5YR tenors recorded biggest drops of 255bps, 10-15YR tenors dropped by 205-215bps and super long 20-30YR tenors around 200bps.

Corporate bond market was still sluggish in the 1H 2023. During the first two months, there were only two private placements with total volume of VND610 bn. However, private placement activities improved in March with ~24.9 trillion corporate bonds issued. 76.6% of the volume was issued by real estate companies. Coupon rates of the bonds issued in 1Q mostly ranged between 11% and 13%. The primary market was luckluster again in April and May with total issuance volume of VND3.6 trillion. Private placement activities picked up a little bit in June, where issuance volume reached VND10.7 trillion, of which VND4.5 trillion was issued by commercial banks and VND4.1 trillion by real estate developers. Supported by declining banks' deposit rates, corporate bond yields also trended down. On the primary market, tier 2 bank bonds' coupons ranged between 6.7% and 9.5%, real estate coupons were around 12%-14%, while bonds by issuers in other sectors were issued at the coupon rates of 10.5%-12%. Public offering activities were also sluggish with 5.9 trillion issued by three issuers. Defaults have become more frequent, most of which are related to real estate developers and renewable energy companies. Toward the end of 2Q, some big issuers have reached agreements to extend tenors of several bonds, which has contributed to the stabilization of the corporate market to some extent.

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

III. MARKET UPDATE DURING THE PERIOD (continued)

3. Stock Market

After posting a return of 5.7% in 1Q 2023, the VNIndex recorded another quarterly gain as it rose by 5.2% in the 2Q. With a total return of 11.2% in 6M 2023, the VNIndex performed relatively well compared with major indices in the Asia-Pacific region.

The positive performance of the VNIndex in the 2Q could be attributed to the following factors:

- ▶ Improvements in macro conditions in Vietnam. Particularly, the currency and financial markets have stabilized in the 1H 2023. The SBV purchased more than US\$6 billion in 4M 2023¹ to strengthen Vietnam's foreign currency reserve and that also helped resolve liquidity constraint in the financial system. Besides, inflation pressure has been muted, paving the way for the SBV to cut policy rates the fourth time since March 2023. Lower policy rates and abundant liquidity led to lower deposit rates, which made the stock market more attractive to investors. As deposit rates declined, commercial banks were expected to reduce lending rates and that would benefit consumption and alleviate financial burden of borrowers.
- ▶ The strong momentum of the two important economic drivers of 2023: public investments and the tourism sector. Given the strong push of the Government, public investments have accelerated during the 2Q to accomplish 30.5% of the Government annual plan by the end of June (As at the end of the 1Q: 13.0%). As regards the tourism sector, the domestic tourists have far surpassed pre-Covid level (64 million in 6M 2023 versus 46 million in 6M 2019) and international tourist arrivals in 6M 2023 recovered well to 65.7% of 2019 level².
- ▶ The Government's measures to support troubled areas and stimulate consumption including (i) regulations that allow bond issuers to negotiate with bond holders on extension of maturity and commercial banks to support the corporate bond market, (ii) regulation that allows commercial banks to reschedule interest and principal payments for borrowers in difficulties, (iii) 2% VAT cut and 50% reduction of registration tax for domestically assembled cars, and (iv) various actions to resolve onerous legal issues for real estate projects.
- ▶ Easing inflation pressure in the US as the headline CPI in May increased by 4.0% YoY, the lowest level since April 2021 and that strengthened investors' hope for an end of the tightening cycle of the US Federal Reserve

Better macro conditions and lower deposit rates lifted investors' sentiment and thus the stock market's liquidity. Combined trading value (matching and put-through) of HSX, HNX and UPCoM in 2Q 2023 was US\$41.9bn (+49.3% QoQ). Average daily turnover in the quarter thus increased to US\$0.7bn (+42.0% QoQ).

In 2Q 2023, 10 out of 12 sectors by GICS classification posted positive returns. The best performing sector was Healthcare (+27.6%). The runner up was the Materials (+20.8%). In contrast, the Consumer Staples sector recorded the worst decline (-4.2%).

By market capitalization, in the 2Q, small-cap and mid-cap stocks outperformed as the VNSmallcap Index and VN70 Index posted returns of 18.0% and 12.8%, respectively. Large-cap stocks underperformed as the VN30 Index gained modestly by 4.6%.

¹ <https://vneconomy.vn/sbv-purchases-6bln-to-consolidate-foreign-exchange-reserve.htm>

² Ministry of Culture, Sports and Tourism

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VCBF Tactical Balanced 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)	2.40	Not applicable
Capital growth per fund unit (a)	-0.11	Not applicable
Annual growth per fund unit	2.29	10.62
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>30 June 2023 VND</i>	<i>30 June 2022 VND</i>	<i>Changing rate (%)</i>
NAV of the Fund	211,250,053,259	242,954,993,498	-13.05
NAV per fund unit	26,137.24	25,552.23	2.29

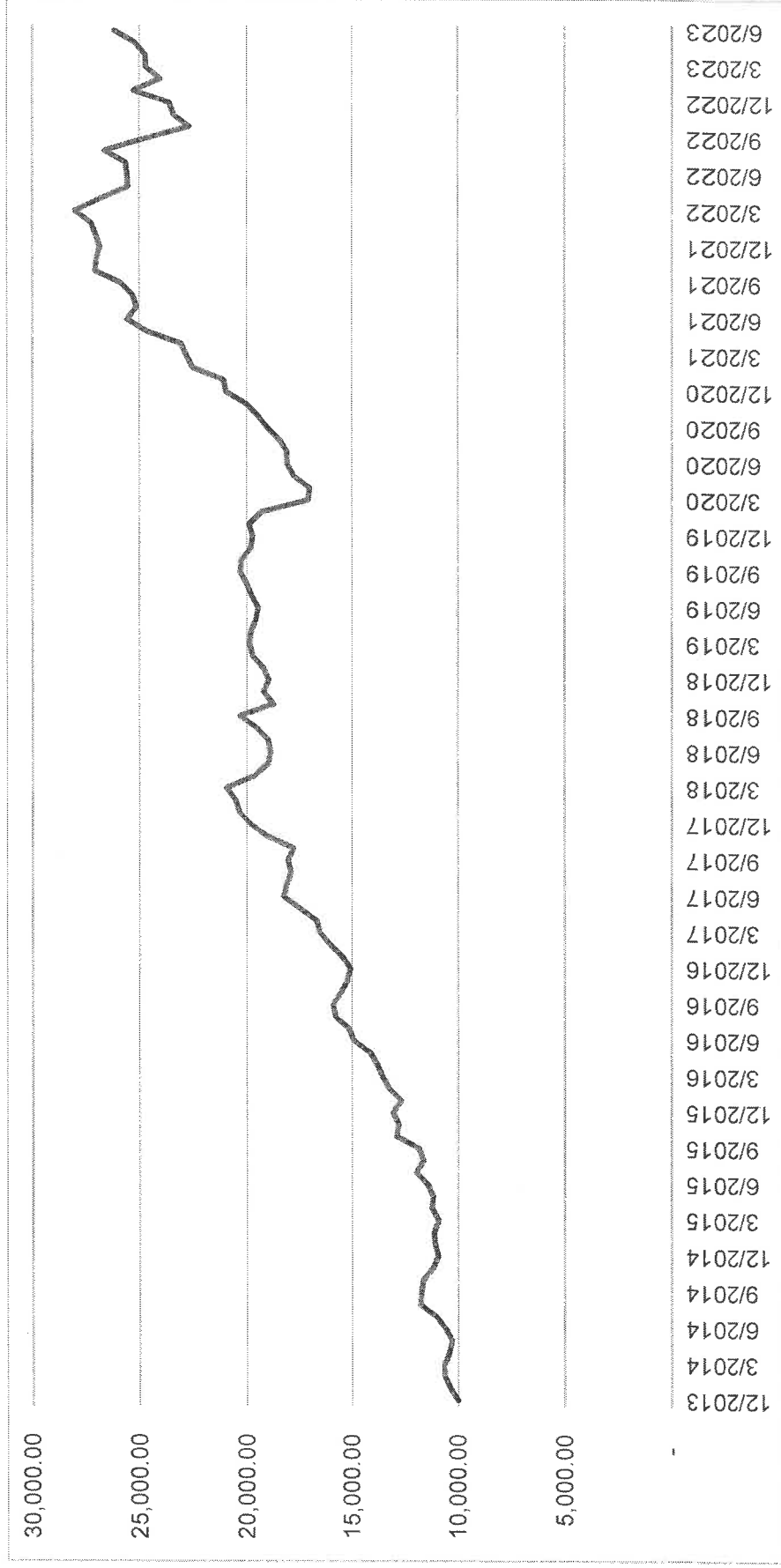
Vietcombank Fund Management Company Limited
 VCBF Tactical Balanced Fund

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 Tactical Balanced Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

IV. KEY PERFORMANCE INDICATORS (continued)

2. Statistical information on Fund Unit Holders as at 30 June 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	1,543	1,393,418.86	17.24
From 5,000 to 10,000	101	674,562.63	8.35
From 10,000 to 50,000	69	1,376,202.36	17.02
From 50,000 to 500,000	7	804,125.40	9.95
Over 500,000	2	3,834,027.88	47.44
Total	1,722	8,082,337.13	100.00

3. *Sunk cost and diminution:* None

V. MARKET OUTLOOK

Improving business conditions are expected to continue in Vietnam in upcoming quarters. Monetary and fiscal support measures implemented by the Government during the first two quarters of this year will push up consumption and investment, which has been hit hard by sluggish global demand and high financing cost. Besides, two important economic growth drivers this year, public investment and tourism sector have been gaining steam in the course of the 2Q and will further accelerate.

However, as an export-oriented economy, Vietnam relies considerably on external demand to fuel economic growth. Exports have been weak and short-term outlook remains bleak. Subdued export orders could be attributed to both overstocking post-Covid of retailers and restrictive monetary policy, which diminishes demand of goods exported from Vietnam. While the former would continue to fade in the coming months, the latter would endure as the US Federal Reserve (Fed) is still hawkish.

Fortunately, inflationary pressures have been easing globally. While US inflation still remains above the 2% target of the US Federal Reserve, it is important to note that it takes time for monetary policy to take effect, meaning that full impacts of interest rate hikes will only be seen in the coming months. This, along with recent upheavals in the US banking sector collectively, have caused a shift in the outlook for interest rates and made us believe the Fed is nearing the end of this rate-hiking cycle.

As regards the stock market, a lower deposit rate would continue to make equities more attractive to investors, and the aforementioned macro improvements would continue to bring optimism to the stock market. Downside risks, however, should not be overlooked. Corporate earnings prospects in the short-term still look grim. In addition, with aggressive rate cuts against the Fed's still tight monetary policy, VND is under higher risk of depreciation, which may prevent further domestic monetary loosening.

In short, we believe that every cycle is different. That makes investing amid uncertain time like the current one a challenge but also highlights the importance of the bottom-up investing approach. Given the current situation, we anticipate a shift in market focus, transitioning from macro to micro factors, or stock specifics. This shift is likely to result in greater disparity in earnings estimates, valuations, and stock returns among market participants — and this offers opportunities for skilled fund managers to generate more alphas.

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

REPORT OF THE FUND MANAGEMENT COMPANY (continued)

VI. OTHER INFORMATION

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



Mr. Vu Quang Dong
Chief Executive Officer

Hanoi, Vietnam

14 August 2023



SUPERVISORY BANK'S REPORT

We, appointed as the Supervisory Bank of VCBF Tactical Balanced Fund (“the Fund”) for the period from 01st January 2023 to 30th June 2023, recognize that the Fund operated and was managed in the following matters:

- a) During our supervision of the Fund’s investments and asset transactions for the period from 01st January 2023 to 30th June 2023, the Fund’s investment portfolio deviated from investment limits under the prevailing regulations for open-end fund, Fund Charter, Fund Prospectus and other relevant regulations, details as below:
- Point e, Clause 04, Article 35, Circular 98/2020/TT-BTC dated 16th November 2020 providing guidance on operation and management of securities investment funds (“Circular 98”) and Article 10, Fund Charter regulate that the structure of the investment portfolio of an open-end fund must ensure the following investment limit: “Total value of major investments in the fund’s investment portfolio shall not exceed 40% of total value of its assets, except bond funds.” In case of deviation, the Fund Management Company has to adjust the Fund’s investment portfolio in conformity with the prevailing regulations within the regulated recovery timeframe.

From valuation date 17th January 2023 to valuation date 02nd February 2023, at valuation date 21st February 2023, at valuation date 23rd February 2023, at valuation date 30th March 2023, from valuation date 04th April 2023 to valuation date 13th April 2023, from 27th April 2023 to 04th May 2023, at valuation date 11th May 2023, at valuation date 16th May 2023, and from valuation date 23rd May 2023 to as at 30th June 2023, the Fund’s investment in major investments deviated from the limit of 40% of the Fund’s total asset value due to price fluctuation of the assets in the Fund’s investment portfolio and making payments of the Fund as prescribed by law, including implementation of trading orders of investors affected to the total value of major investments in the Fund’s investment portfolio.

The Fund Management Company has to adjust the Fund’s investment portfolio in conformity with the prevailing regulations by 23rd August 2023.

- 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 01st January 2023 to 30th June 2023, the Fund did not pay dividend to Fund Unit Holders.

SUPERVISORY BANK REPRESENTATIVE



Nguyen Thuy Linh

**Senior Manager, Fiduciary and Fund Services
Operations Vietnam**

SUPERVISORY BANK OFFICER

Vu Minh Hien
**Manager, Fiduciary and Fund Services
Operations Vietnam**

Standard Chartered Bank (Vietnam) Limited

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

Reference: 61141024/66976362-SX

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To: The Investors of VCBF Tactical Balanced Fund

We have reviewed the accompanying interim financial statements of VCBF Tactical Balanced Fund (“the Fund”) as prepared on 14 August 2023 and set out on pages 17 to 56, which comprise the interim statement of financial position, the statement of investment portfolio as at 30 June 2023, the interim income statement, the interim statement of changes in net asset value, interim transactions of fund units and the interim statement of cash flows for the period then ended and the notes thereto.

The Board of Management of the Fund Management Company’s responsibility

The Board of Management of Vietcombank Fund Management Company Limited as the Fund Management Company is responsible for the preparation and fair presentation of these Interim 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’ interim financial statements, and for such internal control as the Board of Management determines is necessary to enable the preparation and presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express a conclusion on these interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view, in all material respects, of the interim financial position, investment portfolio of the Fund as at 30 June 2023, and of the interim results of its operations, interim changes in its net asset value, interim transactions of fund units and its interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to preparation and presentation of open-ended funds' financial statements.

Ernst & Young Vietnam Limited



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

Ho Chi Minh City, Vietnam

14 August 2023

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

INTERIM INCOME STATEMENT
for the six-month period ended 30 June 2023

B01g-QM

Code	ITEMS	Notes	For the six-month period ended 30 June 2023 VND	For the six-month period ended 30 June 2022 VND
01	I. INCOME/(LOSS) FROM INVESTING ACTIVITIES		23,635,966,096	(9,931,334,608)
02	1.1 Dividend		1,192,559,900	1,508,403,842
03	1.2 Interest income	14	3,519,279,890	3,135,862,094
04	1.3 Gain from investment trading	15	776,297,233	7,449,955,392
05	1.4 Unrealized gain/(loss) on revaluation of investments	5	18,147,829,073	(22,025,555,936)
10	II. EXPENSES FROM INVESTING ACTIVITIES		25,131,453	46,485,485
11	2.1 Transaction expenses for investment trading	16	25,131,453	46,485,485
20	III. OPERATING EXPENSES		2,172,793,743	2,492,896,489
20.1	3.1 Fund management fee	24.1	1,529,287,969	1,896,179,937
20.2	3.2 Custody fee	17	81,680,111	119,224,929
20.3	3.3 Supervisory fee	24.2	105,600,000	118,800,000
20.4	3.4 Fund administration fee	24.2	202,400,000	118,800,000
20.5	3.5 Transfer agent fee		66,000,000	66,000,000
20.7	3.6 General Meeting expenses		47,871,471	39,062,900
20.8	3.7 Audit fee		73,323,288	70,683,288
20.10	3.8 Other operating expenses	18	66,630,904	64,145,435
23	IV. NET INCOME FROM INVESTING ACTIVITIES		21,438,040,900	(12,470,716,582)
30	VI. PROFIT/(LOSS) BEFORE TAX		21,438,040,900	(12,470,716,582)
31	6.1 Realized profit		3,290,211,827	9,554,839,354
32	6.2 Unrealized profit/(loss)	5	18,147,829,073	(22,025,555,936)
40	VII. CORPORATE INCOME TAX EXPENSE		-	-
41	VIII. PROFIT/(LOSS) AFTER TAX		21,438,040,900	(12,470,716,582)

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

Mr. Ma Quang Dong
Chief Executive Officer

Ms. Vu Thi Thanh Mai
Preparer

Ms. Tran Thi Ha Linh
Chief Accountant

Hanoi, Vietnam

14 August 2023

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

INTERIM STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

B02g-QM

Code	ITEMS	Notes	30 June 2023 VND	31 December 2022 VND
100	I. ASSETS			
110	1. Cash and cash equivalents	4	4,574,367,904	1,295,752,028
111	1.1 Cash at bank for operation of the Fund		2,048,156,496	1,295,752,028
112	1.2 Deposits with terms under three (3) months		2,526,211,408	-
120	2. Net investments		205,388,650,702	210,020,063,996
121	2.1 Investments	5	205,388,650,702	210,020,063,996
130	3. Receivables		2,091,196,110	2,090,678,645
133	3.1 Receivables, accrual for interest and dividends income from investments		2,091,196,110	2,090,678,645
	3.1.1 <i>Accruals for interest and dividend income from investments</i>	6	<i>2,091,196,110</i>	<i>2,090,678,645</i>
100	TOTAL ASSETS		212,054,214,716	213,406,494,669
300	II. LIABILITIES			
313	1. Payables to distributors	7	23,847,400	106,334,569
314	2. Tax and payables to the State Budget		7,427,746	6,389,486
316	3. Accrued expenses	8	99,003,288	71,280,000
317	4. Payables to fund unit holders for fund units subscription	9	209,679,825	88,637,700
318	5. Payables to fund unit holders for fund units redemption	10	124,494,491	124,494,491
319	6. Fund management service fee payables	11	334,749,803	342,238,768
320	7. Other payables		4,958,904	7,500,000
300	TOTAL LIABILITIES		804,161,457	746,875,014
400	III. NET ASSET VALUE ATTRIBUTABLE TO FUND UNIT HOLDERS		211,250,053,259	212,659,619,655
411	1. Contributed capital		80,823,371,300	90,051,056,100
412	1.1 <i>Capital from subscription</i>	12	<i>309,531,403,700</i>	<i>306,147,281,500</i>
413	1.2 <i>Capital from redemption</i>	12	<i>(228,708,032,400)</i>	<i>(216,096,225,400)</i>
414	2. Capital premium		(5,380,424,210)	8,239,498,286
420	3. Retained earnings	13	135,807,106,169	114,369,065,269
430	IV. NET ASSET VALUE PER FUND UNIT	12	26,137.24	23,615.44

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

INTERIM STATEMENT OF FINANCIAL POSITION (continued)
as at 30 June 2023

B02g-QM

OFF BALANCE SHEET ITEM

Code	ITEM	Notes	30 June 2023 Fund unit	31 December 2022 Fund unit
004	1. Number of outstanding fund units	20	8,082,337.13	9,005,105.61

Ms. Le Van
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Ms. Vu Thi Thanh Mai
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Ms. Tran Thi Ha Linh
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Hanoi, Vietnam

14 August 2023

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

INTERIM STATEMENT OF CHANGES IN NET ASSET VALUE,
TRANSACTIONS OF FUND UNITS
for the six-month period ended 30 June 2023

B03g-QM

No.	ITEMS	For the six-month period ended 30 June 2023 VND	For the six-month period ended 30 June 2022 VND
I	Beginning balance of the Fund's Net Asset Value (NAV)	212,659,619,655	251,122,968,217
II	Changes in NAV during the period	21,438,040,900	(12,470,716,582)
	<i>In which:</i>		
II.1	- Changes in NAV arising from market fluctuation and the Fund's investment activities during the period	21,438,040,900	(12,470,716,582)
III	Changes in NAV due to redemption and subscription of fund units	(22,847,607,296)	4,302,741,863
	<i>In which:</i>		
III.1	- Proceeds from additional subscription of fund units	8,423,100,977	29,466,325,115
III.2	- Payments on redemption of fund units	(31,270,708,273)	(25,163,583,252)
IV	Ending balance of the Fund's NAV	211,250,053,259	242,954,993,498



Ms. Le Van
Head of Department – Fund Accounting and
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Mr. Vu Quang Dong
Chief Executive Officer



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Hanoi, Vietnam

14 August 2023

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

STATEMENT OF INVESTMENT PORTFOLIO
as at 30 June 2023

B04g-QM

No.	Items	Quantity	Market price as at 30 June 2023 VND	Total value VND	Proportion to the Fund's total assets as at 30 June 2023 (%)
I	Listed shares	3,797,959		145,196,267,250	68.47
1	ACB	226,392	22,050	4,991,943,600	2.35
2	ACV	40,800	73,500	2,998,800,000	1.41
3	BID	155,101	43,350	6,723,628,350	3.17
4	BVH	138,190	44,100	6,094,179,000	2.87
5	BWE	95,620	44,000	4,207,280,000	1.98
6	CTD	72,000	68,900	4,960,800,000	2.34
7	CTG	154,864	29,500	4,568,488,000	2.15
8	FPT	143,990	86,000	12,383,140,000	5.84
9	GMD	25,000	51,900	1,297,500,000	0.61
10	HCM	146,200	28,150	4,115,530,000	1.94
11	HPG	287,334	26,150	7,513,784,100	3.55
12	MBB	547,077	20,200	11,050,955,400	5.21
13	MWG	187,480	43,300	8,117,884,000	3.83
14	NCT	29,800	92,700	2,762,460,000	1.30
15	NLG	122,706	33,000	4,049,298,000	1.91
16	PNJ	56,638	75,000	4,247,850,000	2.00
17	PVS	161,745	32,400	5,240,538,000	2.47
18	QNS	112,300	47,900	5,379,170,000	2.54
19	REE	6	65,200	391,200	0.00
20	SAB	17,900	153,600	2,749,440,000	1.30
21	STB	466,400	29,800	13,898,720,000	6.56
22	TCB	35,000	32,350	1,132,250,000	0.53
23	VHM	133,816	55,000	7,359,880,000	3.47
24	VIC	73,000	51,000	3,723,000,000	1.76
25	VNM	85,948	71,000	6,102,308,000	2.88
26	VRE	132,500	26,800	3,551,000,000	1.68
27	VTP	150,152	39,800	5,976,049,600	2.82

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund


STATEMENT OF INVESTMENT PORTFOLIO (continued)
as at 30 June 2023

B04g-QM

No.	Items	Quantity	Market price as at 30 June 2023 VND	Total value VND	Proportion to the Fund's total assets as at 30 June 2023 (%)
II	Bonds				
1	Listed bonds	451,710		55,192,383,452	26.02
1.1	CTD122015	10	999,815,730.000	9,998,157,300	4.71
1.2	GEG121022	130,000	101,349.863	13,175,482,190	6.21
1.3	MML121021	150,000	100,201.930	15,030,289,500	7.09
1.4	MSN120007	40,000	100,535.192	4,021,407,680	1.90
1.5	TNG122017	36,000	96,962.712	3,490,657,632	1.65
1.6	VHM121025	50,000	97,302.611	4,865,130,550	2.29
1.7	VIC121005	45,700	100,902.814	4,611,258,600	2.17
III	Other assets			2,091,196,110	0.99
1	Dividend receivables			334,371,300	0.16
2	Accrued interest income from bonds			1,670,866,028	0.79
3	Accrued interest from certificates of deposit			85,958,782	0.04
IV	Cash			9,574,367,904	4.52
1	Cash at bank			4,574,367,904	2.16
	<i>In which:</i>				
1.1	- Demand deposits			2,048,156,496	0.97
1.2	- Cash Equivalents			2,526,211,408	1.19
2	Certificates of deposit			5,000,000,000	2.36
V	Total investment portfolio			212,054,214,716	100.00


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


Mr. Vu Quang Dong
Chief Executive Officer


Ms. Vu Thi Thanh Mai
Preparer


Ms. Tran Thi Ha Linh
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Hanoi, Vietnam

14 August 2023

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

INTERIM STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2023

B05g-QM

Code	ITEMS	Notes	For the six-month period ended 30 June 2023 VND	For the six-month period ended 30 June 2022 VND
	I. CASH FLOWS FROM INVESTING ACTIVITIES			
01	1. Profit/(loss) before corporate income tax		21,438,040,900	(12,470,716,582)
02	2. Adjustments for (decrease)/increase in net asset value from investing activities		(18,149,646,881)	22,027,459,224
	<i>In which:</i>			
03	Unrealized (gain)/loss from revaluation of investments	5	(18,147,829,073)	22,025,555,936
04	Accrued expenses		(1,817,808)	1,903,288
05	3. Profit from investing activities before adjustments in working capital		3,288,394,019	9,556,742,642
20	Decrease/(increase) in investments		22,779,242,367	(38,741,146,967)
07	Increase in accrued interest income from investments		(517,465)	(295,928,984)
11	Decrease in payables to distributors		(82,487,169)	(15,392,575)
13	Increase in tax and payables to the State Budget		1,038,260	2,623,572
14	Increase in payables to fund unit holders for fund unit subscription		121,042,125	903,082,923
15	Increase in payables to fund unit holders for fund unit redemption		-	132,476,057
16	Increase in other payables		27,000,000	27,000,000
17	Decrease in fund management service fee payables		(7,488,965)	(12,309,522)
19	Net cash flows from/(used in) investing activities		26,126,223,172	(28,442,852,854)
	II. CASH FLOWS FROM FINANCING ACTIVITIES			
31	1. Proceeds from subscription of fund units	12	8,423,100,977	29,466,325,115
32	2. Payments on redemption of fund units	12	(31,270,708,273)	(25,163,583,252)
30	Net cash (used in)/from financing activities		(22,847,607,296)	4,302,741,863
40	III. Net increase/(decrease) in cash and cash equivalents during the period		3,278,615,876	(24,140,110,991)

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund


INTERIM STATEMENT OF CASH FLOWS (continued)
for the six-month period ended 30 June 2023


B05g-QM

Code	ITEMS	Notes	For the six-month period ended 30 June 2023 VND	For the six-month period ended 30 June 2022 VND
50	IV. Cash and cash equivalents at the beginning of period	4	1,295,752,028	28,969,914,713
51	Cash at bank at the beginning of period:		1,295,752,028	28,969,914,713
52	- Cash at bank for the Fund's operation		1,082,619,837	28,557,590,445
	<i>In which:</i>			
	<i>Deposits with terms under three (3) months</i>		-	23,426,209,248
	<i>Demand deposits for the Fund's operation</i>		1,082,619,837	5,131,381,197
53	- Cash at bank of fund unit holders for subscriptions		213,132,191	412,324,268
55	V. Cash and cash equivalents at the end of period	4	4,574,367,904	4,829,803,722
56	Cash at bank at end of period		4,574,367,904	4,829,803,722
57	- Cash at bank for the Fund's operation		4,240,193,588	3,396,384,935
	<i>In which:</i>			
	<i>Deposits with terms under three (3) months</i>		2,526,211,408	-
	<i>Demand deposits for operation of the Fund</i>		1,713,982,180	3,396,384,935
58	- Deposits of fund unit holders for fund unit subscription and redemption		334,174,316	1,433,418,787
60	VI. Net increase/(decrease) in cash and cash equivalents during the period		3,278,615,876	(24,140,110,991)


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


Mr. Vu Quang Dong
Chief Executive Officer


Ms. Vu Thi Thanh Mai
Preparer


Ms. Tran Thi Ha Linh
Chief Accountant

Hanoi, Vietnam

14 August 2023

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS
as at 30 June 2023 and for the six-month period then ended

B06g-QM

1. THE FUND'S OPERATIONS

1.1 *General information*

The Fund

VCBF Tactical Balanced Fund ("the Fund") was established as an open-ended fund in Vietnam pursuant to Initial Public Offering Certificate No. 44/GCN-UBCK dated 16 September 2013 and Public Fund Establishment Registration Certificate No. 07/GCN-UBCK dated 24 December 2013 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, 15th Floor, Vietcombank Tower, 198 Tran Quang Khai Street, Ly Thai To Ward, Hoan Kiem District, Hanoi.

Supervisory and Custodian Bank

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

Fund Management Company

The Fund Management Company was established in accordance with License No. 06/UBCK-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 6,042,661.45 fund units amounting to VND60,426,614,500 and accounting for 120.85% of 5,000,000 fund units expected to be offered at par value of VND10,000 per fund unit. As at 30 June 2023, the Fund's contributed capital is VND 80,823,371,300 at par value, equivalent to 8,082,337.13 fund units.

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

B06g-QM

1. THE FUND'S OPERATIONS (continued)

1.2 *The Fund's operations* (continued)

Investment objectives

The Fund's investment objective is to deliver long-term returns through growth in principal and income by investing in good credit-quality stocks and fixed income assets. Fixed income assets with good credit quality include bank deposits, valuable papers, Vietnamese government bonds, municipal bonds, government guaranteed bonds, and bonds businesses and other types of fixed income assets. Corporate bonds are considered for investment only when they meet a number of safety requirements and legal regulations. Adjustment of the Fund's investment objectives is required to be approved by Investors in accordance with the Fund's Charter, and if approved, these adjustments will be updated in the Fund's Prospectus.

Investment strategy

The Fund will mainly invest in Vietnamese Government bonds, local government bonds, Government guaranteed bonds, and corporate bonds. Corporate bonds are considered for investment only if they are issued by companies with high credit quality and/or bonds guaranteed by reputable banks and satisfy the legal requirements.

The Fund invests mainly in a diversified portfolio of listed stocks with large and medium market capitalization listed on HSX and HNX. Large and medium market capitalization securities are securities with market capitalization larger than or equal to the market capitalization of smallest market capitalization stock in the VN100 Index listed on HSX.

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 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 Frequency

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

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

B06g-QM

1. THE FUND'S OPERATIONS (continued)

1.2 *The Fund's operations* (continued)

Investment restrictions

The investment 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;
- 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;
 - v. Derivative securities are listed and traded on the Stock Exchange and are only for the purpose of hedging risks for the underlying securities that the Fund is holding;

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

B06g-QM

1. THE FUND'S OPERATIONS (continued)

1.2 *The Fund's operations* (continued)

Investment restrictions (continued)

- 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. 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;
- 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 ;
- 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 - TBF.
- i) Only invest in other public fund certificates, public securities investment companies managed by other fund management companies and ensure the following restrictions:
 - i. Not invest in more than 10% of the total outstanding fund certificates of a public fund, outstanding shares of a public securities investment company;
 - ii. Not to invest more than 20% of the Fund's total asset value in fund certificates of a public fund, shares of a public securities investment company;
 - iii. 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.

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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1. THE FUND'S OPERATIONS (continued)

1.2 *The Fund's operations* (continued)

Investment restrictions (continued)

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 three (3) 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 fifteen (15) days from the occurrence of such excess. The Fund Management Company shall pay compensation for any damage incurred by the Fund and incur all costs arising from the adjustment of the investment portfolio. Any profits earned will be accounted for as the Fund's profits.

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

2. BASIS OF PREPARATION THE INTERIM FINANCIAL STATEMENTS

2.1 *Accounting standards and system*

The interim 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 and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting.

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

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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2. BASIS OF PREPARATION

2.1 *Accounting standards and system* (continued)

Accordingly, the accompanying interim 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 interim financial position and investment portfolio, interim income statement, the changes in net asset value, transactions of fund units and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

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

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

2.2 *Registered accounting documentation system*

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

2.3 *Fiscal year*

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

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

2.4 *Accounting currency*

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

2.5 *Compliance statement*

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

Vietcombank Fund Management Company Limited

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

3.1 *Accounting estimates*

The preparation of the interim financial statements is complied with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to open-ended funds and the statutory requirements relevant to the preparation and presentation of open-ended funds' interim 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 interim financial statements as well as the reported amount of revenues and expenses during the financial year. 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 unit holders for fund units subscription and redemption, blocked deposits and term deposits at banks with an original maturity of less than three (3) months from transaction dates and short-term investments with maturity of less than three (3) months that are liquid and readily convertible into known amounts of cash, subject to an insignificant risk of change in value and used for the purpose of meeting commitments of short-term cash payment rather than investment purpose or others.

3.3 *Investments*

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

Classification

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

Initial recognition

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

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

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Investments* (continued)

Subsequent recognition

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

- ▶ Deposits and certificates of deposit 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 interim 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 dividends income from investments*” in the interim 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 interim income statement in accordance with Circular No. 198/2012/TT-BTC dated 15 November 2012 stipulating the accounting system applicable to open-ended funds issued by the Ministry of Finance.

Principles of valuation

No.	Type of asset	Principles on the market’s transaction valuation
Cash and cash equivalents, money market instruments		
1.	Cash (VND)	Cash balance on date before the Valuation Day.
2.	Foreign currency	The value is convertible into VND according to prevailing exchange rate at credit institutions 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.

Vietcombank Fund Management Company Limited
VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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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
Cash and cash equivalents, money market instruments (continued)		
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).
Bonds		
6.	Listed bonds	<ul style="list-style-type: none"> - 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; - 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"> + Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or + Purchase price plus accumulated interest; or + Par value plus accumulated interest. <p>In case a bond is delisted due to its reaching maturity, the price will be par value plus accumulated interest.</p>
7.	Unlisted bonds	<ul style="list-style-type: none"> - Quoted clean price (if any) on quotation systems plus accumulated interest as of the date prior to the Valuation Day; or - Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or - Purchase price plus accumulated interest; or - Par value plus accumulated interest; <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>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investments (continued)

Principles of valuation (continued)

No.	Type of asset	Principles on the market's transaction valuation
Shares		
8.	Shares listed or registered for trading	<ul style="list-style-type: none"> - Closing price (or otherwise called according to the regulations adopted by the Stock Exchange) of the latest trading date before the Valuation Day. - In case of no transaction in more than 15 days until the Valuation Day (not including the Valuation Day); or no transactions since the date when shares are approved for listing until the Valuation Day, it shall be one of the following prices: <ul style="list-style-type: none"> + Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or + Purchase price; or + Book value; <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"> - Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or - Book value; or - Face value.
10.	Shares of organizations falling into winding-up or bankruptcy	<p>It shall be one of the following prices:</p> <ul style="list-style-type: none"> - 80% (eighty percent) of liquidating value of such shares on the latest date of preparing balance sheet prior to the Valuation Day; or - Price determined by the other methods which are approved by the Fund Representative Board.
11.	Stocks, other contributed capital	<ul style="list-style-type: none"> - 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. - In case of no full quotation of three (03) quotation providers, use one of following prices: <ul style="list-style-type: none"> + Price determined by the other methods which are approved by the Fund Representative Board (detailed in the Valuation Guidelines); or + Purchase price/ contributed capital value; or + Book value.

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VCBF Tactical Balanced Fund

NOTES TO THE INTERIM 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
Shares (continued)		
12.	Right issue to buy share	Value of the right = Max {0; (Price of shares – Issuing price) x conversion rate} In which: Conversion rate = Number of shares entitled to buy/Number of rights.
Derivative securities		
13.	Listed derivative securities	Closing price (or otherwise called according to the regulations adopted by the Stock Exchange) of the latest trading date before the Valuation Day.
14.	Listed derivative securities without transaction in more than fifteen (15) days until the Valuation Day (not including the Valuation Day)	Price determined by the other methods which are approved by the Fund Representative Board detail in the Valuation Guidelines.
Other assets		
15.	Other permitted investment assets	Average price of successful transactions on the latest trading date before the Valuation Day which are provided by quotation providers. In case of no quotations, price determined by the other methods which are approved by the Fund Representative Board.

Vietcombank Fund Management Company Limited

VCBF Tactical Balanced Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
as at 30 June 2023 and for the six-month period then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Investments* (continued)

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.

3.5 *Contributed capital and capital premium*

3.5.1 *Contributed capital*

The fund 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 redemption 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.

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VCBF Tactical Balanced Fund

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

3.5 *Contributed capital and capital premium* (continued)

3.5.2 *Retained earnings*

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

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

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

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

3.5.3 *Profit/Assets distributed to fund unit holders*

This account reflects the profit/assets distributed to fund unit holders during the period and the transfer of distributed profit amount to "*Retained earnings*" at the end of the period.

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

3.6 *Receivables*

Receivables are presented in the interim 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 interim income statement. Provision for receivables from sales of securities is recognized as expense increased during the period. Provision for receivables from dividends, coupons and deposit interest is recognized as income decreased during the period.

The Fund has made provision for overdue debts in accordance with Circular No 48/2019/TT-BTC, amended by Circular 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 interim financial statements at cost, relating to payables for redemption of fund units, payables for trading securities, remuneration payables to the Fund Representatives Board, paybles to the Fund Management Company and the Supervisory Bank and other payables.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 agent 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.

(i) Fund management fee

Management fee is calculated at the maximum of 1.5% 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 agency service fee

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

3.8.2 Supervisory fee

Supervisory fee is calculated at 0.04% 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Expenses (continued)

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.

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.

Dividend in shares, the Fund recognizes number of shares received, and does not recognize value of shares.

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 interim 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.

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

3.10 Tax (continued)

Dividend payments to Fund unit holder (continued)

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.

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 interim financial statements.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 *Financial instruments*

Financial instruments – initial recognition and presentation

Financial assets

Financial assets within the scope of Circular No. 210 /2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments (“Circular 210”) are classified, for disclosures in the notes to the interim 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 and short-term deposits, listed securities, unlisted securities, and other investments, accrued interest and dividends receivable, interest from investment activities and other receivables

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the interim 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 23* 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 interim financial statements, are considered to be nil balance.

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4. CASH AND CASH EQUIVALENTS

	<i>30 June 2023</i> <i>VND</i>	<i>31 December 2022</i> <i>VND</i>
Demand deposit at Supervisory and Custodian Bank for the Fund's operation	1,713,982,180	1,082,619,837
Deposits with terms under three (3) months	2,526,211,408	-
Deposit of fund unit holders for fund units subscription and redemption	334,174,316	213,132,191
	<u>4,574,367,904</u>	<u>1,295,752,028</u>

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5. INVESTMENTS

	Cost VND	Market value or fair value VND	Revaluation difference			Revaluation value VND
			Increase VND	Decrease VND	Net (decrease)/ increase VND	
30 June 2023						
Listed Shares	119,545,878,466	145,196,267,250	36,768,884,507	(11,118,495,723)	25,650,388,784	145,196,267,250
Listed Corporate bonds (a)	55,565,525,070	55,192,383,452	137,969,246	(511,110,864)	(373,141,618)	55,192,383,452
Certificates of deposit (b)	5,000,000,000	5,000,000,000	-	-	-	5,000,000,000
	180,111,403,536	205,388,650,702	36,906,853,753	(11,629,606,587)	25,277,247,166	205,388,650,702
31 December 2022						
Listed Shares	134,806,433,504	142,333,311,900	24,977,940,431	(17,451,062,035)	7,526,878,396	142,333,311,900
Listed Corporate bonds	63,084,212,399	62,686,752,096	240,063,180	(637,523,483)	(397,460,303)	62,686,752,096
Certificates of deposit	5,000,000,000	5,000,000,000	-	-	-	5,000,000,000
	202,890,645,903	210,020,063,996	25,218,003,611	(18,088,585,518)	7,129,418,093	210,020,063,996
					18,147,829,073	

Impact of the revaluation difference on investments in the interim income statement

(a) Listed corporate bonds are issued by Cotecons Construction Joint Stock Company, Gia Lai Electricity Joint Stock Company, Masan MeatLife Corporation, Masan Group Joint Stock Company, TNG Investment and Trading JSC, Vinhomes Joint Stock Company and Vingroup Joint Stock Company, having maturity from 3-5 years, interest rate ranging from 9.50%/p.a. to 15.780%, interest paid every 3 months or every 6 months.

(b) Certificates of deposit is issued by Home Credit Vietnam One-member Finance Company Limited, having maturity of 3 years, interest paid every 6 months.

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6. RECEIVABLES AND ACCRUED DIVIDENDS, INTEREST FROM INVESTMENTS

	<i>30 June 2023</i> <i>VND</i>	<i>31 December 2022</i> <i>VND</i>
Accrued dividends	334,371,300	197,327,200
Accrued interest income from bonds	1,670,866,028	1,809,214,459
Accrued interest from certificates of deposit	83,000,000	84,136,986
Accrued interest from term deposits	2,958,782	-
	<u>2,091,196,110</u>	<u>2,090,678,645</u>

7. PAYABLES TO DISTRIBUTORS

	<i>30 June 2023</i> <i>VND</i>	<i>31 December 2022</i> <i>VND</i>
Payables to Fund Management Company	<u>23,847,400</u>	<u>106,334,569</u>

8. ACCRUED EXPENSES

	<i>30 June 2023</i> <i>VND</i>	<i>31 December 2022</i> <i>VND</i>
Audit fee	72,003,288	71,280,000
Remuneration of Fund Representatives Board	27,000,000	-
	<u>99,003,288</u>	<u>71,280,000</u>

9. PAYABLES TO FUND UNIT HOLDERS FOR FUND UNITS SUBSCRIPTION

	<i>30 June 2023</i> <i>VND</i>	<i>31 December 2022</i> <i>VND</i>
Payables to fund units holders for fund units subscription which are waiting for allotment	<u>209,679,825</u>	<u>88,637,700</u>

10. PAYABLES TO FUND UNIT HOLDERS FOR FUND UNITS REDEMPTION

	<i>30 June 2023</i> <i>VND</i>	<i>31 December 2022</i> <i>VND</i>
Payables to fund units holders for fund units redemption which are waiting for settlement	<u>124,494,491</u>	<u>124,494,491</u>

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11. FUND MANAGEMENT FEE PAYABLE

	<i>30 June 2023</i> VND	<i>31 December 2022</i> VND
Payable of fund management fee	257,309,803	282,838,768
Payable of supervisory fee	17,600,000	17,600,000
Payable of fund administration fee	37,400,000	15,400,000
Payable of transfer agent fee	11,000,000	11,000,000
Payable of custody fee – Safekeeping fee	11,000,000	11,000,000
Payable of custody fee – Transaction fee	440,000	4,400,000
	334,749,803	342,238,768

12. STATEMENT OF CHANGES IN OWNERS' EQUITY

	<i>For the six-month period ended</i> <i>30 June 2023</i>		
	<i>Beginning balance</i> VND	<i>Movement during</i> <i>the period</i> VND	<i>Ending balance</i> VND
Subscription capital			
Number of fund units ("unit")	30,614,728.15	338,412.22	30,953,140.37
Subscription capital at par value	306,147,281,500	3,384,122,200	309,531,403,700
Capital premium of subscription capital	214,938,352,479	5,038,978,777	219,977,331,256
Total subscription capital	521,085,633,979	8,423,100,977	529,508,734,956
Redemption capital			
Number of fund units ("unit")	(21,609,622.54)	(1,261,180.70)	(22,870,803.24)
Redemption capital at par value	(216,096,225,400)	(12,611,807,000)	(228,708,032,400)
Capital premium of redemption capital	(206,698,854,193)	(18,658,901,273)	(225,357,755,466)
Total redemption capital	(422,795,079,593)	(31,270,708,273)	(454,065,787,866)
Number of outstanding fund units ("unit")	9,005,105.61	(922,768.48)	8,082,337.13
Outstanding contributed capital	98,290,554,386	(22,847,607,296)	75,442,947,090
Retained earnings	114,369,065,269	21,438,040,900	135,807,106,169
NAV	212,659,619,655		211,250,053,259
NAV per fund unit	23,615.44		26,137.24

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13. RETAINED EARNINGS

	<i>30 June 2023</i> VND	<i>31 December 2022</i> VND
Realized profit	110,529,859,003	107,239,647,176
Unrealized profit	25,277,247,166	7,129,418,093
	135,807,106,169	114,369,065,269

14. INTEREST INCOME

	<i>For the six-month period ended 30 June 2023</i> VND	<i>For the six-month period ended 30 June 2022</i> VND
Interest income from bonds	3,224,614,452	2,839,882,346
Interest from certificates of deposit	205,794,521	205,794,521
Interest from term deposits	88,458,437	87,623,520
Interest from demand deposits	412,480	2,561,707
	3,519,279,890	3,135,862,094

15. GAIN FROM INVESTMENT TRADING

	<i>For the six-month period ended 30 June 2023</i>		
	<i>Total trading amount during the period</i> VND	<i>Weighted average cost at the end of the trading date</i> VND	<i>Gain/(loss) on investment trading during the period</i> VND
Share	16,989,839,600	16,194,855,038	794,984,562
Listed corporate bonds	7,500,000,000	7,518,687,329	(18,687,329)
	24,489,839,600	23,713,542,367	776,297,233
	<i>For the six-month period ended 30 June 2022</i>		
	<i>Total trading amount during the period</i> VND	<i>Weighted average cost at the end of the trading date</i> VND	<i>Gain on investment trading during the period</i> VND
Share	11,415,750,000	3,965,794,608	7,449,955,392
Listed corporate bonds	6,000,000,000	6,000,000,000	-
	17,415,750,000	9,965,794,608	7,449,955,392

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16. TRANSACTION EXPENSES FOR INVESTMENT TRADING

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
	VND	VND
Transaction expenses for selling investments	23,784,494	14,045,350
Transaction expenses for buying investments	1,165,950	32,432,035
Other transaction expenses	181,009	8,100
	25,131,453	46,485,485

17. CUSTODY FEE

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
	VND	VND
Custody fee - safekeeping fee	66,000,000	108,000,000
Custody fee - transaction fee	8,580,000	5,830,000
Custody fee - paid to Vietnam Securities Depository	7,100,111	5,394,929
	81,680,111	119,224,929

18. OTHER OPERATING EXPENSES

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
	VND	VND
Remuneration of Fund Representatives Board	60,000,000	60,000,000
Annual fee for State Securities Commission	4,958,904	2,500,000
Bank charges	1,672,000	1,645,435
	66,630,904	64,145,435

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19. NET ASSET VALUE

Net asset value for the period ended 30 June 2023:

<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>
Last period of December 2022	212,659,619,655	9,005,105.61	23,615.44	
First period of January 2023	212,560,782,879	9,005,105.61	23,604.47	(10.97)
Second period of January 2023	217,252,310,116	9,003,609.25	24,129.46	524.99
Third period of January 2023	218,129,961,600	9,006,241.14	24,219.86	90.40
Fourth period of January 2023	219,087,786,293	9,008,393.83	24,320.40	100.54
Fifth period of January 2023	220,627,976,825	9,012,307.97	24,480.74	160.34
Sixth period of January 2023	225,838,774,268	9,018,095.22	25,042.84	562.10
Seventh period of January 2023	226,899,682,279	9,020,046.46	25,155.04	112.20
Eighth period of January 2023	226,922,858,798	9,020,046.46	25,157.61	2.57
Last period of January 2023	227,975,397,666	9,019,951.98	25,274.56	116.95
First period of February 2023	223,325,656,404	9,019,951.98	24,759.07	(515.49)
Second period of February 2023	223,895,268,512	9,026,412.66	24,804.45	45.38
Third period of February 2023	198,784,887,292	8,108,929.97	24,514.31	(290.14)
Fourth period of February 2023	196,735,265,133	8,112,235.12	24,251.67	(262.64)
Fifth period of February 2023	196,979,848,827	8,113,545.24	24,277.90	26.23
Sixth period of February 2023	203,054,469,013	8,116,288.56	25,018.14	740.24
Seventh period of February 2023	199,118,684,493	8,120,364.46	24,520.90	(497.24)
Eighth period of February 2023	193,904,282,208	8,107,562.13	23,916.47	(604.43)
Last period of February 2023	194,726,510,981	8,106,168.55	24,022.01	105.54
First period of March 2023	197,542,273,356	8,106,168.55	24,369.37	347.36
Second period of March 2023	195,602,304,414	8,109,273.21	24,120.81	(248.56)
Third period of March 2023	197,935,794,463	8,103,029.08	24,427.38	306.57
Fourth period of March 2023	197,079,242,278	8,106,282.51	24,311.91	(115.47)
Fifth period of March 2023	198,876,870,576	8,107,511.04	24,529.95	218.04
Sixth period of March 2023	194,529,589,955	8,106,754.54	23,995.98	(533.97)
Seventh period of March 2023	196,132,831,227	8,096,930.28	24,223.10	227.12
Eighth period of March 2023	197,778,277,095	8,095,177.89	24,431.61	208.51
Ninth period of March 2023	197,801,394,523	8,086,952.25	24,459.32	27.71
Last period of March 2023	199,539,218,539	8,076,676.79	24,705.60	246.28

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19. NET ASSET VALUE (continued)

Net asset value for the period ended 30 June 2023 (continued):

Period of NAV	NAV VND	Number of fund units	NAV per fund unit VND	Increase/(decrease) of NAV per fund unit VND
First period of April 2023	201,661,548,178	8,076,676.79	24,968.38	262.78
Second period of April 2023	201,862,748,445	8,067,684.95	25,021.14	52.76
Third period of April 2023	200,496,090,947	8,069,140.14	24,847.26	(173.88)
Fourth period of April 2023	201,223,552,699	8,076,280.15	24,915.37	68.11
Fifth period of April 2023	199,573,952,176	8,076,381.08	24,710.81	(204.56)
Sixth period of April 2023	199,255,167,737	8,066,746.38	24,700.80	(10.01)
Seventh period of April 2023	199,476,096,108	8,064,435.99	24,735.28	34.48
Eighth period of April 2023	198,776,656,764	8,064,165.18	24,649.37	(85.91)
Last period of April 2023	199,381,963,307	8,064,943.24	24,722.05	72.68
First period of May 2023	199,406,216,494	8,064,943.24	24,725.06	3.01
Second period of May 2023	199,292,608,945	8,069,576.76	24,696.78	(28.28)
Third period of May 2023	200,557,327,784	8,074,033.31	24,839.79	143.01
Fourth period of May 2023	201,962,041,418	8,075,725.04	25,008.53	168.74
Fifth period of May 2023	201,654,907,750	8,072,462.30	24,980.59	(27.94)
Sixth period of May 2023	203,162,432,514	8,067,332.64	25,183.34	202.75
Seventh period of May 2023	201,826,429,663	8,054,994.99	25,056.05	(127.29)
Eighth period of May 2023	203,045,382,903	8,054,759.49	25,208.12	152.07
Last period of May 2023	203,000,114,983	8,053,215.91	25,207.33	(0.79)
First period of June 2023	205,524,239,752	8,055,071.26	25,514.88	307.55
Second period of June 2023	206,976,517,517	8,048,870.97	25,714.97	200.09
Third period of June 2023	207,700,392,622	8,054,933.87	25,785.48	70.51
Fourth period of June 2023	207,139,659,665	8,053,608.88	25,720.10	(65.38)
Fifth period of June 2023	207,468,476,993	8,056,341.70	25,752.19	32.09
Sixth period of June 2023	210,293,031,222	8,069,736.17	26,059.46	307.27
Seventh period of June 2023	211,866,870,869	8,072,771.19	26,244.62	185.16
Eighth period of June 2023	212,904,013,703	8,079,380.26	26,351.52	106.90
Last period of June 2023	211,250,053,259	8,082,337.13	26,137.24	(214.28)
Average NAV for the period	205,552,474,566			
Change in NAV per fund unit during the period – maximum:				740.24
Change in NAV per fund unit during the period – minimum:				(0.79)

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20. OFF BALANCE SHEET ITEMS

Number of outstanding fund units

By duration that the fund units could be redeemable:

	<i>30 June 2022</i> <i>(fund units)</i>	<i>31 December 2022</i> <i>(fund units)</i>
Up to one year	8,082,337.13	9,005,105.61

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

	<i>For the six-month</i> <i>period ended</i> <i>30 June 2023</i> <i>(%)</i>	<i>For the six-month</i> <i>period ended</i> <i>30 June 2022</i> <i>(%)</i>
Expense ratio	2.14	1.99
Turnover ratio of investment portfolio	8.72	23.59

21.1 *Expense ratio*

Expense ratio is the performance ratio of operating expense of the Fund per one unit of net asset value. For the period end at 30 June 2023, this rate will be calculated for 12 months by multiplying the expense ratio by the actual of the Fund's operating time.

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

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

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

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

21.2 *Turnover ratio*

Turnover ratio of investment portfolio is the number of trading cycles of investment assets of the Fund in one (1) period. For the period end at to 30 June 2023, this rate will be calculated for 12 months by multiplying the turnover ratio of investment ratio by the actual of the Fund's operating time.

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

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

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22. FINANCIAL RISK 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 risk management policies for the above risks as follows:

22.1 Market risk

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

(i) Interest rate risk

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

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

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

(ii) Currency risk

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

The Fund was incorporated and operates in Vietnam, as such reporting and transaction currency is denominated in VND. The Fund is not exposed to foreign currency as at 30 June 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. Fund's Investment Committee manages and approves bonds investment decision.

At the reporting date, the exposure to the Fund's listed securities and right issue to buy shares at fair value was VND200,388,650,702. A decrease of 10% in these securities' price could have an impact of approximately VND20,083,865,070 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 by VND20,083,865,070.

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22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

22.2 Credit risk

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

The Fund places balances of certificates of deposit and bank deposits with well-known banks and credit institutions in Vietnam. Credit risk posing to balances of certificates of deposit and 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 bank deposits and certificates of deposit is very low.

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

22.3 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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23. SUPPLEMENTARY DISCLOSURE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amount and fair value of financial instruments of the Fund at 30 June 2023 are presented as follows:

	30 June 2023		31 December 2022	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Financial assets				
Cash and cash equivalents	4,574,367,904	4,574,367,904	1,295,752,028	1,295,752,028
Net investments	205,388,650,702	205,388,650,702	210,020,063,996	210,020,063,996
- Listed shares	145,196,267,250	145,196,267,250	142,333,311,900	142,333,311,900
- Corporate bonds	55,192,383,452	55,192,383,452	62,686,752,096	62,686,752,096
- Certificates of deposit	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Receivables	2,091,196,110	2,091,196,110	2,090,678,645	2,090,678,645
	212,054,214,716	212,054,214,716	213,406,494,669	213,406,494,669
Financial liabilities				
Payables to distributors	23,847,400	23,847,400	106,334,569	106,334,569
Accrued expenses	99,003,288	99,003,288	71,280,000	71,280,000
Payables to fund unit holders for fund units subscription	209,679,825	209,679,825	88,637,700	88,637,700
Payables to fund unit holders for fund units redemption	124,494,491	124,494,491	124,494,491	124,494,491
Fund management fee payables	334,749,803	334,749,803	342,238,768	342,238,768
Other payables	4,958,904	4,958,904	7,500,000	7,500,000
	796,733,711	796,733,711	740,485,528	740,485,528

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

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

- Fair value of receivables, payables to Distributors, accrued payables, payables of subscription to the fund unit holders, payables of repurchasing to fund unit holders, payables to fund management services, other payables were equal to their book values due mainly to the short-term maturities of these instruments.
- Fair value of cash and cash equivalents, shares, corporate bonds, certificate of deposit and deposits with terms over three (3) months is re-valued using the valuation method stated in Note 3.3.

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24. RELATED PARTIES AND OTHER KEY CONTRACTS

24.1 Related parties

a) *The Fund Management Company*

The significant transaction during the period was as follows:

	<i>For the six-month period ended 30 June 2023 VND</i>	<i>For the six-month period ended 30 June 2022 VND</i>
Fund management fee	<u>1,529,287,969</u>	<u>1,896,179,937</u>

The outstanding balance at the period-end was as follow:

	<i>30 June 2023 VND</i>	<i>31 December 2022 VND</i>
Fund management fee payable	<u>257,309,803</u>	<u>282,838,768</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>For the six-month period ended 30 June 2023 VND</i>	<i>For the six-month period ended 30 June 2022 VND</i>
Remunerations of the Fund Representatives Board	<u>60,000,000</u>	<u>60,000,000</u>

The outstanding balance of Remunerations of the Fund Representatives Board at the end of the period is as follows:

	<i>30 June 2023 VND</i>	<i>31 December 2022 VND</i>
Remunerations of the Fund Representatives Board payables	<u>27,000,000</u>	<u>-</u>

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24. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)

24.1 Related parties (continued)

c) *Fund units held by the related parties*

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

	30 June 2023		31 December 2022	
	Fund units held by	Holding percentage (%)	Fund units held by	Holding percentage (%)
Franklin Templeton Capital Holdings Private Limited	2,500,000.00	30.93	2,500,000.00	27.76
Vietcombank Fund Management Company Limited	1,334,027.88	16.51	1,334,027.88	14.81
Other related parties	83,754.11	1.03	80,012.37	0.89
	3,917,781.99	48.47	3,914,040.25	43.46

Related parties	Relationship
Franklin Templeton Capital Holdings Private Limited	Owner holding 49% of charter capital of Fund Management Company
Vietcombank Fund Management Company Limited	Fund Management Company
Other related parties	Fund Management Company

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24. RELATED PARTIES AND OTHER KEY CONTRACTS (continued)

24.2 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 0.04%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.

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

	<i>For the six-month period ended 30 June 2023</i>	<i>For the six-month period ended 30 June 2022</i>
	<i>VND</i>	<i>VND</i>
Fund administration fee	202,400,000	118,800,000
Supervisory fee	105,600,000	118,800,000
Custody fee - safekeeping fee	66,000,000	108,000,000
Custody fee - transaction fee	8,580,000	5,830,000
Interests from demand deposit	412,480	2,561,707
Bank charges	1,672,000	1,644,500

The outstanding balance at the end of the period was as follows:

	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>VND</i>	<i>VND</i>
Demand deposit	2,048,156,496	1,295,752,028
Payable of Supervisory fee	17,600,000	17,600,000
Payable of fund administration fee	37,400,000	15,400,000
Payable of Custody fee - safekeeping fee	11,000,000	11,000,000
Payable of Custody fee - transaction fee	440,000	4,400,000

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25. 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 interim financial statements of the Fund.



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



Mr. Vu Quang Dong
Chief Executive Officer



Ms. Vu Thi Thanh Mai
Preparer



Ms. Tran Thi Ha Linh
Chief Accountant

Hanoi, Vietnam

14 August 2023