



## **DFVN Capital Appreciation Fund**

Financial Statements  
for the period from 3 January 2019  
(date of establishment) to  
31 December 2019



**DFVN Capital Appreciation Fund  
General Information**

**Initial Public Offering  
Certificate No.**

56/GCN-UBCK dated 16 October 2018

The Initial Public Offering Certificate was issued by the State Securities Commission.

**Establishment Registration  
Certificate of Open-ended Fund No.**

34/GCN-UBCK dated 3 January 2019

The Establishment Registration Certificate of Open-ended Fund was issued by the State Securities Commission and is valid for indefinite time.

**Board of Representatives**

Mr. Do Hung Viet	Chairman
Mr. Huynh Van Dung	Member
Mr. Nguyen Gia Huy Chuong	Member

**Fund Management Company**

Dai-ichi Life Vietnam Fund Management Company Limited

**Supervising Bank**

HSBC Bank (Vietnam) Ltd.

**Registered Office**

Floor 11, 149-151 Nguyen Van Troi  
Ward 11, Phu Nhuan District  
Ho Chi Minh City  
Vietnam

**Auditor**

KPMG Limited  
Vietnam

**DFVN Capital Appreciation Fund**  
**Report of the Board of Representatives**

**REPORT OF THE BOARD OF REPRESENTATIVES**

I, Do Hung Viet, being the Chairman of the Board of Representatives and on behalf of the Unit Holders of DFVN Capital Appreciation Fund (“the Fund”), do hereby approve the attached financial statements of the Fund for the period from 3 January 2019 (date of establishment) to 31 December 2019, which have been prepared in accordance with Vietnamese Accounting Standards, Circular No. 198/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance on the promulgation of accounting system for open-ended funds, the relevant requirements of Circular No. 183/2011/TT-BTC dated 16 December 2011 issued by the Ministry of Finance on the promulgation of guidance on establishment and management of open-ended funds and of Circular No. 15/2016/TT-BTC dated 20 January 2016 issued by the Ministry of Finance amending and supplementing certain articles of Circular No. 183/2011/TT-BTC dated 16 December 2011 and the other relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Representatives



Mr. Do Hung Viet  
*Chairman*

Ho Chi Minh City, 27 March 2020

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company**

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

Management of Dai-ichi Life Vietnam Fund Management Company Limited ("the Fund Management Company") presents this statement and the accompanying financial statements of DFVN Capital Appreciation Fund for the period from 3 January 2019 (date of establishment) to 31 December 2019.

Management of the Fund Management Company is responsible for the preparation and fair presentation of the financial statements of DFVN Capital Appreciation Fund ("the Fund") in accordance with Vietnamese Accounting Standards, Circular No. 198/2012/TT-BTC ("Circular 198") dated 15 November 2012 issued by the Ministry of Finance on the promulgation of accounting system for open-ended funds, the relevant requirements of Circular No. 183/2011/TT-BTC ("Circular 183") dated 16 December 2011 issued by the Ministry of Finance on the promulgation of guidance on establishment and management of open-ended funds and of Circular No. 15/2016/TT-BTC ("Circular 15") dated 20 January 2016 issued by the Ministry of Finance amending and supplementing certain articles of Circular 183 and the other relevant statutory requirements applicable to financial reporting. In preparing those financial statements, 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 and accounting systems have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the basis of going concern unless it is inappropriate to presume that the Fund will continue in business.

Management of the Fund Management Company is also responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Fund and to ensure that the accounting records comply with the requirements of Vietnamese Accounting Standards, Circular 198, the relevant requirements of Circular 183 and of Circular 15 and the other relevant statutory requirements applicable to financial reporting. The Management of the Fund Management Company is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management of Dai-ichi Life Vietnam Fund Management Company Limited confirms that they have complied with the above requirements in preparing these financial statements of the Fund for the period from 3 January 2019 (date of establishment) to 31 December 2019.

## **DFVN Capital Appreciation Fund**

### **Report of the Fund Management Company (continued)**

#### **I. Fund's general information**

##### **1. Fund's objectives**

The Fund provides the Investors with asset and capital appreciation and aim to outperform the Vietnam Stock Market (VN-Index) as benchmark in the long term by investing mainly in a diversified portfolio of listed equities on Vietnam Stock Market.

##### **2. Fund's performance**

According to the Fund's audited financial statements for the for the period from 3 January 2019 (date of establishment) to 31 December 2019, until the end of the accounting period, changes in net assets value (NAV) of the Fund is 7.65% compared to the Fund's innitial capital contribution.

##### **3. Fund's investment policy and strategy**

###### *Investment strategy*

The Fund will invest in a diversified portfolio of large-capital listed securitiess on the Vietnam Stock Market. The selection of industries and companies is based on value assessment, basic analysis and evaluation of market factors.

Conditions for selecting companies are as follows:

- those in the group leading the business;
- having a strong financial status;
- having strong and stable cash flows and high quality asset base; and
- having reliable corporate governance system.

The main investment areas of the Fund shall concentrate on the listed equities on Vietnam Stock Exchange, the equities about to be listed and the shares of equitised corporations.

Assets allowed to invest:

- term deposits at commercial banks in accordance with banking laws;
- foreign currencies, money market instruments including valuable papers and transferrable instruments in accordance with relevant laws;
- government bonds, government guaranteed bonds or municipal bonds;
- listed shares, registered for trading shares, listed bonds of issuers operating under Vietnamese law;
- shares and bonds to be listed, prepared to register for trading issued by issuers operating under Vietnamese law, corporate bonds issued by listed organisations with payment guarantee of the credit institutions or repurchase commitment of issuers. Investments in securities to be listed must meet the following requirements:
  - have the written approval of the Fund's Board of Representatives on the type, stock code, quantity, transaction value, time of implementation; and
  - have documents proving that the issuer will complete the application for trading registration or listing at the Stock Exchange within twelve months from the date of transaction.

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

- derivative securities listed and traded on Stock Exchanges and are only for risk prevention purposes; and
- arising rights attached to stocks held by the Fund.

***Investment structure***

Proportion of the Fund's investment asset allocation is as follows:

<b>Investment asset</b>	<b>Proportion (% NAV of the Fund)</b>
Shares	50% – 100%
Short-term deposits (*)	0 – 49%
Cash on current account of the Fund at the Supervising Bank	The remaining amount after investing in the above two types of assets.

- (\*) The maximum term is three months, the Fund may only invest deposits at banks with appropriate credit ratings, included in the list approved by the Board of Representative in writing.

**4. Fund type**

The Fund was established in Vietnam in the form of an Open-ended Fund under the Establishment Registration Certificate of Open-ended Fund No. 34/GCN-UBCK issued by the State Securities Commission on 3 January 2019.

**5. Recommendation for investment timeline of the Fund**

The Fund is not limited in operating period.

**6. Short-term risk level (low, medium, high)**

Short-term risk level is medium.

At the same time, with the dynamic investment selection method as presented below, the Fund's short-term risk level also corresponds flexibly according to each time of investment.

The Fund will apply an active investment strategy to find, identify and select investment opportunities. Based on studies, fundamental macroeconomic analysis, company analysis, market factors, the Fund will develop a model of asset allocation in accordance with the Fund's investment objectives and appropriate with market conditions at each different stage. For each investment, the Fund will focus on finding and exploiting investments with attractive market value compared to basic values, long-term growth-oriented investments. At the same time, the Fund also identifies risks to portfolios and controls for these risks. As a result, the Fund's portfolio includes high-quality investment assets and can add value through the Fund's active investment management strategy.

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

**7. Date of starting operations of the Fund**

The Fund started operations from 3 January 2019.

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

As at 31 December 2019, the number of Fund units in circulation is 7,747,580.49 units, equivalent to the capital size of the Fund amounting to VND77,475,804,900.

**9. Fund's reference index**

The Fund does not apply reference index.

**10. Fund's dividend distribution policy**

As mentioned in the Prospectus, the Fund primarily invests in stocks with the main objective of increasing capital value in the medium and long term, so the Fund has limitations in dividend payment. The distribution of profits (if any) will be based on the audited financial statements of the Fund within the framework of the law, as proposed by the Fund Management Company, approved by the Board of Representative and the General Meeting of Investors.

The Fund will only consider the profit distribution from the following sources and conditions:

- a) Retained profits of the Fund until the end of the financial year that the Fund Management Company proposes to distribute profit must be positive after deducting expenses incurred during the operation according to regulations.
- b) The profit distribution is from the Fund's realised profits during its operation.
- c) After deducting the expected profit distribution to the Investor, the remaining accumulated profits until the end of the financial year that the Fund Management Company proposes to distribute profit must still be greater or equal to zero (can not be negative).
- d) Profit distribution is deducted from the Fund's retained earnings.
- e) The Fund Management Company may only distribute profits when the Fund has completed or has sufficient financial capacity to fulfill its tax obligations and other financial obligations in accordance with law, and fully made the following funds stipulated in the Charter of the Fund and immediately after paying all the fixed profits, the Fund must ensure the payment of all debts and other liabilities.

**11. Actual distributed profits per fund unit**

During the period, the Fund did not implement profit distribution.



**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

**II. Performance indicators**

**1. Fund's assets structure**

<b>Fund's assets structure</b>	<b>31/12/2019 (%)</b>
1. Investment portfolio	91.41
2. Cash and cash equivalents	8.17
3. Other receivables	0.42
<b>Total</b>	<b>100.00</b>

**2. Detailed operating indicators**

<b>Indicator</b>	<b>31/12/2019</b>
2.1. Net asset value (VND)	80,870,153,926
2.2. Total Fund units in circulation (Unit)	7,747,580.49
2.3. Net asset value per Fund unit (VND/Unit)	10,438.11
2.4. The highest net asset value per Fund unit during the reporting period (VND/Unit)	11,121.66
2.5. The lowest net asset value per Fund unit during the reporting period (VND/Unit)	9,991.19
2.6. Closing price of Fund unit at the reporting date (VND/Unit)	Not applicable
2.7. The highest closing price of Fund unit during the reporting period (VND/Unit)	Not applicable
2.8. The lowest closing price of Fund unit during the reporting period (VND/Unit)	Not applicable
2.9. Total growth rate per Fund unit (%)	4.38%
2.9.1. Capital growth rate per Fund unit (%) (Change due to price fluctuation)	2.90%
2.9.2. Income growth rate per Fund unit (%) (Based on realised profits)	(0.44)%
2.10. Gross distribution per Fund unit	Nil
2.11. Net distribution per Fund unit	Nil
2.12. Ex-date of distribution	Nil
2.13. Operation expenses/Average NAV during the period (%)	3.47%
2.14. Turnover of investment portfolio (%)	192.25%



**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

**3. Growth rate over time**

<b>Period</b>	<b>Total growth rate of NAV per Fund unit (%)</b>	<b>Annual growth rate of NAV per Fund unit (%)</b>
- 1 year	Not applicable	Not applicable
- 3 years	Not applicable	Not applicable
- From establishment date	4.38%	Not applicable
- Growth rate of reference index	No reference index	No reference index

**4. Annual growth rate**

<b>Period</b>	<b>31/12//2019 (%)</b>
Growth rate of NAV per Fund unit (%)	Not applicable

**III. Market description**

The macro-economic environment of Vietnam was stable and solid during the year 2019 though the context of the world economic situation continuing to grow slowly between US-China trade tensions and geopolitical issues leading to significant increase in uncertainty of the global trading system. This is reflected in the basic macroeconomic indicators such as good and sustainable GDP growth of 7.02% in 2019, after strong growth in 2018 with an impressive increase of 7.08%. This is the highest increase rate since 2008.

The quality of economic growth was improved in 2019, in which the contribution of total factor productivity ("TFP") to GDP growth was 46.11%; the average TFP for the period 2016-2019 reached 44.46%; higher than the average of 33.58% of the period 2011-2015. Labor productivity of the whole economy at current prices in 2019 was estimated at VND110.4 million/labor (equivalent to USD4,791/labor, an increase of USD272 compared to 2018); at comparable prices, labor productivity increased by 6.2% due to the additional labor force and the number of employed laborers in 2019.

Investment efficiency was improved with many new production capacities complementing the economy. The incremental Capital-Output Ratio ("ICOR") decreased from 6.42 in 2016 to 6.11 in 2017, 5.97 in 2018 and estimated to reach 6.07 in 2019. On average, during the period of 2016-2019, the ICOR reached 6.14, lower than the ratio of 6.25 of the period of 2011-2015 (according to the General Statistics Office of Vietnam).

The strong growth rate of GDP was contributed by the sustainable import-export growth continued keeping at 8.1% comparing to last year (estimated at USD517bil), and trade surplus of USD9.9bil full year. The industrial production sector has remained the Purchasing Managers Index (PMI) and achieved the higher level of 50 for the last months of the year; though at some point of time this index approach to the level 50 near the year end, the attraction of foreign direct investment (FDI) continues to be a bright sport in Vietnam as USD20.4bil has been disbursed in 2019; meantime, Vietnam dong exchange rate was stabilising and inflation rate was curbing at an appropriate and controllable level which is an important catalyst to help the economy develop sustainably.

## DFVN Capital Appreciation Fund

### Report of the Fund Management Company (continued)

The year of 2019 marked as a year of quiet on equity market comparing to previously year 2018 as a year of ups and downs of Vietnam's stock market. The market witnessed the VN-Index positively performed in the first quarter, yet the market went sideways after that with narrow movement. In the early fourth quarter, the index rallied but quickly dropped in to the correction status and closed the full year 2019 with a modest return of 7.7%, the average trading value per session slightly improved to USD180 million.

The Government approved the Project "Restructuring the stock market and insurance market to 2020 and orientation to 2025" pursuant to Decision No. 242/QĐ-TTĐ dated 28 February 2019. Accordingly, the Government aims to achieve a stock market of 100% of GDP by 2020 and 120% of GDP by 2025, the bond market size will reach 47% of GDP by 2020 and 55% of GDP by 2025. The number of listed companies until 2020 increases by 20% compared to 2017. Diversifying products on the stock market, comprehensively and synchronously innovating trading and clearing technology on the market. Before 2025, the target of upgrade the Vietnam Stock Market on the list of emerging markets. Besides, there are catalysts upcoming being expected to reiterate the equity market prospect such as local exchange traded funds ("ETF") including VNFIN LEAD, VNFIN SELECT (financial ETFs), and VN Diamond (FOL ETF) as well as potential upcoming pension fund. Notably, market is expecting a structure change for sustainable development basing on new law of securities which will be in valid from 2021.

Therefore, it is expected for a long term sustainable prospect for the Fund's operation which base on the stable macro-economic background together with the leverage of equity market growing.

## IV. Details of the Fund's operating indicators

### 4.1. Fund's detailed operating figures

Indicators	From establishment date to reporting date (%)
Total growth rate per Fund unit (*)	4.38%
Capital growth rate per Fund unit (Change due to price fluctuation) (*)	2.90%
Income growth rate per Fund unit (Based on realised profits) (*)	(0.44)%
Annual growth rate per Fund unit	Nil
Growth rate of structured portfolio (**)	Nil
Changes in market value per Fund unit (***)	Nil

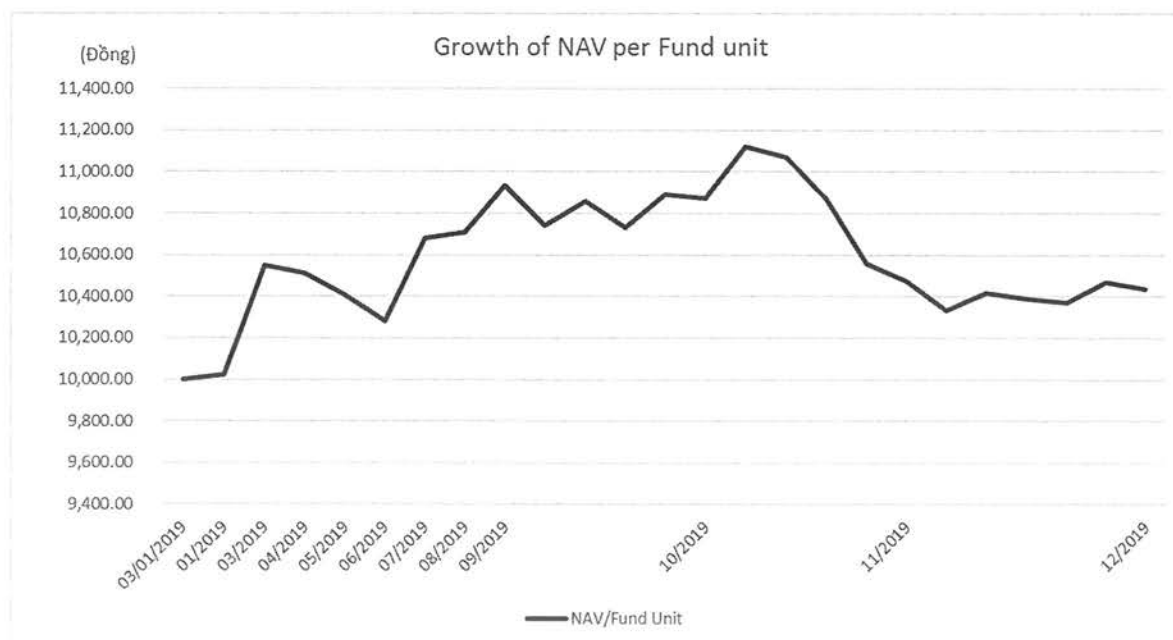
(\*)The growth rate compared to the par value of Fund unit at the initial capital contribution (par value of VND10,000 per Fund unit).

(\*\*)The Fund does not have structured portfolio

(\*\*\*)The Fund does not have market value

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

- Chart of the Fund's monthly growth of net asset value per Fund unit from the establishment date to 31 December 2019



- Change in net asset value:

Indicators	31/12/2019 VND	3/1/2019 (date of establishment) VND	Change rate %
A	1	2	3=((1)-(2))/(2)
Net asset value (NAV) of the Fund	80,870,153,926	75,121,600,000	7.65%
Net asset value per Fund unit	10,438.11	10,000,00	4.38%

During the period from 3 January 2019 (date of establishment) to 31 December 2019, the Fund's net asset value (NAV) per fund unit increased slightly as the stock market increased.

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

**4.2. Summary of investors holding Fund units as at 31/12/2019**

<b>Holding scale (Units)</b>	<b>Number of Fund Unitholders</b>	<b>Number of Fund units holding</b>	<b>Percentage of holding</b>
<b>A</b>	<b>1</b>	<b>2</b>	<b>3</b>
Under 5,000	256	264,788.46	3.42%
From 5,000 to 10,000	15	92,384.08	1.19%
From 10,000 to 50,000	18	250,992.81	3.24%
From 50,000 to 500,000	2	139,415.14	1.80%
From 500,000	1	7,000,000.00	90.35%
<b>Total</b>	<b>292</b>	<b>7,747,580.49</b>	<b>100.00%</b>

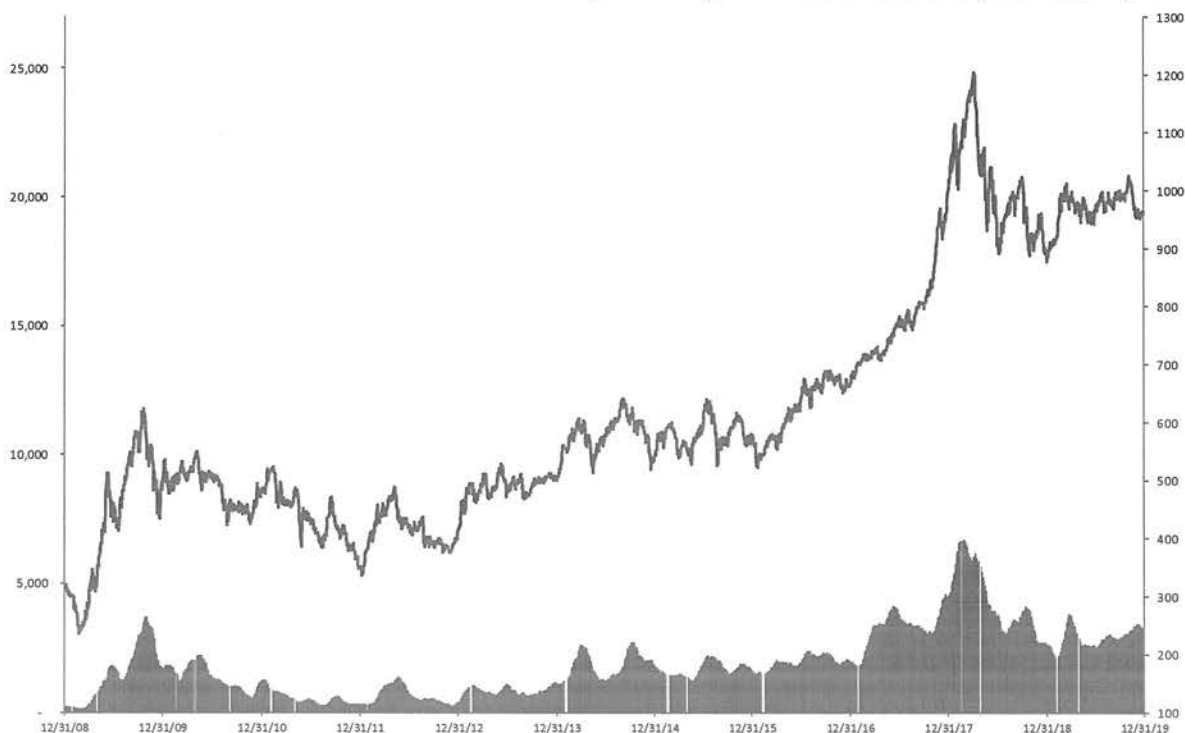
**4.3 Hidden costs and discounts**

The Fund did not incur any hidden costs. All costs of the Fund are specified in the Fund's Charter and the Prospectus.

## DFVN Capital Appreciation Fund Report of the Fund Management Company (continued)

### V. Market prospects

The chart below shows the VN-index movement (blue wire) and transaction value (red column).



As above mentioned, the year of 2019 marked as a year of quiet on equity market comparing to previously year 2018 as a year of ups and downs of Vietnam's stock market. The market witnessed the VN-Index positively performed in the first quarter, yet the market went sideways after that with narrow movement. In the early forth quarter, the index rallied but quickly dropped in to the correction status and closed the full year 2019 with a modest return of 7.7%. According to the evaluation of many local and foreign economic and investment experts, Vietnam stock market is still an attractive investment channel for foreign investors and becomes a true financial source for the economy. Many assessments show that the market has become attractive after the correction compared to the peak of 1,200 points set in early 2018 along with signs of recovery in early 2019, some key points to reinforce the gaining trend for stock market as follows:

- With macroeconomic environment: Vietnam is evaluated to develop stably through criteria such as GDP growth, credit, interest rates, inflation, exchange rates, FDI attraction, PMI index... as analysed above. Thus, Vietnam's economy is continuing to enter the development phase with a new economic development cycle.
- Regarding the Stock Market assessment: with reasonable valuation and more lucrative rates than regional markets (the price on reasonable PER share income while the return on equity ROE, ROA is quite high). This has been partly demonstrated by the strong growth of the Stock Market, reflected in indicators such as the strong net buying value of foreign investors in listed securities.

## DFVN Capital Appreciation Fund

### Report of the Fund Management Company (continued)

In addition, event factors, catalysing the growth momentum for the Stock Market such as (i) raising the ownership ratio for foreign investors; (ii) promoting equitisation and listing State-owned enterprises; (iii) prospects for upgrading Vietnam Market (MSCI Emerging Market); (iv) actively promote participation in free trade agreements (FTAs); (v) capital mobilized into equity market via new products such as index funds, future contract, options, and new securities law valid since January 2021. Furthermore, the potential risks to be noted include the complicated trade war between the US and China - and other countries, the Chinese situation continues to decline deeply including strong devaluation The yuan, political and economic instability in the United States, Italy, and Europe affected negatively, affecting the stability of the VND currency as well as the ability to cause variables unpredictable dynamics of foreign indirect investment flows into Vietnam Stock Market.

Therefore, with the basic factors of value combined with qualitative factors as analysed above, the Vietnam Stock Market in the coming time will still have a brighter scenario along with the hope to continue to improve the economy, creating a premise for long-term development in the following years.

## VI. Other information

### 1. Management of the Fund Management Company

Name	Position	Qualification and working experience
Mr. Tran Chau Danh	Chief Executive Officer cum Chief Investment Officer	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>- Bachelor of International Trade, Foreign Trade University HCMC Campus</li> <li>- Bachelor of Banking, Banking University HCM</li> <li>- Master of Development Economics, Vietnam – Netherlands Project for MA in Development Economics</li> <li>- CFA International Financial Analyst (Chartered Financial Analyst)</li> <li>- Stock Market Technical Analyst (CMT)</li> <li>- Fund Management License issued by State Securities Commission.</li> </ul> <p><b>Working experience</b></p> <p>Mr. Danh has about twenty (20) years of experience in investment, fund management and portfolio management. He has been involved in the Vietnam Stock Market since the market was established.</p> <p>Before joining the Company, Mr. Danh worked for as the Deputy General Director of Investment and being in charge of investment activities and asset-liability management since 2011.</p>

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

Name	Position	Qualification and working experience
		<p>Before joining Dai-ichi Life Insurance Company of Vietnam Limited, Mr. Danh held senior positions in both local and foreign fund management companies. Especially, Mr. Danh has more than seven (7) years of experience at Eastspring Investments Fund Management Limited Liability Company (previously named Prudential).</p>
Mr. Masafumi Takeshita	Corporate Planning and Risk Management Assistant Director	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>- Master of Economics, Hitotsubashi University, Japan</li> <li>- CMA level 2, Securities Analysts Association of Japan (SAAJ).</li> </ul> <p><b>Working experience</b></p> <p>Mr. Takeshita has about ten (10) years of experience working and researching in the field of finance, insurance and investment in foreign finance market.</p> <p>Prior to joining Dai-ichi Life Vietnam Fund Management Company Limited, Mr. Takeshita had more than four (4) years of experience in the senior position in charge of credit activities at Dai-ichi Life Insurance Company of Japan, one of the leading and reputable insurance companies in Japan, headquartered in Tokyo.</p> <p>Previously, Mr. Takeshita had time working in the analysis department of Mizuho Bank – Singapore Branch.</p>
Mr. Dang Vi Thanh	Member of Management Executives holding title of Assistant Director, Head of Business Development	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>- Bachelor of Commerce Economics, HCMC University of Economics</li> <li>- Bachelor of English, HCMC Open University</li> <li>- Certificate of Fellowship, Life Management Institute (FLMI)</li> <li>- Fund Management License issued by State Securities Commission.</li> </ul> <p><b>Working experience</b></p> <p>Mr. Thanh has fifteen (15) years of experience in finance, insurance, fund management including 10 years in management positions at leading fund management companies in Vietnam.</p>



**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

Name	Position	Qualification and working experience
		<p>Prior to joining Dai-ichi Life Vietnam Fund Management Company Limited, Mr. Thanh was the Head of Sales and Marketing at Manulife Vietnam Fund Management Company Limited and then held the position of Sales Manager, Individual customers of VinaCapital Fund Management JSC (formerly known as VinaWealth).</p> <p>Mr. Thanh has deep knowledge in the open-ended fund market and contributes to the development of the open-ended fund market in Vietnam.</p>

**2. Human Resource operating the Fund**

Name	Position	Qualification and working experience
Mr. Dang Nguyen Truong Tai	Investment Assistant Director	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>- Bachelor of Economics, HCMC University of Economics</li> <li>- Master of Graduate Program Management of UQAM (University of Quebec at Montreal, Canada)</li> <li>- The CFO of PACE cooperating with the American Academy of Financial Administration AAFM</li> <li>- Fund Management License issued by State Securities Commission.</li> </ul> <p><b>Working experience</b></p> <p>Mr. Tai has nearly fifteen (15) years of working in the sector of investment, finance and banking, in which ten (10) years of holding positions in charge of equity investment in companies including Nhan Viet Fund Management Company, Dai-ichi Life Insurance Company of Vietnam Limited and Dai-ichi Life Vietnam Fund Management Company Limited.</p>
Ms. Tran Thi Anh Tram	Operation Manager	<p><b>Qualification</b></p> <ul style="list-style-type: none"> <li>- Bachelor of Law, HCMC University of Law</li> <li>- Bachelor of Accounting – Audit, Van Lang University</li> <li>- Fund Management License issued by State Securities Commission.</li> </ul> <p><b>Working experience</b></p> <p>Ms. Tram has over twelve (12) years of experience working in finance, investment and accounting, including ten (10) years working in asset management and in charge of Investment Operation at Dai-ichi Life Insurance Company of Vietnam Limited and Dai-ichi Life Vietnam Fund Management Company Limited.</p>

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

**3. Board of Representatives**

<b>Name</b>	<b>Position</b>	<b>Qualification and working experience</b>
Mr. Do Hung Viet	Chairman	<p>Mr. Viet has more than twenty (20) years of experience in managerial positions in field of finance, securities and investment.</p> <p>Mr. Viet is Chairman of Board Directors of Ho Chi Minh City Securities Corporation (HSC). Mr. Viet used to hold position as Vice Chairman and General Director of HSC. Prior to joining HSC, he spent four (4) years working as Fund Manager of HCMC Investment Fund for Urban Development (HIFU).</p>
Mr. Huynh Van Dung	Member	<p>Mr. Dung has more than twenty (20) years of experience working in the major of auditing and professional services in the field of auditing.</p> <p>Mr. Dung is currently Deputy General Director, Director of HCMC Branch of Vietnam Auditing and Evaluation Co., Ltd (VAE). He used to be Director of An Viet Auditing Company and Senior Manager of VACO – Deloitte JV.</p> <p>Mr. Dung has Certificate of CPA Vietnam, member of Vietnam Association of Certified Public Accountants (VACPA), member of Vietnam Association of Accountants and Auditors (VAA) and member of Vietnam Tax Consultants' Association (VTCA).</p>
Mr. Nguyen Gia Huy Chuong	Member	<p>Mr. Chuong has more than twenty (20) years of experience in corporate consulting, tax and real estate advisory. His work has primarily been in the areas of corporate consultancy, mergers and acquisitions, and spanning most industry sectors: real estate, hospitality, construction, fintech, family health care, food &amp; beverage (F&amp;B), port management, transport and telecommunications.</p> <p>Starting from September 2019, he has been as the Managing Partner of Global Vietnam Lawyers Law Company Ltd. (GV Lawyers), previously, he had more than ten (10) consecutive years acting as Director and Managing Partner of Phuoc &amp; Partners Law Company Ltd.</p> <p>He has Master of Law majored in International Trade Law in the Bristol Law School – the UWE Bristol, UK; member of the Bar Association of Ho Chi Minh city; member of the Law Association for Asia Pacific.</p>

**DFVN Capital Appreciation Fund**  
**Report of the Fund Management Company (continued)**

On behalf of the Management of Dai-ichi Life Vietnam Fund Management Company Limited



Mr. Tran Chau Danh  
*Chief Executive Officer*

Ho Chi Minh City, 27 March 2020

## DFVN Capital Appreciation Fund Report of the Supervising Bank

### REPORT OF THE SUPERVISING BANK

Acting as the Supervising Bank of DFVN Capital Appreciation Fund (“DFVN-CAF” or “the Fund”) for the period from 3 January 2019 (date of establishment) to 31 December 2019, we have realised some matters relating to the operations of DFVN-CAF during the period with the following details:

- a) For the management of DFVN-CAF, Dai-ichi Life Vietnam Fund Management Company Limited (“the Fund Management Company” or “DFVN”) has complied with investment restrictions of DFVN-CAF in accordance with prevailing regulatory documents about open-ended fund, the Fund’s Charter, applicable laws and regulations. However, as at the Fund’s first reporting cycle as of 7 January 2019, DFVN-CAF had not invested into any security because it was newly established on 3 January 2019, so there was the following deviation of investment restriction with detail: according to item a of clause 9.1 of the Fund’s Charter and item 10 of clause 1 of Circular No. 15/2016/TT-BTC dated 20 January 2016 (“Circular 15”) issued by the Ministry of Finance on amending and supplementing several articles of the Circular No. 183/2011/TT-BTC dated 16 December 2011, providing the guidance on the establishment and management of the Open-ended fund: “Fund’s portfolio must have the securities of at least six (06) issuers, except bond funds” and clause 8.4 of the Fund’s Charter: “Invest into stocks from 50% - 100% of Net Asset Value”. At the reporting cycle that the two deviations occurred as above, we notified DFVN and requested them rectifying the investment deviation to comply with the Fund’s Charter and Circular 15. As per our records, as of the reporting cycle as of 14 January 2019, DFVN-CAF already invested into the securities of more than six (06) issuers and the ratio investment of stocks was increased to 65.65% of its Net Asset Value, complying with the Fund’s Charter and Circular 15.
- b) Net asset value of the Fund is determined in line with the Fund’s Charter, Prospectus and applicable laws and regulations.
- c) Subscription and redemption of Fund units complied with the Fund’s Charter, Prospectus and applicable laws and regulations.
- d) During the period from 3 January 2019 (date of establishment) to 31 December 2019, DFVN-CAF did not pay dividend to its investors.
- e) DFVN has complied with loan restrictions, trading restrictions which are stated in prevailing regulatory documents about open-ended fund, Fund’s Charter and applicable laws and regulations..

25 March 2020

Representative of the Supervising Bank – HSBC Securities Services  
HSBC Bank (Vietnam) Ltd.



**Ms. Ninh Thi Tue Minh**  
*Head of Fund Services*

**Ms. Le Thi Hoang Chau**  
*Supervising Bank Manager*





KPMG Limited Branch  
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115 Nguyen Hue Street, Ben Nghe Ward  
District 1, Ho Chi Minh City, Vietnam  
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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Fund's Unitholders DFVN Capital Appreciation Fund**

We have audited the accompanying financial statements of DFVN Capital Appreciation Fund ("the Fund"), which comprise the statements of financial position and investment portfolio as at 31 December 2019, the statements of income, changes in Net Assets, Fund units transactions and cash flows for the for the period from 3 January 2019 (date of establishment) to 31 December 2019, and the explanatory notes thereto which were authorised for issue by the Board of Representatives on 27 March 2020, as set out on pages 21 to 61.

### **The Fund Management Company's Responsibility**

The Management of Dai-ichi Life Vietnam Fund Management Company Limited ("the Fund Management Company") is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Circular No. 198/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance on the promulgation of accounting system for open-ended funds, the relevant requirements of Circular No. 183/2011/TT-BTC ("Circular 183") dated 16 December 2011 issued by the Ministry of Finance on the promulgation of guidance on establishment and management of open-ended funds and of Circular No. 15/2016/TT-BTC dated 20 January 2016 issued by the Ministry of Finance amending and supplementing certain articles of Circular 183 and the other relevant statutory requirements applicable to financial reporting, and for such internal control as the Management of the Fund Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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



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

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

### Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of DFVN Capital Appreciation Fund as at 31 December 2019 and of its results of operations and its cash flows for the period 3 January 2019 (date of establishment) in accordance with Vietnamese Accounting Standards, Circular No. 198/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance on the promulgation of accounting system for open-ended funds, the relevant requirements of Circular No. 183/2011/TT-BTC dated 16 December 2011 issued by the Ministry of Finance ("Circular 183") on the promulgation of guidance on establishment and management of open-ended funds and of Circular No. 15/2016/TT-BTC dated 20 January 2016 issued by the Ministry of Finance amending and supplementing certain articles of Circular 183 and the other relevant statutory requirements applicable to financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam  
Audit Report No. 19-01-00309/2\*2-20-1



Chong Kwang Puay  
Practicing Auditor Registration  
Certificate No. 0864-2018-007-1  
Deputy General Director

Ho Chi Minh City, 27 March 2020

Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 1901-2018-007-1



**DFVN Capital Appreciation Fund**  
**Statement of income for the period from 3 January 2019 (date of establishment) to 31 December 2019**

**Form B01 – QM**

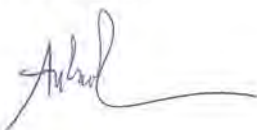
*(Issued under Circular No. 198/2012/TT-BTC dated 15 November 2012 of the Ministry of Finance)*

No.	Items	Code	Note	Period from 3/1/2019 to 31/12/2019 VND
<b>I</b>	<b>INCOME, REVENUE FROM INVESTMENT ACTIVITIES</b>	<b>01</b>		<b>6,022,530,924</b>
1.1	Dividend income	02	10	1,619,714,574
1.3	Gains from trading securities	04	11	554,906,734
1.4	Net unrealised gains from revaluation of investments	05	12	3,806,302,266
1.5	Other income	06		41,607,350
<b>II</b>	<b>INVESTMENT EXPENSES</b>	<b>10</b>		<b>464,023,883</b>
2.1	Expenses for purchases and sales of investments	11	13	464,023,883
<b>III</b>	<b>OPERATING EXPENSES</b>	<b>20</b>		<b>2,324,941,837</b>
3.1	Management fee	20.1	18	1,207,229,174
3.2	Custody fee	20.2	14	330,127,918
3.3	Supervising fee	20.3	18	91,903,225
3.4	Fund administration fee	20.4	18	144,419,361
3.5	Transfer agent service fee	20.5	18	238,106,390
3.8	Audit fee	20.8		144,100,000
3.10	Other operating expenses	20.10	15	169,055,769
<b>IV</b>	<b>INVESTMENT AND OPERATING RESULTS (23 = 01 – 10 – 20)</b>	<b>23</b>		<b>3,233,565,204</b>
<b>VI</b>	<b>ACCOUNTING PROFIT BEFORE TAX (30 = 23)</b>	<b>30</b>	<b>9</b>	<b>3,233,565,204</b>
6.1	Realised profits	31		(572,737,062)
6.2	Unrealised profits	32		3,806,302,266
<b>VII</b>	<b>NET PROFIT AFTER TAX (41 = 30)</b>	<b>41</b>		<b>3,233,565,204</b>

27 March 2020

Dai-ichi Life Vietnam Fund Management Company Limited

Prepared by:



Ms. Tran Thi Anh Tram  
Operation Manager

Approved by:



Mr. Tran Chau Danh  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*



**DFVN Capital Appreciation Fund**  
**Statement of financial position as at 31 December 2019**

**Form B02 – QM**  
*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

No.	Items	Code	Note	31/12/2019 VND
<b>I</b>	<b>ASSETS</b>			
<b>1</b>	<b>Cash in banks and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>6,924,362,986</b>
1.1	Cash in banks for the operating activities of the Fund	111		6,924,362,986
<b>2</b>	<b>Net investments</b>	<b>120</b>		<b>77,462,612,500</b>
2.1	Investments in securities	121	5	77,462,612,500
<b>3</b>	<b>Receivables</b>	<b>130</b>		<b>358,328,050</b>
3.1	Receivables from disposals of investments	131		181,028,050
3.2	Interest and dividends receivables	133		177,300,000
3.2.1	Accrued interest and dividends receivables	136	10	177,300,000
	<b>TOTAL ASSETS</b> <b>(100 = 110 + 120 + 130)</b>	<b>100</b>		<b>84,745,303,536</b>
<b>II</b>	<b>LIABILITIES</b>			
2	Payable for purchasing investments	312	6	3,571,248,850
3	Payable to distribution agents	313		80,000
4	Taxes and others payable to State Treasury	314		164,944
6	Accrued expenses	316		133,000,000
7	Advances from Fund Unitholders for Fund units subscription	317		1,000,000
8	Payables to Fund Unitholders for Fund units redemption	318		5,176,723
9	Fund management service fees payable	319	7	164,479,093
	<b>TOTAL LIABILITIES</b> <b>(300 = 312 + 313 + 314 + 316 + 317+ 318 + 319)</b>	<b>300</b>		<b>3,875,149,610</b>

*The accompanying notes are an integral part of these financial statements*

**DFVN Capital Appreciation Fund**  
**Statement of financial position as at 31 December 2019 (continued)**

**Form B02 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

No.	Items	Code	Note	31/12/2019 VND
<b>III</b>	<b>NET ASSET VALUE DISTRIBUTABLE TO FUND UNITHOLDERS (400 = 100 - 300)</b>	<b>400</b>		<b>80,870,153,926</b>
<b>1</b>	<b>Share capital</b>	<b>411</b>	<b>8</b>	<b>77,475,804,900</b>
1.1	Subscription capital	412		79,704,558,900
1.2	Redemption capital	413		(2,228,754,000)
<b>2</b>	<b>Share premium</b>	<b>414</b>	<b>8</b>	<b>160,783,822</b>
<b>3</b>	<b>Retained earnings</b>	<b>420</b>	<b>9</b>	<b>3,233,565,204</b>
<b>IV</b>	<b>NET ASSET VALUE PER FUND UNIT</b>	<b>430</b>	<b>8</b>	<b>10,438.11</b>
<b>VI</b>	<b>OFF-BALANCE SHEET ITEMS</b>			
<b>4</b>	<b>Number of Fund units in circulation</b>	<b>004</b>	<b>8</b>	<b>7,747,580.49</b>

27 March 2020

Dai-ichi Life Vietnam Fund Management Company Limited

Prepared by:



Ms. Tran Thi Anh Tram  
Operation Manager

Approved by:



Mr. Tran Chau Danh  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*

**DFVN Capital Appreciation Fund**  
**Statement of changes in Net assets, Fund units transactions for the period from**  
**3 January 2019 (date of establishment) to 31 December 2019**

**Form B03 – QM**

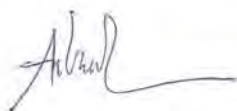
*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

No.	Items	Period from 3/1/2019 to 31/12/2019 VND
<b>I</b>	<b>Net Asset Value (“NAV”) at the beginning of the period</b>	<b>-</b>
<b>II</b>	<b>Changes in NAV during the period</b>	<b>3,233,565,204</b>
	<i>In which:</i>	
II.1	Changes in NAV arising from market fluctuation and the Fund’s operating activities during the period	3,233,565,204
<b>III</b>	<b>Changes in NAV due to redemption and subscription of Fund units</b>	<b>77,636,588,722</b>
	<i>In which:</i>	
III.1	Proceeds from Fund units subscription	79,983,392,073
III.2	Payments for Fund units redemption	(2,346,803,351)
<b>IV</b>	<b>Net Asset Value at the end of the period (IV = I + II + III)</b>	<b>80,870,153,926</b>

27 March 2020

Dai-ichi Life Vietnam Fund Management Company Limited

Prepared by:



Ms. Tran Thi Anh Tram  
Operation Manager

Approved by:



Mr. Tran Chau Danh  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*

**DFVN Capital Appreciation Fund**  
**Statement of investment portfolio as at 31 December 2019**

**Form B04 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

No.	Items	Number of shares	Market price as at 31/12/2019 VND/share	Total value as at 31/12/2019 VND	Percentage of the Fund's total assets %
<b>I</b>	<b>Listed shares</b>				
1	ACB	68,600	22,800	1,564,080,000	1.85%
2	BID	89,000	46,150	4,107,350,000	4.85%
3	BVH	6,000	68,600	411,600,000	0.49%
4	CTG	72,000	20,900	1,504,800,000	1.78%
5	DRC	18,000	23,300	419,400,000	0.49%
6	DXG	42,000	14,500	609,000,000	0.72%
7	EIB	30,000	17,800	534,000,000	0.63%
8	FPT	65,000	58,300	3,789,500,000	4.47%
9	GAS	24,000	93,700	2,248,800,000	2.65%
10	GEX	1,500	19,350	29,025,000	0.03%
11	GMD	40,000	23,300	932,000,000	1.10%
12	GTN	8,000	19,000	152,000,000	0.18%
13	HCM	8,000	21,350	170,800,000	0.20%
14	HDB	60,000	27,550	1,653,000,000	1.95%
15	HPG	104,000	23,500	2,444,000,000	2.88%
16	HSG	50,000	7,810	390,500,000	0.46%
17	HT1	10,000	14,950	149,500,000	0.18%
18	HVN	23,000	33,750	776,250,000	0.92%
19	KDH	46,000	26,900	1,237,400,000	1.46%
20	MBB	115,000	20,800	2,392,000,000	2.82%
21	MSN	7,000	56,500	395,500,000	0.47%
22	MWG	29,000	114,000	3,306,000,000	3.90%
23	NKG	25,000	6,900	172,500,000	0.20%
24	NLG	46,033	27,500	1,265,907,500	1.49%
25	NT2	16,000	21,650	346,400,000	0.41%
26	NVL	17,000	59,500	1,011,500,000	1.19%
27	PDR	40,000	26,200	1,048,000,000	1.24%
28	PLX	15,000	56,000	840,000,000	0.99%
29	PNJ	38,000	86,000	3,268,000,000	3.86%
30	PPC	16,000	26,900	430,400,000	0.51%
31	PVD	11,000	15,050	165,550,000	0.20%
32	PVT	23,500	16,800	394,800,000	0.47%
33	REE	32,000	36,300	1,161,600,000	1.37%
34	SAB	11,500	228,000	2,622,000,000	3.09%
35	SSI	12,000	18,050	216,600,000	0.26%
36	STB	48,000	10,050	482,400,000	0.57%
37	TCB	122,000	23,550	2,873,100,000	3.39%
38	TPB	22,000	21,050	463,100,000	0.55%
39	VCB	92,000	90,200	8,298,400,000	9.79%
40	VCG	15,000	26,900	403,500,000	0.48%
41	VHM	45,000	84,800	3,816,000,000	4.50%
42	VIC	56,000	115,000	6,440,000,000	7.60%
43	VJC	14,000	146,200	2,046,800,000	2.41%
44	VNM	42,700	116,500	4,974,550,000	5.87%

*The accompanying notes are an integral part of these financial statements*

**DFVN Capital Appreciation Fund**  
**Statement of investment portfolio as at 31 December 2019 (continued)**

**Form B04 – QM**


*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

No.	Items	Number of shares	Market price as at 31/12/2019 VND/share	Total value as at 31/12/2019 VND	Percentage of the Fund's total assets %
45	VPB	162,000	20,000	3,240,000,000	3.82%
46	VRE	57,000	34,000	1,938,000,000	2.29%
47	VSC	12,000	27,250	327,000,000	0.38%
<b>V</b>	<b>Other assets</b>				
1	Interest and dividends receivables			177,300,000	0.21%
2	Receivables from disposals of investments			181,028,050	0.21%
<b>VI</b>	<b>Cash in banks and cash equivalents</b>				
1	Cash in banks for the operating activities of the Fund			6,924,362,986	8.17%
<b>VII</b>	<b>Total investment portfolio</b>			<b>84,745,303,536</b>	<b>100.00%</b>

27 March 2020

Dai-ichi Life Vietnam Fund Management Company Limited

Prepared by:



Ms. Tran Thi Anh Tram  
Operation Manager

Approved by:



Mr. Tran Chau Danh  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*



**DFVN Capital Appreciation Fund**  
**Statement of cash flows for the period from 3 January 2019 (date of establishment)**  
**to 31 December 2019 (Indirect method)**

**Form B05 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

Items	Code	Note	Period from 3/1/2019 to 31/12/2019 VND
<b>I. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>		<b>3,233,565,204</b>
Adjustments for decreases in Net Asset Value resulted from investing activities	02		(3,673,302,266)
Net unrealised gains from revaluation of investments	03		(3,806,302,266)
Increase in accrued expenses	04		133,000,000
<b>3. Investing loss before changes in working capital</b>	<b>05</b>		<b>(439,737,062)</b>
Increase in investments in securities	20		(73,656,310,234)
Increase in receivables from disposals of investments	06		(181,028,050)
Increase in interest and dividends receivables	07		(177,300,000)
Increase in payables to suppliers	10		3,571,248,850
Increase in payables to distribution agents	11		80,000
Increase in taxes and others payable to State Treasury	13		164,944
Increase in payable to Fund Unitholders for Fund units subscription	14		1,000,000
Increase in payable to Fund Unitholders for Fund units redemption	15		5,176,723
Increase in Fund management service fees payable	17		164,479,093
<b>Net cash flows from investing activities</b>	<b>19</b>		<b>(70,712,225,736)</b>
<b>II. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Fund units subscription	31	8	79,983,392,073
Payments for Fund units redemption	32	8	(2,346,803,351)
<b>Net cash flows from financing activities</b>	<b>30</b>		<b>77,636,588,722</b>
<b>III. NET INCREASE IN CASH DURING THE PERIOD</b> (40 = 19 + 30)	<b>40</b>		<b>6,924,362,986</b>

*The accompanying notes are an integral part of these financial statements*

**DFVN Capital Appreciation Fund**

**Statement of cash flows for the period from 3 January 2019 (date of establishment)  
to 31 December 2019 (Indirect method - continued)**

**Form B05 – QM**

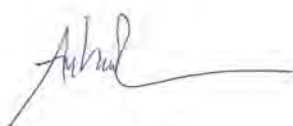
*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

Items	Code	Note	Period from 3/1/2019 to 31/12/2019 VND
<b>IV. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>50</b>		<b>-</b>
<b>V. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>55</b>	<b>4</b>	<b>6,924,362,986</b>
Cash in banks	56		6,924,362,986
- Cash in banks for the operating activities of the Fund	57		6,923,362,986
- Subscription amount of Fund Unitholders	58		1,000,000
<b>VI. CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD (60 = 55 – 50)</b>	<b>60</b>		<b>6,924,362,986</b>

27 March 2020

Dai-ichi Life Vietnam Fund Management Company Limited

Prepared by:



Ms. Tran Thi Anh Tram  
Operation Manager

Approved by:



Mr. Tran Chau Danh  
Chief Executive Officer

*The accompanying notes are an integral part of these financial statements*



## **DFVN Capital Appreciation Fund**

### **Notes to the financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### **1. Reporting entity**

DFVN Capital Appreciation Fund (“the Fund”) was established as a public open-ended fund on 3 January 2019 under Establishment Registration Certificate of Open-ended Fund No. 34/GCN-UBCK (“the ERC”) issued by the State Securities Commission. The charter capital of the Fund as stipulated in the ERC is VND75,121,600,000 equivalent to 7,512,160 Fund units (par value of VND10,000 per Fund unit). The Fund operates in compliance with the Fund’s Charter issued on 3 January 2019. The Fund has no limitation on operation period.

The Fund units were issued to the public for the first time under Initial Public Offering Certificate No. 56/GCN-UBCK dated 16 October 2018 issued by the State Securities Commission. According to this certificate, the Fund is authorised to issue minimum 5,000,000.00 Fund units to the public with par value of VND10,000 per Fund unit.

The objective of the Fund is to seek appreciation in capital and Investor’s assets, striving to outperform the growth of Vietnam Stock Market (VN-Index) in the long term, by investing mainly in stocks listed on Vietnam Stock Market.

The structure of the Fund’s investment portfolio must contain at least shares of six (06) issuing organisations, and must ensure it simultaneously meets the following criteria:

- (a) Except for current accounts of the Fund at the supervising bank, the Fund is not allowed to invest more than 49% of its total assets in deposits at commercial banks as stipulated by banking law; foreign currencies, money market instruments including valuable papers and transferable instruments in accordance with relevant laws and regulation;
- (b) The Fund is not allowed to invest more than 30% of its total assets in the following assets: deposits at commercial banks as stipulated by banking law; foreign currencies, money market instruments including valuable papers and transferable instruments in accordance with relevant laws and regulations; listed shares, registered shares, and listed bonds of issuing organisation operating under Vietnam laws; shares, bonds to be listed or registered by the issuing organisation operating under Vietnam laws; corporate bonds issued by listed organisations which are guaranteed for payment by credit institutions or committed to repurchase by issuing organisations; listed and registered derivatives on Stock Exchanges, solely used for hedging purpose and issued by a single issuing company or by a group of related companies, in which the investment in derivatives is the contractual value as defined in accordance with the Fund’s Charter and in the Appendix 13 issued with Circular No. 183/2011/TT-BTC dated 16 December 2011 of the Ministry of Finance providing guidance on establishment and management of open-ended funds;

## **DFVN Capital Appreciation Fund**

### **Notes to the financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

- (c) The Fund is not allowed to invest more than 20% of its total assets in securities of a single issuing organisation, including valuable papers, transferable instruments, bonds (except for government bonds), shares with or without voting rights, convertible bonds;
- (d) The Fund is not allowed to invest in securities issued by a single organisation which accounts for more than 10% of total securities in circulation of that organisation, except for government bonds;
- (e) The Fund is not allowed to invest more than 10% of its total assets in shares, bonds to be listed or registered for trading by issuing organisations operating under Vietnam laws; corporate bonds issued by listed organisations which are guaranteed for payment by credit institutions or committed to repurchase by issuing organisations;
- (f) Total value of significant investments in the Fund's investment portfolio must not exceed 40% of its total assets value;
- (g) At any time, total commitment value of derivatives transactions, outstanding loans and payables of the Fund must not exceed its Net Asset Value;
- (h) The Fund is not allowed to invest in investment funds, shares of securities investment companies established and operating in Vietnam; and
- (i) The Fund is not allowed to invest directly in real estates, precious stones, rare metals.

According to Circular No.15/2016/TT-BTC issued by the Ministry of Finance dated 20 January 2016 amending and supplementing certain articles of Circular No. 183/2011/TT-BTC issued by the Ministry of Finance dated 16 December 2011 providing guidance on establishment and management of open-ended funds, except for those cases referred in points (g), (h) and (i) as above, the structure of investment portfolio of the Fund is allowed to be deviated due to the following objective causes:

- Changes in market prices of the Fund's investment portfolio;
- Making legitimate payments of the Fund;
- Executing trading orders of investors;
- Consolidation and merger of issuing organisations;
- The fact that the Fund has just been licensed, or splitted, consolidated, merged but the duration of operation shall not exceed six (6) months from the date of the Establishment Registration Certificate; and
- The fact that the Fund is in the process of dissolution.

Net asset value of the Fund is determined weekly and monthly basis. The valuation date is Tuesday for weekly valuation and the first business date of the next month for monthly valuation. If the valuation day falls on a holiday of the Vietnam Stock Market, or the date of suspension of trading at the Stock Exchange under a decision of a competent State agency (this case depends on the decision of the Fund Management Company), the Fund's valuation day will be transferred to Tuesday (working day) of the following week.

The Fund has no employee and is managed by Dai-ichi Life Vietnam Fund Management Company Limited, a fund management company incorporated in Vietnam, and is supervised by HSBC Bank (Vietnam) Ltd, the Supervising Bank.

Contact address of the Fund is Floor 11, 149-151 Nguyen Van Troi, Ward 11, Phu Nhuan District, Ho Chi Minh City.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, Circular No. 198/2012/TT-BTC (“Circular 198”) dated 15 November 2012 issued by the Ministry of Finance on the promulgation of accounting system for open-ended funds, the relevant requirements of Circular No. 183/2011/TT-BTC (“Circular 183”) dated 16 December 2011 issued by the Ministry of Finance on the promulgation of guidance on establishment and management of open-ended funds and of Circular No. 15/2016/TT-BTC (“Circular 15”) dated 20 January 2016 issued by the Ministry of Finance amending and supplementing certain articles of Circular 183 and the other relevant statutory requirements applicable to financial reporting.

The accompanying financial statements are not intended to present the financial position, the results of operations and the cash flows of the Fund in accordance with accounting principles and practices generally accepted in other countries and other jurisdictions outside Vietnam. The accounting principles and practices applicable in Vietnam may be different with those in other countries and other jurisdictions.

In accordance with Circular 198, the Fund’s financial statements comprise the following reports:

▪ Statement of income	Form B01-QM;
▪ Statement of financial position	Form B02-QM;
▪ Statement of changes in Net Assets, Fund units transactions	Form B03-QM;
▪ Statement of investment portfolio	Form B04-QM;
▪ Statement of cash flows	Form B05-QM; and
▪ Notes to the financial statements	Form B06-QM.

**(b) Basis of measurement**

The financial statements of the Fund, except for the statement of cash flows and items as described in Note 3(b), are prepared on the accrual basis using historical cost concept. The statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The first accounting period of the Fund is from 3 January 2019 (date of establishment) to 31 December 2019. Succeeding annual accounting periods will be from 1 January to 31 December.

**(d) Accounting and presentation currency**

The Fund’s accounting currency is Vietnam Dong (“VND”) which is also the currency used for financial statement presentation purpose.



**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

**(e) Accounting documentation system**

The registered accounting documentation system of the Fund is the General Journal System.

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Fund in the preparation of these financial statements.

**(a) Cash in banks and cash equivalents**

Cash in banks and cash equivalents comprise current accounts and term deposits with original term to maturity of not more than three (03) months from the transaction date. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment purpose or other purposes.

**(b) Investments in securities**

Investments in securities are initially recognised at cost, which comprises only the purchase price without any attributable transaction costs such as broker fees, transaction fees and bank charges, etc. Subsequent to initial recognition, they are revalued at the end of the accounting period based on the measurement method as described in Note 3(b)(iii). Unrealised gains or losses from revaluation of investments in securities are recorded in the statement of income.

**(i) Classification**

The Fund classifies its listed securities and unlisted securities which are purchased for trading purposes as trading securities.

**(ii) Recognition**

The Fund recognises investments in securities at the transaction date.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

**(iii) Measurement**

According to Circular 183 and Circular 15, the Fund's investments are revaluated at market price at the end of the accounting period. If there is no market price at the latest trading date or the market prices fluctuate significantly, the Fund is allowed to use fair value to revalue its investments. Fair value is determined in accordance with the principles, methodologies or theoretical valuation models as stipulated in the Fund's Charter, or the Fund's Valuation Manual. The determination of market price of the Fund's investments at the end of accounting period shall be conducted according to the following method:

***Bonds***

- Listed bonds
  - Market price is quoted price (or other names in accordance with the regulations of the Stock Exchange) for common transactions on the latest trading date prior to the valuation date plus cumulative interest (if quoted price excludes cumulative interest).
  - If there is no transaction more than two (02) weeks prior to the valuation date, the market price is determined in accordance with the following values in order of precedence:
    - + Quoted price (clean price) provided by Bloomberg (VNBF source), plus cumulative accrued interest;
    - + Price of the latest reporting period but not exceed three (03) months prior to valuation date, plus cumulative accrued interest;
    - + Purchase price plus cumulative accrued interest;
    - + Par value plus cumulative accrued interest.
- Unlisted bonds
  - Market price is the average price (clean price) of successful transactions on the latest trading date prior to the valuation date obtained from three (03) securities companies plus cumulative accrued interest.
  - If there is not sufficient quoted prices from three (03) securities companies, market price is determined in accordance with the following values in order of precedence:
    - + Average price (clean price) obtained from two (02) securities companies plus cumulative accrued interest;
    - + Price of the latest reporting period but not exceed three (03) months prior to valuation date, plus cumulative accrued interest;
    - + Purchase price plus cumulative accrued interest;
    - + Par value plus cumulative accrued interest.

***Shares***

- Shares which are listed on the Ho Chi Minh City Stock Exchange
  - Market price is closing price (or other names in accordance with the regulations of the Stock Exchange) on the trading system at the Stock Exchange on the latest trading date of the securities prior to the valuation date.

**DFVN Capital Appreciation Fund**

**Notes to the financial statements for the period from 3 January 2019  
(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

- If there is no transaction in two (02) weeks or more prior to the valuation date, the market price is determined in accordance with the following values in order of precedence:
  - + Closing price (or quoted price) on the trading system of the Stock Exchange on the latest trading date within twelve (12) months prior to the valuation date;
  - + Book value;
  - + Purchase price.
- Shares which are listed on the Hanoi Stock Exchange
  - Market price is closing price (or other names in accordance with the regulations of the Stock Exchange) on the trading system of the Stock Exchange on the latest trading date of the securities prior to the valuation date.
  - If there is no transaction in two (02) weeks or more prior to the valuation date, the market price is determined in accordance with the following values in order of precedence:
    - + Closing price (or quoted price) on the trading system of the Stock Exchange on the latest trading date within twelve (12) months prior to the valuation date;
    - + Book value;
    - + Purchase price.
- Shares of public companies registered for trading on UpCOM
  - Market price is closing price (or other names in accordance with the regulations of the Stock Exchange) on the trading system at the Stock Exchange on the latest trading date of the securities before the valuation date.
  - If there is no transaction in two (02) weeks or more prior to the valuation date, the market price is determined in accordance with the following values in order of precedence:
    - + Closing price (or quoted price) on the trading system of the Stock Exchange on the latest trading date within twelve (12) months prior to the valuation date;
    - + Book value;
    - + Purchase price.
- Shares are registered, custodied, but are not yet listed, not yet registered for trading
  - Market price is the average price of successful transactions on the latest trading date prior to the valuation date obtained from three (03) securities companies.
  - If there is not sufficient quoted prices from three (03) securities companies, the market price is determined in accordance with the following values in order of precedence:
    - + Average price obtained from two (02) securities companies;
    - + Price of the latest reporting period but not exceed three (03) months prior to valuation date, plus cumulative accrued interest;
    - + Book value;
    - + Purchase price.

## **DFVN Capital Appreciation Fund**

### **Notes to the financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

- Shares are suspended or delisted or cancelled for trading

The securities are determined in accordance with the following values in order of precedence:

- + Book value;
- + Purchase price.

- Shares of organisations in the process of liquidation, bankruptcy

Market price is determined at 80% of the liquidation value at the latest balance sheet date prior to the valuation date.

- Shares, other capital contribution

Market price is determined in accordance with the following values in order of precedence:

- + Book value;
- + Purchase price.

#### ***Derivatives***

- Listed derivatives are revalued at the end of the accounting period at the closing price of latest trading date of the securities prior to the valuation date.
- Listed derivatives which were not transacted in two weeks or more are revalued at the end of the accounting period based on the value determined in accordance with the methodology approved by the Board of Representatives.

#### ***Other assets***

Other investment assets are revalued at the end of the accounting period based on the value determined in accordance with the specific methodology approved by the Board of Representatives.

#### ***(iv) Derecognition***

Investments in securities are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Cost of trading securities is determined on a weighted average basis.

#### ***(c) Accounts receivables***

Accounts receivables include receivables from disposals of investments, interest and dividends receivables. Accounts receivables are stated at cost less allowance for doubtful debts.

According to Circular No. 48/2019/TT-BTC dated 8 August 2019 issued by the Ministry of Finance, allowance for doubtful debts is made based on anticipated losses for undue debts which may occur when an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased or based on overdue status of debts at the following allowance rates:



**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

<b>Overdue status</b>	<b>Allowance rate</b>
From six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
From three (03) years and above	100%

Increase/decrease in allowance for doubtful debts is recorded as expense/income in the statement of income during the period, unless allowance for doubtful debts is used to write off debts that was made allowance for and is uncollectible.

**(d) Payables**

Payables include payable for purchases of investments, payable to distribution agents, payable to Fund Unitholders, payable to fund management service provider and other payables. Payables are stated at their cost.

**(e) Provisions**

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(f) Classification of financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the Fund's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Fund classifies its financial instruments as follows:

**(i) Financial assets**

*Financial assets at fair value through profit or loss*

Financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Fund as held for trading. A financial asset is considered as held for trading if:
  - it is acquired principally for the purpose of selling it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Fund as at fair value through profit or loss.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Fund has the positive intention and ability to hold to maturity, other than:

- those that the Fund upon initial recognition designates as at fair value through profit or loss;
- those that the Fund designates as available-for-sale; and
- those that meet the definition of loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Fund intends to sell immediately or in the near term, which are classified as held for trading, and those that the Fund on initial recognition designates as at fair value through profit or loss;
- that the Fund upon initial recognition designates as available-for-sale; or
- for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or those are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

**(ii) Financial liabilities**

*Financial liabilities at fair value through profit or loss*

Financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Fund as held for trading. A financial liability is considered as held for trading if:
  - it is incurred principally for the purpose of repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Fund as at fair value through profit or loss.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

*Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

**(g) Taxation**

Under prevailing tax regulations in Vietnam, the Fund is not subject to corporate income tax. However, the Fund Management Company is responsible for withholding tax of individuals and institutional investors in following transactions:

*Distributing dividends to Fund Unitholders*

When the Fund distributes dividends to Fund Unitholders, the Fund Management Company is required to comply with prevailing tax regulations on tax withholding and payment.

*Fund units redemption transactions*

The Fund Management Company is obligated to withhold, declare and pay tax in relation to Fund units redemption transactions from Individual Fund Unitholders (including domestic and foreign) and from foreign Corporate Fund Unitholders in accordance with Circular No. 111/2013/TT-BTC dated 15 August 2013 as supplemented and amended by Circular No. 92/2015/TT-BTC dated 15 June 2015 issued by the Ministry of Finance, Circular No. 25/2018/TT-BTC dated 16 March 2018 ("Circular 25") and Circular No. 103/2014/TT-BTC dated 6 August 2014 issued by the Ministry of Finance. The applicable tax rate is 0.1% of transfer value. The Fund Management Company does not withhold any tax in relation to Fund units redemption transactions from local institutional investors. They are responsible for self-declaration and payment of related tax to State Treasury in accordance with Circular No. 78/2014/TT-BTC dated 18 June 2014, supplemented and amended by Circular No. 96/2015/TT-BTC dated 22 June 2015 issued by the Ministry of Finance.

**(h) Share capital and share premium**

**(i) Share capital**

Fund units with a right for dividends entitlement are classified as share capital, including subscription capital and redemption capital.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

***Subscription capital***

Subscription capital represents the Fund's capital contribution by Fund Unitholders in form of purchasing Fund units on the initial public offering and subsequently to the Fund's establishment date or in form of exchange fund units of other open-ended funds under management of the Fund Management Company for the Fund's units.

Subscription capital is recorded at par value of Fund unit.

***Redemption capital***

Redemption capital represents the redemption of Fund units from Fund Unitholders during transaction period after the Fund was established or in form of exchange the Fund's units for fund units of other open-ended funds under management of the Fund Management Company.

Redemption capital is recorded at par value of Fund unit.

**(ii) *Share premium***

Share premium represents the difference between net asset value per Fund unit and par value of Fund unit in a subscription/redemption transaction.

**(iii) *Retained earnings***

Retained earnings represent undistributed retained profits at the reporting date, including realised and unrealised profits.

Realised profits are the difference between the Fund's total revenue, income and total expenses incurred during the period (excluding unrealised gains/(losses) from revaluation of investments).

Unrealised profits are the total gains/(losses) from revaluation of the Fund's investments during the period.

At the end of the accounting period, the Fund determines realised and unrealised profits during the period and records in "Retained earnings" in the statement of financial position.

**(i) *Fund units and Net Asset Value per Fund unit***

Fund units can be resold by Fund Unitholders to the Fund at any time in exchange for an equivalent amount of cash based on the Net Asset Value distributable to Fund Unitholders at the date before transaction date.

The Fund issues and redeems Fund units based on the Net Asset Value per Fund unit at the announcement date. Net Asset Value per Fund unit is calculated by dividing the Net Asset Value of the Fund by the number of Fund units in circulation at the date before transaction date.

All Fund units issued to Fund Unitholders have the same rights with regard to voting right, redemption of capital and others. Each Fund unit in issuance carries one vote at annual general meetings of the Fund.



**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

Net Asset Value per Fund unit equal to Net Asset Value of the Fund divided by the number of Fund units as at the end of the accounting period and is rounded down to (02) decimal. Net asset value is determined by total assets subtracting total liabilities.

**(j) Revenue**

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

**(i) Interest income and dividend income**

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate. Interest income is recognised in statement of income on accrual basis unless the recoverability is uncertain.

Dividend income is recognised in the statement of income when the right to receive payment is established. Share dividends are not recognised as income.

**(ii) Income from trading securities**

Income from trading securities activities is recognised in the statement of income upon receipt of deal confirmation or order matching report from the Vietnam Securities Depository which are verified by the Custodian Bank (for listed securities) and upon completion of the agreement on transfer of assets (for unlisted securities).

**(k) Expenses**

Expenses are recognised in the statement of income when incurred.

**(l) Segment reporting**

The Fund operates as one business segment, which is securities investment and one geographical segment, which is Vietnam.

**(m) Related parties**

Parties are considered to be related to the Fund if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Fund and the other party are subject to common control or significant influence. Related parties may be corporate entities or individuals and include close family members of any individual considered to be a related party.

Other investment funds under the management of the Fund Management Company and related parties of the Fund Management Company are considered related parties to the Fund in accordance with Law on Securities. In considering each possible related party relationship, substance of the relationship is considered, and not merely the legal form.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

**(n) Nil balances**

Items or balances required by Circular No. 198/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance on the promulgation of accounting system for open-ended funds that are not shown in these financial statements indicate nil balances.

**4. Cash in banks and cash equivalents**

**31/12/2019**  
**VND**

Current account at HSBC Bank (Vietnam) Ltd:

▪ Cash in banks for the operating activities of the Fund	6,923,362,986
▪ Subscription amount of Fund Unitholders	1,000,000

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6,924,362,986

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**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**  
*(Issued under Circular No. 198/2012/TT-BTC dated 15 November 2012 of the Ministry of Finance)*

## 5. Investments in securities

All investee companies as shown in the statement of investment portfolio are incorporated and operate in Vietnam.

The Fund does not seek to participate in day-to-day financial and operating policy decisions of the investee companies. Accordingly, the Fund does not intend to exert a controlling or significant influence over the investee companies and therefore, the Fund's investments are recorded in accordance with the accounting policy as set out in Note 3(b), rather than being equity accounted or consolidated.

Details of the Fund's investments in securities as at 31 December 2019 were as follows:

	Cost	Market value	Revaluation gains/(losses) for the period		Revaluation value
	VND [1]	VND [2]	Unrealised gains VND [3]	Unrealised losses VND [4]	VND [5]=[1]+[3]+[4]
<b>At 31 December 2019</b>					
Listed shares	73,656,310,234	77,462,612,500	5,680,113,876	(1,873,811,610)	77,462,612,500

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

**6. Payable for purchasing investments**

**31/12/2019**  
**VND**

Payable for purchase of listed shares	3,571,248,850
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Payable for purchase of investments represent payable for purchase of listed shares which will be paid after two working days from the trade date (T+2) according to the prevailing securities trading practice in Vietnam.

**7. Fund management service fees payable**

**31/12/2019**  
**VND**

Fund management fee payable	102,482,379
Custody fee payable	19,000,001
Fund administration fee payable	12,100,000
Fund supervising fee payable	7,700,001
Transaction fee payable	8,550,000
Transfer agent service fee payable	14,646,712

164,479,093

**8. Share capital**

According to Establishment Registration Certificate of Open-ended Fund No. 34/GCN-UBCK, the Fund's charter capital is VND75,121,600,000 equivalents to 7,512,160 Fund units with par value of VND10,000 per Fund unit. This is also the capital mobilised in the initial public offering. As the Fund operates as an open-ended fund, its issued capital and the number of Fund units will be changed after every transaction date.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

Movements in share capital of Fund Unitholders during the period were as follows:

	<b>Unit</b>	<b>Initial public offering</b>	<b>Incurred during the period</b>	<b>As at 31/12/2019</b>
<b>Subscription capital</b>				
Quantity (1)	Fund unit	7,512,160	458,295.89	7,970,455.89
Par value (2)	VND	75,121,600,000	4,582,958,900	79,704,558,900
Share premium (3)	VND	-	278,833,173	278,833,173
Value of subscription capital (4) = (2) + (3)	VND	75,121,600,000	4,861,792,073	79,983,392,073
<b>Redemption capital</b>				
Quantity (5)	Fund unit	-	(222,875.40)	(222,875.40)
Par value (6)	VND	-	(2,228,754,000)	(2,228,754,000)
Share premium (7)	VND	-	(118,049,351)	(118,049,351)
Value of redemption capital (8) = (6) + (7)	VND	-	(2,346,803,351)	(2,346,803,351)
Number of Fund units in circulation (9) = (1) - (5)	Fund unit	7,512,160	235,420.49	7,747,580.49
<b>Total par value of share capital (10) = (2) + (6)</b>	VND	75,121,600,000	2,354,204,900	77,475,804,900
<b>Share premium (11) = (3) + (7)</b>	VND	-	160,783,822	160,783,822
<b>Retained earnings (12)</b>	VND	-	3,233,565,204	3,233,565,204
<b>NAV (13) = (10) + (11) + (12)</b>	VND	75,121,600,000		80,870,153,926
<b>NAV per Fund unit (14) = (13)/(9)</b>	VND/ Fund Unit	10,000.00		10,438.11

**DFVN Capital Appreciation Fund****Notes to the financial statements for the period from 3 January 2019  
(date of establishment) to 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)***9. Retained earnings**

	<b>Period from 3/1/2019 to 31/12/2019 VND</b>
Retained earnings at the beginning of the period	-
Profit after tax for the period	3,233,565,204
In which	
<i>Realised losses</i>	<i>(572,737,062)</i>
<i>Unrealised profits</i>	<i>3,806,302,266</i>
	<hr/>
Retained earnings at the end of the period	3,233,565,204

**10. Dividend income**

	<b>Period from 3/1/2019 to 31/12/2019 VND</b>
Dividend income	
<i>Dividends received</i>	1,442,414,574
<i>Accrued dividends</i>	177,300,000
	<hr/>
	1,619,714,574

**DFVN Capital Appreciation Fund**

**Notes to the financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019**  
(continued)

**Form B06 – QM**  
(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)

**11. Gains from trading securities**

Period from 3 January 2019 (date of establishment) to 31 December 2019

	Proceeds VND [1]	Weighted average cost at the end of transaction date VND [2]	Gains from trading securities during the period VND [3] = [1] - [2]	Cumulative gains from trading securities as of 31/12/2019 VND [4] = [3] + [5]	Cumulative gains from trading securities at the beginning of the period VND [5]
Investment portfolio					
Listed shares	118,123,913,500	117,569,006,766	554,906,734	554,906,734	-



**DFVN Capital Appreciation Fund**

**Notes to the financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019**  
(continued)

**Form B06 – QM**  
(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)

**12. Net unrealised gains from revaluation of investments**

Period from 3 January 2019 (date of establishment) to 31 December 2019

Investment portfolio	Cost VND [1]	Market value as at 31/12/2019 VND [2]	Revaluation gains		Net unrealised gains from revaluation for the period from 31/12/2019 to 31/12/2019 VND [5] = [3] – [4]
			as at 31/12/2019 VND [3] = [2] – [1]	as at 31/12/2019 VND [4]	
Listed shares	73,656,310,234	77,462,612,500	3,806,302,266	-	3,806,302,266

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**  
*(Issued under Circular No. 198/2012/TT-BTC*  
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**13. Expenses for purchases and sales of investments**

	<b>Period from 3/1/2019 to 31/12/2019 VND</b>
Expenses for purchases of investments	286,837,994
Expenses for sales of investments	177,185,889
	<hr/>
	464,023,883
	<hr/>

**DEVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

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During the period, the Fund's securities trading transactions were carried out mainly through the following securities companies:

Period from 3 January 2019 (date of establishment) to 31 December 2019

No.	Name (code) of securities companies with transaction value exceeding 5% of the Fund's total transaction value for the period	Relationship with the Fund Management Company	Percentage of transaction value at securities companies		Percentage of the Fund's total transaction value for the period	Average transaction fee rate	Market average transaction fee rate
			Fund's transaction value for the period with each securities company	Fund's total transaction value for the period			
[1]	[2]	[3]	VND [4]	VND [5]	[6] = [4]/[5] (%)	[7]	[8]
1	ACB Securities Ltd, Co	Not related	76,640,526,000	309,349,230,500	24.77%	0.15%	0.15%-0.50%
2	Viet Dragon Securities Joint Stock Corporation	Not related	72,281,382,500	309,349,230,500	23.37%	0.15%	0.15%-0.50%
3	Viet Capital Securities Joint Stock Company	Not related	79,370,283,000	309,349,230,500	25.66%	0.15%	0.15%-0.50%
4	MB Securities Joint Stock Company	Not related	42,249,674,000	309,349,230,500	13.66%	0.15%	0.15%-0.50%
5	Ho Chi Minh City Securities Corporation	Not related	38,807,365,000	309,349,230,500	12.54%	0.15%	0.15%-0.50%
			<b>309,349,230,500</b>		<b>100.00%</b>		

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

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**14. Custody fee**

	<b>Period from 3/1/2019 to 31/12/2019 VND</b>
Custody fee payable to Custodian Bank (Note 18)	226,774,198
Securities transaction fee payable to Custodian Bank (Note 18)	95,850,000
Custody fee payable to Vietnam Securities Depository	7,503,720
	<hr/>
	330,127,918
	<hr/>

**15. Other operating expenses**

	<b>Period from 3/1/2019 to 31/12/2019 VND</b>
Remunerations for the Board of Representatives (Note 18)	168,870,969
Bank charges	184,800
	<hr/>
	169,055,769
	<hr/>

**DFVN Capital Appreciation Fund**

**Notes to the financial statements for the period from 3 January 2019  
(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
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**16. Net Asset Value**

Period from 3 January 2019 to 31 December 2019					
No.	At NAV valuation date	Net Asset Value (NAV)	Number of fund units	NAV per fund unit VND/Fund unit	Increase/ (decrease) NAV/Unit VND/Fund unit
		VND [1]	Fund unit [2]	[3] = [1]/[2]	
	03/01/2019	75,121,600,000	7,512,160.00	10,000.00	
1	08/01/2019	75,063,757,867	7,512,160.00	9,992.30	(7.70)
2	15/01/2019	75,055,472,081	7,512,160.00	9,991.19	(1.11)
3	22/01/2019	75,359,034,344	7,512,160.00	10,031.60	40.41
4	29/01/2019	75,322,272,716	7,512,160.00	10,026.71	(4.89)
5	01/02/2019	75,546,047,118	7,535,896.50	10,024.82	(1.89)
6	12/02/2019	76,462,563,859	7,535,896.50	10,146.44	121.62
7	19/02/2019	79,045,092,311	7,541,809.80	10,480.91	334.47
8	26/02/2019	81,621,219,529	7,543,908.83	10,819.48	338.57
9	01/03/2019	79,379,481,841	7,550,008.88	10,513.82	(305.66)
10	05/03/2019	81,553,316,858	7,550,008.88	10,801.75	287.93
11	12/03/2019	80,928,150,957	7,579,837.06	10,676.76	(124.99)
12	19/03/2019	83,050,322,845	7,594,307.67	10,935.86	259.10
13	26/03/2019	79,925,363,671	7,651,093.26	10,446.26	(489.60)
14	01/04/2019	80,871,239,960	7,667,702.01	10,546.99	100.73
15	02/04/2019	81,495,639,815	7,667,702.01	10,628.43	81.44
16	09/04/2019	82,766,098,657	7,700,433.63	10,748.23	119.80
17	16/04/2019	81,587,776,555	7,714,110.18	10,576.43	(171.80)
18	23/04/2019	79,931,131,546	7,717,737.13	10,356.80	(219.63)
19	02/05/2019(*)	81,135,082,286	7,720,247.49	10,509.38	152.58
20	07/05/2019	79,700,590,963	7,720,247.49	10,323.57	(185.81)
21	14/05/2019	79,790,265,754	7,693,817.04	10,370.69	47.12
22	21/05/2019	82,313,435,211	7,684,611.22	10,711.46	340.77
23	28/05/2019	81,312,679,524	7,683,814.92	10,582.33	(129.13)
24	03/06/2019	80,096,854,525	7,694,157.52	10,410.08	(172.25)
25	04/06/2019	78,863,389,227	7,694,157.52	10,249.77	(160.31)
26	11/06/2019	80,195,940,174	7,690,377.07	10,428.08	178.31
27	18/06/2019	78,909,980,316	7,696,493.75	10,252.71	(175.37)
28	25/06/2019	80,145,094,061	7,692,322.24	10,418.84	166.13
29	01/07/2019	79,018,509,529	7,686,473.96	10,280.20	(138.64)
30	02/07/2019	80,241,639,447	7,686,473.96	10,439.33	159.13
31	09/07/2019	80,265,439,308	7,703,002.65	10,420.01	(19.32)
32	16/07/2019	81,075,737,475	7,700,680.45	10,528.38	108.37
33	23/07/2019	81,716,259,469	7,685,327.26	10,632.76	104.38
34	30/07/2019	82,566,138,884	7,686,787.29	10,741.30	108.54
35	01/08/2019	82,227,204,990	7,699,262.30	10,679.88	(61.42)
36	06/08/2019	80,994,663,991	7,699,262.30	10,519.79	(160.09)
37	13/08/2019	81,657,220,928	7,699,907.45	10,604.96	85.17



**DFVN Capital Appreciation Fund**

**Notes to the financial statements for the period from 3 January 2019  
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**Form B06 – QM**

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**Period from 3 January 2019 to 31 December 2019**

No.	At NAV valuation date	Net Asset Value (NAV)	Number of fund units	NAV per fund unit VND/Fund unit	Increase/ (decrease) NAV/Unit VND/Fund unit
		VND [1]	Fund unit [2]	[3] = [1]/[2]	
38	20/08/2019	82,038,924,387	7,684,009.91	10,676.57	71.61
39	27/08/2019	82,085,095,421	7,680,579.19	10,687.35	10.78
40	03/09/2019(**)	82,289,742,667	7,685,117.20	10,707.67	20.32
41	03/09/2019	82,277,217,086	7,685,117.20	10,706.04	(1.63)
42	10/09/2019	81,574,838,380	7,693,093.51	10,603.64	(102.40)
43	17/09/2019	83,452,734,489	7,693,716.75	10,846.86	243.22
44	24/09/2019	83,146,948,277	7,694,544.19	10,805.96	(40.90)
45	01/10/2019	84,070,772,670	7,689,096.84	10,933.76	127.80
46	08/10/2019	82,722,274,924	7,700,043.64	10,743.09	(190.67)
47	15/10/2019	83,721,862,526	7,710,185.80	10,858.60	115.51
48	22/10/2019	82,661,111,722	7,703,665.37	10,730.10	(128.50)
49	29/10/2019	83,954,125,587	7,707,859.15	10,892.01	161.91
50	01/11/2019	83,952,631,260	7,721,022.48	10,873.25	(18.76)
51	05/11/2019	85,870,660,145	7,721,022.48	11,121.66	248.41
52	12/11/2019	85,576,174,673	7,729,339.35	11,071.60	(50.06)
53	19/11/2019	83,989,565,424	7,729,244.69	10,866.46	(205.14)
54	26/11/2019	81,339,904,108	7,702,810.64	10,559.76	(306.70)
55	02/12/2019	80,672,875,695	7,702,336.42	10,473.81	(85.95)
56	03/12/2019	79,595,058,855	7,702,336.42	10,333.88	(139.93)
57	10/12/2019	80,522,500,002	7,728,521.66	10,418.87	84.99
58	17/12/2019	80,331,824,485	7,733,136.44	10,388.00	(30.87)
59	24/12/2019	80,107,939,817	7,724,580.38	10,370.52	(17.48)
60	31/12/2019	80,847,537,378	7,722,853.17	10,468.60	98.08
61	02/01/2020	80,870,153,926	7,747,580.49	10,438.11	(30.49)
▪ Average Net Asset Value					80,899,386,598
▪ Maximum of change in Net Asset Value per fund unit during the period					489.60
▪ Minimum of change in Net Asset Value per fund unit during the period					1.11

(\*) This represents the net asset value of the valuation period ended 30 April 2019. Since 1 May 2019 was holiday, the net asset value of this valuation period is performed on 2 May 2019.

(\*\*) This represents the net asset value of the valuation period ended 31 August 2019. Since 1 September 2019 and 2 September 2019 were holidays, the net asset value of this valuation period was performed on 3 September 2019.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

**17. Number of Fund units in circulation**

**31/12/2019**  
**Fund unit**

Number of outstanding Fund units within 1 year (from issuance date)	7,747,580.49
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**18. Related parties and other key contracts**

**(a) Related parties**

In addition to related party balances disclosed in other notes to the financial statements, the Fund had the following significant transactions with related parties during the period:

**(i) *Transactions with Dai-ichi Life Vietnam Fund Management Company Limited, the Fund Management Company***

**Period from**  
**3/1/2019**  
**to 31/12/2019**  
**VND**

Fund management fee	1,207,229,174
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In accordance with the Fund's Charter, Fund Management Company is entitled to receive annual management fee equal to 1.5% of Net Asset Value of the Fund. Fund management fee is calculated (accrued) for each valuation period based on the Net Asset Value of the Fund excluding fee at the date prior to the valuation date. The monthly fee payable is total fee which is calculated (accrued) for valuation dates within each month.

**(ii) *Transactions with the Board of Representatives***

**Period from**  
**3/1/2019**  
**to 31/12/2019**  
**VND**

Board of Representatives' remunerations (Note 15)	168,870,969
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**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
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Other than the remunerations in accordance with the Fund's Charter, there is no other contract to which the Fund and any member of the Board of Representatives is a party where a member of the Board of Representatives has a material interest. Remuneration and associated expenses to members of the Board of Representatives are recognised as expenses of the Fund in the statement of income.

**(b) Other key contracts**

***Transactions with HSBC Bank (Vietnam) Ltd***

	Period from 3/1/2019 to 31/12/2019 VND
Transfer agent fee	238,106,390
Custody fee	226,774,198
Securities transaction fee	95,850,000
Supervising fee	91,903,225
Fund administration fee	144,419,361
Bank charges	184,800
	<hr/>
	797,237,974

The Fund has appointed HSBC Bank (Vietnam) Ltd ("HSBC") to be the Custodian Bank and Supervising Bank of the Fund. HSBC was authorised by the Fund Management Company to provide fund administration service and transfer agent service.

In accordance with the Fund's Charter, the Fund has to pay HSBC Bank (Vietnam) Ltd custody fee, supervising fee, fund administration fee and transfer agent fee on a monthly basis. The above fees are calculated at each valuation period using NAV at valuation date. Monthly fees are total fees of valuation periods within each month, the detail of fees is as follows:

Services	Fee rates
Supervising (excluding VAT)	0.02% per annum. Minimum supervising fee is VND7.0 million per month.
Custody	0.06% per annum. Minimum custody fee is VND19.0 million per month.
Fund administration (excluding VAT)	0.035% per annum. Minimum fund administration fee is VND11.0 million per month.

**DFVN Capital Appreciation Fund****Notes to the financial statements for the period from 3 January 2019  
(date of establishment) to 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC  
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Transfer agent fees include two groups of fee as follows:

- Group of fee calculated based on NAV or transaction value include:
  - Annual maintenance service fees: 0.04% annual NAV. Minimum transfer agency maintenance fee is VND13.0 million per month.
  - Registration fees for new purchase, acquisition, conversion, transfer: 0.03% of transaction value of new purchase, acquisition, conversion, transfer.
- Group of fee calculated based on actual amount incurred include:
  - Data setup fees include VND15,000 per Fund Unitholder and VND1,000,000 per distribution agent.
  - Other fees such as mails delivery fees VND100,000 per Fund Unitholder, HSBC net equipment fee VND300,000 per equipment and other fees.

A part from the above fees, the Fund also has obligation to pay the HSBC Bank (Vietnam) Ltd the following fees in relation to assets transactions of the Fund:

Services	Fee rates
Purchase/sell securities	VND150,000 per transaction.

**19. The Fund's performance indicators**

		Period from 3/1/2019 to 31/12/2019 VND
<b>I</b>	<b>Investment performance</b>	
1	Management fee payable to Fund Management Company/Average NAV during the period (%)	1.50%
2	Custody, supervising fees payable to Supervising Bank/Average NAV during the period (%)	0.52%
3	Fund administration fee, transfer agent fee and other expenses payable to related service providers/Average NAV during the period (%)	0.48%
4	Audit fee/Average NAV during the period (%)	0.18%
5	Legal advisory fee, quotation fee and other fees, remuneration payable to the Board of Representatives/Average NAV during the period (%)	0.21%
6	Operating expenses/Average NAV during the period (%)	3.47%
7	Turnover of investment portfolio during the period = (Total value of purchase transactions + total value of sales transactions)/2/Average NAV during the period (%)	192.25%

**DFVN Capital Appreciation Fund****Notes to the financial statements for the period from 3 January 2019  
(date of establishment) to 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)***Period from  
3/1/2019 to  
31/12/2019****II Other indicators****1 Fund scale at the beginning of the period  
(calculated at par value of Fund units)**

Total value of Fund units in circulation at the beginning of the period -

Total number of Fund units in circulation at the beginning of the period -

**2 Change in Fund scale during the period (calculated at par value of  
Fund units)**

Number of Fund units subscribed during the period 7,970,455.89

Value of capital subscribed during the period (at par value) 79,704,558,900

Number of Fund units redeemed during the period (222,875.40)

Value of capital redeemed during the period in response to Fund  
Unitholders' command (at par value) (2,228,754,000)**3 Fund scale at the end of the period (calculated at par value of Fund  
units)**

Total value of Fund units in circulation at the end of the period 77,475,804,900

Total number of Fund units in circulation at the end of the period 7,747,580.49

**4 Percentage of Fund units held by the Fund Management Company and  
related parties at the end of the period**

92.15%

**5 Percentage of Fund units held by ten biggest Unitholders at the end of  
the period**

93.85%

**6 Percentage of Fund units held by foreign Unitholders at the end of the  
period**

90.35%

**7 Number of Fund Unitholders at the end of the period**

292

**8 NAV/Fund unit at the end of the period**

10,438.11



## **DFVN Capital Appreciation Fund**

**Notes to the financial statements for the period from 3 January 2019  
(date of establishment) to 31 December 2019 (continued)**

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### **20. Financial risk management**

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

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Fund's investment portfolio comprises listed securities. The Management of the Fund Management Company has been given a discretionary authority to manage the Fund's assets in line with the Fund's investment objectives. Compliance with the target asset allocations, the composition of the portfolio is monitored by the Fund Management Company and the Supervising Bank on a weekly basis. In instances where the portfolio has diverged from the target asset allocations, the Management of the Fund Management Company is obliged to take actions to rebalance the portfolio in line with the established targets.

#### **(a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from deposits with banks and receivables.

All call deposits and term deposits were placed with well-known financial institutions where the Board of Representatives approved and the Fund Management Company does not expect any losses arising from the non-performance of these financial institutions.

The Fund's listed securities will be traded on or subject to the rules of the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange. All transactions in listed securities are settled or paid for upon delivery using Vietnam Securities Depository and approved brokers. The risk of default is considered minimal.

Receivables include receivables from disposals of investments, interest and dividends receivables. The Fund Management Company believes no allowance for doubtful debts was considered necessary for these receivables as at 31 December 2019.

The maximum exposure to credit risk faced by the Fund is equal to the carrying amounts of deposits with banks and receivables.

**DFVN Capital Appreciation Fund****Notes to the financial statements for the period from 3 January 2019  
(date of establishment) to 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)***(b) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Fund's approach to managing liquidity risk is to ensure that it will always have sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The Fund's financial assets as at 31 December 2019 included mainly listed securities and demand deposits. The Fund's investments in listed securities are considered to be readily realisable as they are traded on the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange. As a result, the Fund may be able to convert some of its investments into an amount of cash to timely meet its liquidity requirements.

At the reporting date, the contractual maturities of financial liabilities were as follows:

<b>31 December 2019</b>	<b>Carrying amount VND</b>	<b>Undiscounted contractual cash flows VND</b>	<b>Less than 1 year VND</b>	<b>From 1 to 2 years VND</b>	<b>From 2 to 5 years VND</b>
Payable for purchasing investments	3,571,248,850	3,571,248,850	3,571,248,850	-	-
Payable to transfer agency	80,000	80,000	80,000	-	-
Accrued expenses	133,000,000	133,000,000	133,000,000	-	-
Payable to Unitholders for Fund units purchase	1,000,000	1,000,000	1,000,000	-	-
Payable to Unitholders for Fund units redemption	5,176,723	5,176,723	5,176,723	-	-
Fund's service fees payable	164,479,093	164,479,093	164,479,093	-	-
	<b>3,874,984,666</b>	<b>3,874,984,666</b>	<b>3,874,984,666</b>	<b>-</b>	<b>-</b>

**(c) Market risk**

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange and market price will affect the Fund's income or the value of its holdings of financial instruments.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Fund's financial instruments will fluctuate as a result of changes in market interest rates. The Fund's exposure to market risk due to change in interest rates is minimal since all cash in banks are demand deposits having minimum and stable interest rate.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

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**(ii) Currency risk**

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

**(iii) Market price risk**

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

The Fund has mainly invested in listed securities that are affected by equity price risk arising from the uncertainty in the fluctuation of the future market value of these securities. Market price risk is managed by the Fund Management Company by diversifying the investment portfolio and careful selection of securities within specified limits.

As at 31 December 2019, the market value of the Fund's listed securities is VND77,462,612,500. During the year 2019, the average rate of price fluctuation of these listed securities was approximately 10%. Had the market prices of these securities increased or decreased by 10% as at 31 December 2019 with all other variable remaining constant, the Fund's Net Asset Value would be expected to increase or decrease maximum by VND7,746,261,250.

**(d) Fair values**

Fair value is the value which is determined as the price appropriate to market price that would be received for sale of an asset or paid to transfer a liability at the measurement date.

**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

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**(i) Fair values versus carrying amounts**

The table below presents the carrying amounts and fair values of the Fund's financial assets and liabilities:

	<b>31/12/2019</b>	
	<b>Carrying amount</b>	<b>Fair value</b>
	<b>VND</b>	<b>VND</b>
<b>Financial assets</b>		
▪ Investments	77,462,612,500	77,462,612,500
<i>Listed shares</i>	77,462,612,500	77,462,612,500
▪ Cash in banks and cash equivalents	6,924,362,986	6,924,362,986
▪ Receivables from disposals of investments	181,028,050	181,028,050
▪ Interest and dividends receivables	177,300,000	177,300,000
<b>Financial liabilities</b>		
▪ Payable for purchasing investments	3,571,248,850	3,571,248,850
▪ Payable to distribution agents	80,000	80,000
▪ Accrued expenses	133,000,000	133,000,000
▪ Advances from Fund Unitholders for Fund units subscription	1,000,000	1,000,000
▪ Payables to Fund Unitholders for Fund units redemption	5,176,723	5,176,723
▪ Fund management service fees payable	164,479,093	164,479,093

**(ii) Basis for determining fair values**

The Fund uses the following methods and assumptions in estimation of fair value of financial assets and liabilities:

- Fair value of cash and cash equivalents are account balance at the end of the accounting period.
- Fair value of shares which are listed on the Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange are the closing prices or other names, in accordance with the regulations of the Stock Exchange on the latest trading date of the securities prior to the valuation date.
- Fair values of other financial assets and liabilities approximate their carrying values as at 31 December 2019 due to the short-term maturity of these financial instruments.



**DFVN Capital Appreciation Fund**  
**Notes to the financial statements for the period from 3 January 2019**  
**(date of establishment) to 31 December 2019 (continued)**

**Form B06 – QM**

*(Issued under Circular No. 198/2012/TT-BTC  
dated 15 November 2012 of the Ministry of Finance)*

**21. Subsequent events**

At the issuance date of these financial statements, the Fund's Net Asset Value at the latest valuation date (24 March 2020) is VND59,750,246,987, which decreased by 26.12% as compared to that as at 31 December 2019.

**22. Corresponding figures**

There are no corresponding figures as this is the first set of financial statements of the Fund since its establishment.

**23. Approval for issuance of the financial statements**

The financial statements for the period from 3 January 2019 (date of establishment) to 31 December 2019 were authorised for issue by the Chairman on behalf of the Board of Representatives on 27 March 2020.

27 March 2020

Dai-ichi Life Vietnam Fund Management Company Limited

Prepared by:



Ms. Tran Thi Anh Tram  
Operation Manager

Approved by:



Mr. Tran Chau Danh  
Chief Executive Officer