



Viet Capital Balanced Fund

Financial Statements for the year ended
31 December 2019



**Viet Capital Balanced Fund
General Information**

Fund Unit Issuance Certificate	02/GCN-UBCK 10 January 2014	The Fund Unit Issuance Certificate was issued by the State Securities Commission.
Establishment Registration Certificate of open-ended fund	11/GCN-UBCK 03/GCN-UBCK 15 May 2014 2 April 2019	Establishment Registration Certificate of open-ended fund issued by the State Securities Commission and is valid for indefinite time.
Board of Representatives	Mr. Tran Phat Minh Mr. Cung Tran Viet Mr. Huynh Richard Le Minh	Chairperson Member Member
Fund Management Company	Viet Capital Asset Management Joint Stock Company	
Supervising Bank	Joint Stock Commercial Bank for Investment and Development of Vietnam – Nam Ky Khoi Nghia Branch (from 12 April 2019) Standard Chartered Bank (Vietnam) Ltd. (until 11 April 2019)	
Registered Office	Unit 2303, Lim Tower Building 9-11 Ton Duc Thang Street Ben Nghe Ward, District 1 Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

Viet Capital Balanced Fund
Report of the Board of Representatives

REPORT OF THE BOARD OF REPRESENTATIVES

I, Cung Tran Viet, being the Member of the Board of Representatives and on behalf of Viet Capital Balanced Fund (“the Fund”), do hereby approve the attached financial statements of the Fund for the year ended 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, Circular No. 181/2015/TT-BTC dated 13 November 2015 issued by the Ministry of Finance on the promulgation of accounting system for exchange-traded funds and 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 and the other relevant statutory requirements applicable to financial reporting.

On behalf of the Board of Representatives



Mr. Cung Tran Viet
Member of Board of Representatives

Ho Chi Minh City, 19 March 2020

Viet Capital Balanced Fund
Report of the Fund Management Company

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

Management of Viet Capital Asset Management Joint Stock Company (“the Fund Management Company”) presents this statement and the accompanying financial statements of Viet Capital Balanced Fund for the year ended 31 December 2019.

Management of the Fund Management Company is responsible for the preparation and fair presentation of the financial statements of Viet Capital Balanced Fund (“the Fund”) 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, Circular No. 181/2015/TT-BTC dated 13 November 2015 issued by the Ministry of Finance on the promulgation of accounting system for exchange-traded funds and 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 and other relevant statutory requirements applicable to financial reporting. In preparing these 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 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, Circular No. 181/2015/TT-BTC dated 13 November 2015 issued by the Ministry of Finance on the promulgation of accounting system for exchange-traded funds and open-ended funds, the relevant requirements of Circular No. 183/2011/TT-BTC 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 83 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 Viet Capital Asset Management Joint Stock Company confirms that they have complied with the above requirements in preparing these financial statements of the Fund for the year ended 31 December 2019.

Viet Capital Balanced Fund
Report of the Fund Management Company (continued)

I. Fund's general information

1. Fund's objectives:

Viet Capital Balanced Fund ("VCAMBF" or "the Fund") aims to achieve long term capital appreciation and derive a periodical income by investing in securities and fixed-income assets. Objectives of the Fund are set in accordance with the Establishment Registration Certificate issued by the State Securities Commission, the Fund Charter and the Fund's prospectus.

2. Fund's performance:

According to the financial statements of the Fund for the year ended 31 December 2019, net asset value (NAV) of the Fund increased by 1.02% as compared with that at 31 December 2018.

3. Fund's investment policy and strategy:

The Fund aims to build a diversified and balanced portfolio which includes listed and unlisted stocks of companies which have potential for growth, and in non-restricted industries and sectors, abide by investment regulations, and operating in Vietnam. The Fund also invests in fixed-income assets including bank deposits, Vietnamese public bonds, municipal bonds, State-guaranteed bonds, or listed corporate bonds.

The Fund has flexibility in asset allocation according to either defensive or growth investment strategy depending on investment opportunities available at different points of time. Asset allocation can vary substantially basing upon the Fund Management Company's judgment, as long as it adheres to the objective of protecting the Investors' interests throughout the life of the Fund.

In order to reach these objectives, the Fund applies "Top-Down Approach", in which asset allocation will be based on overall assessment of the macroeconomics conditions, State policies, potential industries, as well as the potential growth and credibility of issuers. The Fund also applies "Bottom Up Approach" in the selection of each specific investment opportunity through evaluating and analyzing individual potential.

4. Fund type:

The Fund is an open-ended investment fund managed by Viet Capital Asset Management Joint Stock Company throughout its life, except for the case where the Fund is handed over to another fund management company or is dissolved under a resolution by the General Meeting of Investors.

5. Recommendation for investment timeline of the Fund:

The Fund has an infinite operational duration.

Viet Capital Balanced Fund
Report of the Fund Management Company (continued)

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

The Fund is exposed to medium risk in the short run thanks to its diversified and balanced portfolio.

7. Date of starting operation of the Fund:

The Fund has been operating since 15 May 2014.

8. Fund's scale at the reporting date:

As at 31 December 2019:

- Total net asset value: VND75,406,769,302.
- Number of Fund units in circulation: 6,327,132.85 units.

9. Fund's reference index:

The Fund has no benchmark index.

10. Fund's dividend distribution policy:

The Profit to be distributed is extracted from the Fund's realised profit. The Fund Management Company can only distribute profit when the Fund has fulfilled or is financially capable of fulfilling its tax obligations and other financial obligations as required by law; the Fund still needs to ensure the full payment for all debts and other property obligations when they come due before paying the determined profits.

Profit shall be distributed in the form of money or Fund Certificates. The distribution of profit must be approved in advance by the General Meeting of Investors or by the Board of Representatives (if the last General Meeting of Investors has authorized the Board of Representatives to make this decision).

The Fund Management Company must deduct all taxes, expenses, and fees as required by the law before distributing profit to Investors.

11. Actual distributed profits per fund unit (at reporting date):

Accumulated gross profit distribution per Fund Certificate was VND2,500 at reporting date.

II. Performance indicators

1. Fund's assets structure:

Fund's assets structure	31/12/2019 (%)	31/12/2018 (%)	31/12/2017 (%)
1. Investment portfolio	62.74	65.32	67.04
2. Other assets	37.26	34.68	32.96
Total	100.00	100.00	100.00

Viet Capital Balanced Fund
Report of the Fund Management Company (continued)

2. Detailed operating indicators:

Indicator	31/12/2019	31/12/2018	31/12/2017
2.1. Net asset value (VND)	75,406,769,302	74,642,489,329	74,816,350,778
2.2. Total Fund units in circulation (Unit)	6,327,132.85	6,351,545.52	5,961,553.96
2.3. Net asset value per Fund unit (VND/Unit)	11,918.00	11,751.86	12,549.81
2.4. The highest net asset value per Fund unit during the reporting period (VND/Unit)	12,502.11	12,714.52	13,403.81
2.5. The lowest net asset value per Fund unit during the reporting period (VND/Unit)	11,489.70	10,339.97	11,482.60
2.6. Day-end closing price of Fund unit at the reporting date (VND/Unit)	Not applicable	Not applicable	Not applicable
2.7. The highest day-end closing price of Fund unit during the reporting period (VND/Unit)	Not applicable	Not applicable	Not applicable
2.8. The lowest day-end closing price of Fund unit during the reporting period (VND/Unit)	Not applicable	Not applicable	Not applicable
2.9. Total growth rate per Fund unit (%)	1.41%	(6.36%)	9.70%
2.9.1. Capital growth rate per Fund unit (%) (Change due to price fluctuation)	92.62%	126.85%	2.92%
2.9.2. Income growth rate per Fund unit (%) (Based on realised profits)	(91.20%)	(133.21%)	6.78%
2.10. Gross distribution per Fund unit	500	-	1,000
2.11. Net distribution per Fund unit	497	-	884
2.12. Ex-date of distribution	22/11/2019	None	21/12/2017
2.13. Operation expenses/Average NAV during the year (%)	2.07%	2.18%	2.23%
2.14. Turnover of investment portfolio (times)	0.87	1.68	1.58

Viet Capital Balanced Fund
Report of the Fund Management Company (continued)

3. Growth rate over time:

Period	Total growth rate of NAV per Fund unit (%)	Annual growth rate of NAV per Fund unit (%)
- 1 year	1.41%	1.41%
- 3 years	4.18%	34.70%
- From establishment date	19.18%	75.27%

4. Annual growth rate:

Period	31/12/2019 (%)	31/12/2018 (%)	31/12/2017 (%)
Growth rate per Fund unit (%)	1.41%	(6.36%)	9.70%

III. Market overview

The Growth of GDP in 2019 went over targeted

GDP in 2019 increased by 7.02%, above the target of 6.8%. Despite being lower than 2018, the increase in GDP is still higher than the figure in 2011-2017 period.

In the GDP structure of 2019, manufacturing and processing industry was the major component that contributes to the growth of economy by 11.29%. In service sectors, the highest contribution industries are transportation, logistics with 9.12%, and wholesale and retail with 8.82%.

Inflation contributes in beneficial way

Average CPI in 2019 increased by 2.79% in comparison with 2018, below the target and also the lowest one within the last three years.

Main factor restricting CPI increase is the decrease in world oil price (Bent oil price experience a decrease of 10.28% comparing to 2018), which results in 3.13% decrease in oil price and 5.98% decrease in gas price.

FDI was at peak within the last 10 years

Total registered, additional FDI and foreign indirect investment reached the highest level with USD38 billion, up 7.2% year over year, but down 1.2% in comparison to last year's benchmark. However, the difference is the absent of newly registered large-scale projects.

In the context of the decrease of FDI flows on an international scale, disrsbursed FDI still grew by 6.8% year over year, equivalent to USD20.4 billion.

Viet Capital Balanced Fund Report of the Fund Management Company (continued)

FDI disbursement still focused on manufacturing and processing industry, equivalent to 64.6%, soaring from 46.7% in 2018.

Import and export officially exceeded USD500 billion, trade balance enjoyed surplus position for fourth consecutive years with the highest level

Specifically, export turnover reached USD263.45 billion, up 8.1% yoy; import turnover reached USD253.51 billion, up 7.0% yoy. For the whole 2019, trade balance had a surplus of USD9.94 billion.

The year 2019 recorded a strong growth of domestic export with growth rate of 17.7% (in 2018 the growth was 15.9%). In the same time, foreign investment achieved growth rate of 4.2% (increased by 12.9% in 2018).

Credit growth in 2019 gets in line with under-control bad debt

Credit growth by the end of 2019 reached 13.5%, close to the target of 14%, and was the record-low level since 2014. At the same time, GDP continued to increase steadily above 7% for two consecutive years, reaching 6.42% in average for the period 2014 – 2017 despite of narrowing credit growth (lower than average level in the period 2014-2017 of 17.08%).

Credit structure continues to have adjustments mainly on production and business sector. Specifically, credit for SMEs increased by 16%, for high-tech enterprises increased by 15%.

By the end of 2019, banks' non-performing loan ratios inched up 0.09% to 1.98% in comparison of last year figure of 1.89%. However, this ratio was still under the targeted level of 2%. If including the bad debts sold to VAMC, the whole system's non-performing loan ratio was 4.84%, continuing to go down in comparison to 2017 (7.36%) and 2018 (5.85%).

Vietnam Dong - opposite trend

The US - China trade war was the most dominant factor in the global monetary market. While most currencies fluctuated strongly against the USD, USD/VND exchange rate fluctuated mildly in May when US-China relationship became tense, then moved sideways. Differently from the general trend at peak period in December, the exchange rate fluctuated softly. By the end of 2019, the VND appreciated by 0.16% against the USD.

Dominant and flexible factors of USD/VND exchange rate:

- The State Bank sharply increased the buying rate right from the beginning of the year and remained unchanged for 11 months, increasing foreign exchange reserves;
- FDI inflows continue to be plentiful;
- Trade balance maintains a surplus;
- Loosening monetary activities of many countries.

Viet Capital Balanced Fund
Report of the Fund Management Company (continued)

VNIndex closed at 960.99 points, up 7.67% compared to 2018's year end

VNIndex enjoyed positive momentum in the first quarter of 2019 after the second half of 2018's gloomy period with re-appearance of large cash flows. The official 1,000-point resistant level was crossed on 12 March 2019 but failed to sustain due to strong profit-taking pressure. Accelerating tension from the US - China trade in the second quarter, Brexit turbulence, and massive sell-off from emerging and marginal markets, ... made VNIndex accumulating within a narrow band [950-1,000 point]. Therefore, the 950-point could also be considered a temporary short-term bottom of VNIndex. In November 2019, the market regained its 1,000-point level for the second time in the year after supporting news from VHM and VRE's purchase of treasury stocks, plus the catalyst from banking stocks. This movement of VNIndex also correlated with foreign capital which maintained a net buying position of over VND7,700 billion during January - May, on the contrary to net selling position of nearly VND6,000 billion during July - December.

The hallmark of the market in 2019 can be the introduction of Covered Warrant on 28 June, marking the second derivative product after futures contract; together with HOSE's new sets of VN Diamond Index and VNFin Select Index as a prerequisite for ETF funds.

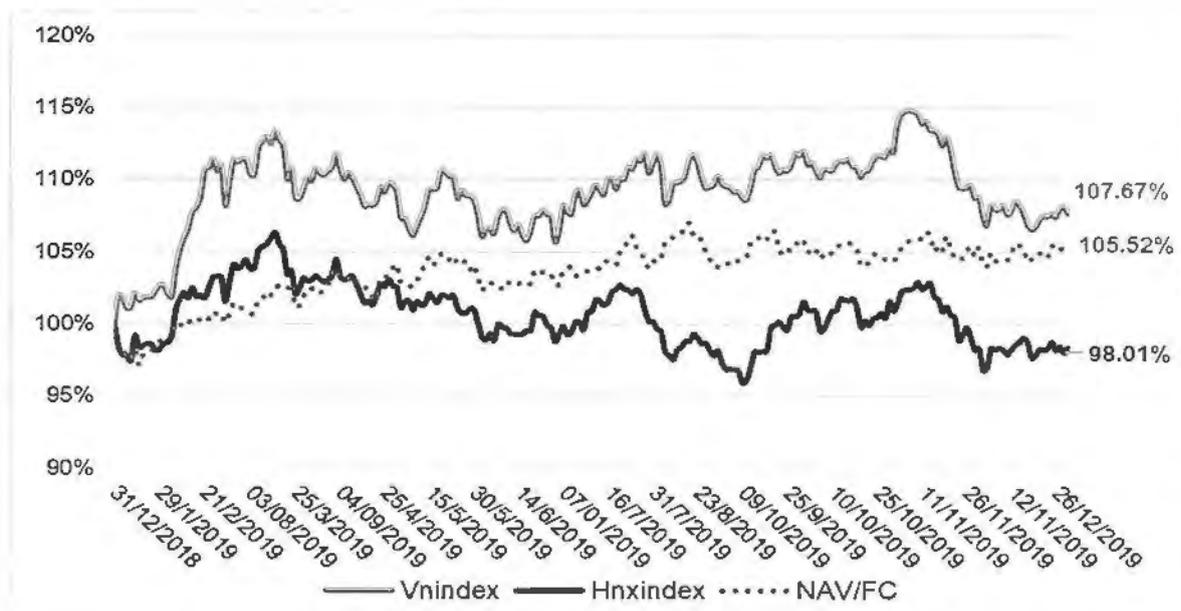
IV. Details of Fund's operating indicators:

4.1. Fund's detailed operating figures

Indicators	1 year to reporting date (%)	Last 3 years to reporting date (%)	From establishment date to reporting date (%)
A	1	2	3
Income growth rate per Fund unit	(91.20%)	(103.12%)	(104.84%)
Capital growth rate per Fund unit	92.62%	107.30%	124.02%
Total growth rate per Fund unit	1.41%	4.18%	19.18%
Annual growth rate per Fund unit	1.41%	34.70%	75.27%
Growth rate of structured portfolio	None	None	None
Changes in market value per Fund unit	None	None	None

Viet Capital Balanced Fund
Report of the Fund Management Company (continued)

Chart of Fund's monthly growth rate in 2019:



Change in net asset value:

Indicators	31/12/2019 VND	31/12/2018 VND	Change rate %
A	1	2	$3 = ((1) - (2)) / (2)$
Net asset value (NAV) of the Fund	75,406,769,302	74,642,489,329	1.02%
Net asset value (NAV) per Fund unit	11,918.00	11,751.86	1.41%

Net asset value (NAV) per Fund unit increased stronger than Net asset value (NAV) of the Fund.

Viet Capital Balanced Fund
Report of the Fund Management Company (continued)

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

Holding scale (Units)	Number of Fund Unitholders	Number of Fund units holding	Percentage of holding
A	1	2	3
Under 5,000	97	81,071.29	1.28%
From 5,000 to 10,000	11	102,787.07	1.62%
From 10,000 to 50,000	2	66,547.14	1.05%
From 50,000 to 500,000	2	445,676.39	7.04%
Over 500,000	1	5,631,050.96	89.00%
Total	113	6,327,132.85	100%

5. Hidden costs and discounts

The Fund has no discount nor soft commissions.

V. Market prospects

The international market relieved tension when the world's two leading economies reached their first agreements (the first phase was signed on January 15), the second phase agreement is still in progress. in the negotiation process. This point continues to cause instability when the next actions of the two governments are difficult to forecast and restrain investment capital flows. Besides, social instability from natural disasters took place in some countries such as Australia, East Africa, Southern Africa, ... and the outbreak of Covid-19 is expected to continue for a long time, causing The global supply chain interrupted, the Chinese economy in particular and the whole world in general suffered heavy losses. Facing these effects, the prospect of global economic growth will slow down and weaken in 2020.

The Vietnamese economy in 2020 are also forecasted to have a decreased growth rate compared to the period of 2017-2019, especially for the tourism and service sectors; agricultural; air; Transport will be seriously affected by the Covid-19 virus when the disease situation has not shown signs of decline.

In the first half of 2020, the trading index is expected to face many difficulties in the context of the global situation. The highlight of Vietnam's capital market was largely contributed by the banking sector in the first quarter when the business results in 2019 of this sector had sudden growth. In addition, the effectiveness of VN Diamond, VNFIN Lead and VNFIN Select indices is information that is expected and will support the market in the context of a prolonged net sale chain of foreign investors at the end of 2019. Cash flow is predicted to be generated in defensive sectors in the current context.

**Viet Capital Balanced Fund
Report of the Fund Management Company (continued)**

VI. Other information

1. Fund executive personnel

Name	Position	Degree	Working experience
Mr. Nguyen Minh Tung	Chief Executive Officer of Viet Capital Balanced Fund	<p>Master of Business Administration from Université Libre de Bruxelles (Kingdom of Belgium)</p> <p>Bachelor in International Trade from National Economics University (Hanoi)</p>	<p>Mr. Tung possesses a solid and extensive background over 25 years in the banking & finance, investment sector.</p> <p>Before joining Viet Capital Assess Management Joint Stock Company (“VCAM”), Mr. Tung was the Head of Fund Business Development of Eastspring Investments Fund Management Company (a subsidiary of Prudential PLC, UK). He involved in open-ended fund products and business development at the Fund Management Company. Prior to Eastspring Investments, Mr. Tung was the Managing Director cum Chief Investment Officer of Tigers Alliance Fund Management Company (an affiliate of Centaurus Capital, London) focused on both Public and Private Equity and from 2009 – 2012. He was also the Deputy Managing Director of Dai Viet Securities Corporation, from December 2007 to April 2009.</p> <p>From 2004-2007, Mr. Tung was Investment and Operation Director of Paragon Holding Corporation, the local real estate developer in Vietnam. From 1999 to 2004, Mr. Tung served as Senior Investment Officer at International Finance Corporation (“IFC”) of World Bank.</p> <p>Previously, Mr. Tung had 6 years of banking experience as Senior Officer of Corporate Banking Department of FirstVina Bank (formerly known as Shinhanbank Vietnam).</p>

**Viet Capital Balanced Fund
Report of the Fund Management Company (continued)**

Name	Position	Degree	Working experience
Mrs. Tran Do Quyen	Fund Accounting Manager	Bachelor Degree in Banking and Finance from the Singapore Institute of Management	Joining VCAM from 2011, Mrs. Do Quyen has experience in financial market and controlling investment funds. She has experience in controlling VCAM's member funds and open-ended funds, including VCF, VCHF and VCAMBF.

2. Board of Representatives

Name	Position	Degree	Working experience
Mr. Tran Phat Minh	Chairperson of the Board of Representatives	Bachelor Degree in Corporate Accounting from University of Economics Ho Chi Minh City	Mr. Minh has extensive experience in banking and finance market. He was the Chief Accountant and Deputy General Director of Southern Commercial Joint Stock Bank. He also hold the position as Chairman of the Board of Directors of Kien Long Commercial Joint Stock Bank.
Mr. Cung Tran Viet	Member of the Board of Representatives	Master Degree in Finance from the University of Sydney Bachelor Degree in Engineering from the Technological Institute in Odessa (former USSR)	Mr. Viet is one of the founder members of VCAM and currently is the General Director. He is responsible for all appraising, constructing investment portfolio framework and risk managing activities. Prior to founding VCAM, he was the Chief Analyst and one of the Investment Directors of Vietnam Holding, a Swiss-based investment fund. He was also one of the first professionals of the Ho Chi Minh City Securities Trading Center when it was established in 1998.
Mr. Huynh Richard Le Minh	Member of the Board of Representatives	Bachelor Degree in Commerce of Curtin University of Australia Member of CPA Australia	Mr. Huynh Richard Le Minh has many years of experience in professional accounting and management. Mr. Minh was a Director at PricewaterhouseCoopers Vietnam. He is now one of the members of the Board of Directors of Viet Capital Securities Joint Stock Company ("VCSC").

**Viet Capital Balanced Fund
Report of the Fund Management Company (continued)**

3. Executive Board of the Fund Management Company

Name	Position	Degree	Working experience
Mrs. Nguyen Thanh Phuong	Chairperson of the Executive Board	<p>Bachelor Degree in Banking and Finance at the National Economics University (Hanoi)</p> <p>Master Degree in Financial Management from the International University in Geneva, Switzerland</p>	<p>Mrs. Nguyen Thanh Phuong is a founder member of VCAM and VCSC. She currently holds the position of Chairperson of the Board of Directors in VCAM and VCSC since its establishment in 2007. With the firm's acquisition and launch of Viet Capital Commercial Joint Stock Bank (formerly Gia Dinh Bank), Mrs. Phuong was elected into the Chairperson of this bank since February 2012. As a member of the Board of Directors, Mrs. Phuong is responsible for vision orientation, strategic management, supporting the Board of Management with the goal of making Viet Capital Bank become the leading supplier of financial services in the market.</p> <p>In her past career, she worked as the Deputy CFO of Holcim (Vietnam) Ltd. Prior to founding VCAM, she worked as an Investment Director for Vietnam Holding, a Swiss-based fund dedicated to opportunistic investments in Vietnam and listed on the London AIM.</p>

**Viet Capital Balanced Fund
Report of the Fund Management Company (continued)**

Name	Position	Degree	Working experience
Mr. Cung Tran Viet	Member of the Executive Board cum CEO	<p>Master Degree in Finance from the University of Sydney</p> <p>Bachelor Degree in Engineering from the Technological Institute in Odessa (former USSR)</p>	<p>Mr. Viet is one of the founder members of VCAM and currently is the General Director. He is responsible for all appraising, constructing investment portfolio framework and risk managing activities. Prior to founding VCAM, he was the Chief Analyst and one of the Investment Directors of Vietnam Holding, a Swiss-based investment fund. He was also one of the first professionals of the Ho Chi Minh City Securities Trading Center when it was established in 1998. Since 2002, he has been a Lecturer in Corporate Finance and Corporate Valuation at the Faculty of Economics, National University of Ho Chi Minh City. As a founding member of PSV Consulting Company, he has worked closely with two of Vietnam's leading securities companies.</p>
Mr. Pham Gia Tuan	Member of the Executive Board	<p>Bachelor Degree in Accounting from Sydney University of Technology, Australia</p> <p>Member of FCPA Australia</p>	<p>Mr. Tuan directly oversees the financial investments in listed companies and private equity of the fund. Before joining VCAM, he used to be a Chief Financial Officer at VinaCapital, having the overall responsibilities in finance, human resources, and operational strategies of the company.</p> <p>In addition, Mr. Tuan has more than 10 years of experience in taxation and assurance in leading companies in Vietnam and the world such as PricewaterhouseCoopers (Vietnam and Australia) and Dutch Lady Vietnam as Tax Manager and Business Assurance Manager, respectively.</p>

**Viet Capital Balanced Fund
Report of the Fund Management Company (continued)**

Name	Position	Degree	Working experience
Mr. Nguyen Hoang Bao (Henry)	Member of the Executive Board	<p>Bachelor Degree in Business Management of Havard University</p> <p>MD from Northwestern University Medical School</p> <p>MBA from the Kellogg School of Management</p>	<p>Mr. Henry currently serves as the Managing General Partner of IDG Ventures Vietnam. Prior to joining IDG Ventures, Mr. Henry was an Associate at Goldman Sachs in New York. He also collaborated in the formation of S2S Medical Publishing and Medschool.com. He is also the Development Franchise Director of McDonald's Group in Vietnam</p> <p>He is a member of the Young Global Leaders program of the World Economic Forum, a member of Asia Society. He is also a member of the Board of Directors of British University in Vietnam. In addition, he is the Chairman of the Advisory Board of Operation Smile Vietnam Fund and a member of Amcham Trade Association in Vietnam. Mr. Henry is currently in charge of directing several companies including VC Group, Vatgia, VTC online, Vega Technology Group, VinaPay and Golden Focus Media.</p>

**Viet Capital Balanced Fund
Report of the Fund Management Company (continued)**

Name	Position	Degree	Working experience
Mr. Pham Hop Pho	Member of the Executive Board	<p>Master of Public Administration at the University of Southern California, USA.</p> <p>Bachelor of Computer Science and International Relations at the University of Southern California, USA.</p>	<p>Mr. Pho is currently the Executive Director of VCAM. He is in charge of the Company's Private Equity M&A projects. He has 11 years of experience working in venture capital fund in Vietnam.</p> <p>Before joining VCAM, Mr. Pho was the Vice Chairman of IDG Ventures Vietnam Fund (2006-2017), a founding member of muaban.net, responsible for managing investment portfolios, market research, investment opportunity analysis, business development, fundraising and divestment for start-ups and growth in the field of information technology, communications, e-commerce such as Hotdeal.vn, NhacCuatui.com, Webtretho.com...</p> <p>Previously, he had 5 years as a Senior Consultant in Information Technology at the University of Southern California, USA.</p>

On behalf of the Board of Representatives of Viet Capital Asset Management Joint Stock Company



Mr. Cung Tran Viet
Chief Executive Officer

Ho Chi Minh City, 19 March 2020



Viet Capital Balanced Fund

REPORT OF THE SUPERVISORY BANK

BIDV

We, appointed as the Supervisory Bank of Viet Capital Balanced Fund (“The Fund”), during the financial period from 1st Jan 2019 to 31th Dec 2019, acknowledge that the Fund was operated and managed as the following matters:

1. The period from 01st January 2019 to 11st April 2019: The Supervisory Bank is Standard Chartered Bank Limited Company (Vietnam).

According to the information received by Standard Chartered Bank Limited Company (Vietnam):

- The management of Viet Capital Balanced Fund (“VCAMBF”) has comply with investment restrictions of the Fund in accordance with prevailing regulatory documents about open-ended Funds, Fund’s Charter, Fund’s Prospectus and applicable laws and regulations;
- Net asset value of the Fund is determined in line with Fund’s Charter, Fund’s prospectus and applicable laws and regulations;
- Subscription and Redemption Fund certificate has complied with Fund’s Charter, Fund’s prospectus and applicable laws and regulations; and
- In this period, no matters related to the profit distribution of the Fund.

2. The period from 12nd April 2019: The Supervisory Bank is Bank for Investment and Development of Vietnam Jsc.

As our recording, the period from 12nd Apr 2019, the Fund was operated and managed as the following matters:

- The management of Viet Capital Balanced Fund (“VCAMBF”) has comply with investment restrictions of the Fund in accordance with prevailing regulatory documents about open-ended Funds, Fund’s Charter, Fund’s Prospectus and applicable laws and regulations;
- Net asset value of the Fund is determined in line with Fund’s Charter, Fund’s prospectus and applicable laws and regulations;
- Subscription and Redemption Fund certificate has complied with Fund’s Charter, Fund’s prospectus and applicable laws and regulations; and
- On November 29, 2019, VCAMBF paid dividends to Investors with total amount of VND 3,053,465,780. Management of Viet Capital Asset Management Joint Stock Company (“the Fund Management Company”) withheld the income tax before paying investors with the amount of VND 16,433,177. However, by the end of December 31, 2019, there were still two investors that had not received the dividends. One investor had closed the bank account but has not yet reopened the account to receive dividends and other one passed away suddenly, the Fund Management Company and the related people are coordinating to carry out the procedures to transfer these dividend to the rightful heir.

REPRESENTATIVES OF SUPERVISORY BANK



Ms. Tran Thi Kim
Deputy Director

SUPERVISOR

Ms. Nguyen Thi Song Hoanh
Leader of supervisor Team



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
+84 (28) 3821 9266 | kpmg.com.vn

INDEPENDENT AUDITOR'S REPORT

To the Fund's Unitholders Viet Capital Balanced Fund

We have audited the accompanying financial statements of Viet Capital Balanced Fund ("the Fund"), which comprise the statements of financial position and investment portfolio as at 31 December 2019, and the statements of income, changes in Net Assets, Fund units transactions and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Board of Representatives on 19 March 2020, as set out on pages 21 to 69.

The Fund Management Company's Responsibility

The Management of Viet Capital Asset Management Joint Stock Company ("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 systems for open-ended funds, Circular No. 181/2015/TT-BTC dated 13 November 2015 issued by the Ministry of Finance on the promulgation of accounting system for exchange-traded funds and 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 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 Fund Management 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 Fund Management Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Fund Management Company, as well as evaluating the overall presentation of the financial statements.

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

Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Viet Capital Balanced Fund as at 31 December 2019 and of its results of operations and its cash flows for the year then ended 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, Circular No. 181/2015/TT-BTC dated 13 November 2015 issued by the Ministry of Finance on the promulgation of accounting system for exchange-traded funds and 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 and the other relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam
Audit Report No: 20-01-00009/2*2-20-1

CHINHANH
CÔNG TY TNHH
KPMG

Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2018-007-1
Deputy General Director

Nguyen Ho Khanh Tan
Practicing Auditor Registration
Certificate No. 3458-2020-007-1



Ho Chi Minh City, 19 March 2020

Viet Capital Balanced Fund
Statement of income for the year ended 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	2019 VND	2018 VND
I	INCOME, REVENUE FROM INVESTMENT ACTIVITIES	01		5,984,675,914	(3,103,152,337)
1.1	Dividend income	02	13	1,925,645,326	1,496,794,000
1.2	Interest income from bank deposits	03	13	1,567,906,201	820,638,853
1.3	Losses from trading securities	04	14	(2,011,326,404)	(3,593,229,750)
1.4	Net unrealised gains/(losses) from revaluation of investments	05	15	4,501,267,404	(1,827,355,440)
1.5	Other income	06		1,183,387	-
II	INVESTMENT EXPENSES	10		192,932,399	353,119,131
2.1	Transaction costs for purchases and sales of investments	11	16	192,932,399	353,119,131
III	OPERATING EXPENSES	20		1,575,069,108	1,619,357,563
3.1	Management fee	20.1	20	683,984,271	668,380,970
3.2	Custody fee	20.2	17	263,380,998	240,541,810
3.3	Supervising fee	20.3	20	113,352,167	234,780,000
3.4	Fund administration fee	20.4	20	180,089,334	134,160,000
3.5	Transfer agent fee	20.5		132,000,000	132,000,000
3.8	Audit fee	20.8		110,000,000	113,170,669
3.10	Other operating expenses	20.10	18	92,262,338	96,324,114
IV	INVESTMENT AND OPERATING RESULTS (23 = 01 – 10 – 20)	23		4,216,674,407	(5,075,629,031)
VI	ACCOUNTING PROFIT/(LOSS) BEFORE TAX (30 = 23)	30		4,216,674,407	(5,075,629,031)
6.1	Realised losses	31		(284,592,997)	(3,248,273,591)
6.2	Unrealised profits/(losses)	32		4,501,267,404	(1,827,355,440)
VIII	NET ACCOUNTING PROFIT/(LOSS) AFTER TAX (41 = 30)	41		4,216,674,407	(5,075,629,031)

19 March 2020

Viet Capital Asset Management Joint Stock Company

Prepared by:



Mrs. Tran Do Quyen
Fund Accounting Manager

Approved by:



Mrs. Khue Thi Kieu
Chief Accountant



Mr. Cung Tran Viet
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

Viet Capital Balanced 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	31/12/2018 VND
I ASSETS					
1	Cash in banks and cash equivalents	110	4	14,634,364,440	24,815,856,847
1.1	Cash in banks for the operation of the Fund	111		4,322,206,226	4,497,148,813
1.2	Term deposits with original term to maturity of not more than three (03) months	112		10,312,158,214	20,318,708,034
2	Net investments	120		60,101,073,186	48,890,142,000
2.1	Investments in securities	121	5	60,101,073,186	48,890,142,000
3	Receivables	130		951,447,728	1,135,167,919
3.1	Receivables from disposals of investments	131		-	919,618,500
3.2	Interests and dividends receivables	133	6	951,447,728	215,549,419
3.2.2	<i>Accrued interests, dividends income</i>	<i>136</i>		<i>951,447,728</i>	<i>215,549,419</i>
	TOTAL ASSETS (100 = 110 + 120 + 130)	100		75,686,885,354	74,841,166,766
II LIABILITIES					
2	Payables for purchase of investments	312	7	116,975,200	-
3	Payables to distribution agents	313		13,967,787	506,019
4	Taxes and others payable to State Treasury	314		692,972	701,204
5	Dividends payable to Fund Unitholders	315	8	126,378	-
6	Accrued expenses	316	9	81,200,000	81,200,000
9	Fund's management service fees payable	319	10	67,153,715	116,270,214
	TOTAL LIABILITIES (300 = 312 + 313 + 314 + 315 + 316 + 319)	300		280,116,052	198,677,437

The accompanying notes are an integral part of these financial statements

Viet Capital Balanced 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	31/12/2018 VND
III	NET ASSET VALUE DISTRIBUTABLE TO FUND UNITHOLDERS (400 = 100 - 300)	400		75,406,769,302	74,642,489,329
1	Contributed capital of the Fund Unitholders	411	11	63,271,328,552	63,515,455,252
1.1	Subscription capital	412		70,267,634,852	67,944,463,052
1.2	Redemption capital	413		(6,996,306,300)	(4,429,007,800)
2	Share premium	414	11	873,407,391	1,028,209,345
3	Retained earnings	420	12	11,262,033,359	10,098,824,732
IV	NET ASSET VALUE PER FUND UNIT	430	11	11,918.00	11,751.86
V	PROFIT DISTRIBUTION	440			
1	Profit distribution to Fund Unitholders during the year	441	12	3,053,465,780	-
2	Accumulated profit distributed to Fund Unitholders since establishment date until the end of current accounting period	442		14,948,413,239	11,894,947,459
VI	OFF-BALANCE SHEET ITEMS			31/12/2019 Unit	31/12/2018 Unit
4	Number of Fund units in circulation	004	11	6,327,132.85	6,351,545.52

19 March 2020

Viet Capital Asset Management Joint Stock Company

Prepared by:



Mrs. Tran Do Quyen
Fund Accounting Manager

Approved by:



Mrs. Khuc Thi Kieu
Chief Accountant



Mr. Cung Tran Viet
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

Viet Capital Balanced Fund

Statement of changes in Net assets, Fund units transaction for the year ended 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	2019 VND	2018 VND
I	Net Asset Value (“NAV”) at the beginning of the year	74,642,489,329	74,816,350,778
II	Changes in NAV compared to last year	1,163,208,627	(5,075,629,031)
	<i>In which:</i>		
II.1	Changes in NAV arising from market fluctuation and the Fund’s operation during the year	4,216,674,407	(5,075,629,031)
II.2	Changes in NAV arising from distributing dividends of the Fund to Fund Unitholders during the year	(3,053,465,780)	-
III	Changes in NAV due to redemption and subscription of Fund units	(398,928,654)	4,901,767,582
	<i>In which:</i>		
III.1	Proceeds from Fund units subscription	2,737,827,241	5,193,900,000
III.2	Payments for Fund units redemption	(3,136,755,895)	(292,132,418)
IV	Net Asset Value at the end of the year (IV = I + II + III)	75,406,769,302	74,642,489,329

19 March 2020

Viet Capital Asset Management Joint Stock Company

Prepared by:



Mrs. Tran Do Quyên
Fund Accounting Manager

Approved by:



Mrs. Khúc Thị Kiều
Chief Accountant



Mr. Cung Tran Viet
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

Viet Capital Balanced 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 %
I	Listed shares				
1	AMV	195,000	24,500	4,777,500,000	6.31%
2	FPT	274,000	58,300	15,974,200,000	21.11%
3	GEG	130,000	27,000	3,510,000,000	4.64%
4	GMD	30,000	23,300	699,000,000	0.92%
5	MBB	215,200	20,800	4,476,160,000	5.91%
6	NLG	114,115	27,500	3,138,162,500	4.15%
7	PCI	85,000	17,500	1,487,500,000	1.97%
8	PVS	150,000	17,500	2,625,000,000	3.47%
9	VGC	60,000	18,400	1,104,000,000	1.45%
10	VNM	30,000	116,500	3,495,000,000	4.62%
11	VPB	110,000	20,000	2,200,000,000	2.91%
		<u>1,393,315</u>		<u>43,486,522,500</u>	<u>57.46%</u>
II	Unlisted bonds				
1	VB2019500.02	400	10,000,000	4,000,000,000	5.28%
V	Other assets				
1	Term deposits with original term to maturity of more than three (03) months			12,614,550,686	16.66%
2	Interests and dividends receivables			951,447,728	1.26%
				<u>13,565,998,414</u>	<u>17.92%</u>
VI	Cash				
1	Cash in banks and cash equivalents			14,634,364,440	19.34%
VII	Total investment portfolio			<u><u>75,686,885,354</u></u>	<u><u>100.00%</u></u>

19 March 2020

Viet Capital Asset Management Joint Stock Company

Prepared by:



Mrs. Tran Do Quyen
Fund Accounting Manager

Approved by:



Mrs. Khuc Thi Kieu
Chief Accountant



Mr. Cung Tran Viet
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

Viet Capital Balanced Fund

Statement of cash flows for the year ended 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	2019 VND	2018 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Profit/(loss) before tax	01		4,216,674,407	(5,075,629,031)
Adjustments for (increase)/decrease in Net Asset Value from investing activities	02		(4,501,267,404)	1,827,355,440
Net unrealised (gains)/losses from revaluation of investments	03		(4,501,267,404)	1,827,355,440
Investing loss before changes in working capital	05		(284,592,997)	(3,248,273,591)
(Increase)/decrease in investments in securities	20		(6,709,663,782)	5,040,652,560
Decrease in receivables from disposals of investments	06		919,618,500	398,394,910
(Increase)/decrease in interests and dividends receivables	07		(735,898,309)	83,437,751
Increase/(decrease) in payables for purchase of investments	10		116,975,200	(623,604,005)
Increase in payables to distribution agents	11		13,461,768	406,019
Increase in dividends payable to Fund Unitholders	12		126,378	-
(Decrease)/increase in taxes and others payable to State Treasury	13		(8,232)	101,204
Decrease in advances from Fund Unitholders for Fund units subscription	14		-	(50,000,000)
Decrease in Fund's management service fees payable	17		(49,116,499)	(29,072,030)
Net cash flows from investing activities	19		(6,729,097,973)	1,572,042,818
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Fund units subscription	31	11	2,737,827,241	5,193,900,000
Payments for Fund units redemption	32	11	(3,136,755,895)	(292,132,418)
Payments for dividends and interest to Fund Unitholders	35		(3,053,465,780)	(257,724)
Net cash flows from financing activities	30		(3,452,394,434)	4,901,509,858
Net increase in cash and cash equivalents during the year	40		(10,181,492,407)	6,473,552,676

The accompanying notes are an integral part of these financial statements

Viet Capital Balanced Fund
Statement of cash flows for the year ended 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	2019 VND	2018 VND
Cash and cash equivalents at the beginning of the year	50	4	24,815,856,847	18,342,304,171
Cash in banks at the beginning of the year	51		24,815,856,847	18,342,304,171
- Cash in banks for the operation of the Fund	52		4,497,148,813	6,274,096,408
- Term deposits with original term to maturity of not more than three (03) months	52		20,318,708,034	12,018,207,763
- Subscription amount from Fund Unitholders	53		-	50,000,000
Cash and cash equivalents at the end of the year	55	4	14,634,364,440	24,815,856,847
Cash in banks at the end of the year	56		14,634,364,440	24,815,856,847
- Cash in banks for the operation of the Fund	57		4,322,206,226	4,497,148,813
- Term deposits with original term to maturity of not more than three (03) months	57		10,312,158,214	20,318,708,034
Change in cash and cash equivalents during the year	60		(10,181,492,407)	6,473,552,676

19 March 2020

Viet Capital Asset Management Joint Stock Company

Prepared by:



Mrs. Tran Do Quyên
Fund Accounting Manager

Approved by:



Mrs. Khuc Thi Kieu
Chief Accountant



 Mr. Cung Tran Viet
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

Viet Capital Balanced Fund
Notes to the financial statements for the year ended 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

Viet Capital Balanced Fund (“the Fund”) was initially established as a public open-ended fund under Establishment Registration Certificate No. 11/UBCK-GCN issued by the State Securities Commission of Vietnam (“SSC”) on 15 May 2014, amended once according to Certificate of Amendment of Establishment Registration Certificate of open-ended fund No. 03/GCN-UBCK dated 2 April 2019 issued by the State Securities Commission. According to this Certificate, the Fund’s charter capital is VND54,314,089,552, equivalent to 5,431,408.95 Fund units. The Fund has unlimited years of operation. Fund units are traded through Distribution agents.

Fund units were offered to the public for the first time under Fund Unit Issuance Certificate No. 02/GCN-UBCK dated 10 January 2014. According to this Certificate, the minimum total capital of the Fund is VND50,000,000,000, equivalent to 5,000,000 Fund units. The Fund operates in compliance with the Fund Charter issued in December 2013 which was most recently (sixth time) amended and supplemented in April 2019.

The Fund has no employee and is managed by Viet Capital Asset Management Joint Stock Company, an investment management company incorporated in Vietnam, and is supervised by Joint Stock Commercial Bank for Investment and Development of Vietnam from 12 April 2019 and Standard Chartered Bank (Vietnam) Ltd. until 11 April 2019, the Supervising Bank.

Contact address of the Fund is Unit 2303, Lim Tower Building, 9-11 Ton Duc Thang Street, Ben Nghe Ward, District 1, Ho Chi Minh City.

Investment objective

The objective of Viet Capital Balanced Fund is to achieve long term capital appreciation and generate a periodical income by investing in securities and fixed-income assets.

Investment portfolio of the Fund must ensure that:

- (i) 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 term deposits at commercial banks as stimulated by banking laws, foreign currencies, money market instruments including valuable papers and transferable instruments in accordance with relevant laws;

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

- (ii) 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 laws; foreign currency, money market instruments including valuable papers and negotiable 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 issuing organisations; listed and registered derivatives at Stock Exchanges, and solely used for hedging purpose; those issued by a single issuing organisation or by a group of related companies;
- (iii) The Fund is not allowed to invest more than 20% of its assets in securities of a single issuing organisation, including valuable papers, transferable instruments, bonds (excluding Government bonds), shares with or without voting rights, convertible bonds;
- (iv) The Fund is not allowed to invest in securities issued by one single organisation which accounts for more than 10% of total securities in circulation of that organisation, excluding Government bonds;
- (v) The Fund is not allowed to invest more than 10% of its total assets in shares, bonds to be listed or registered by the 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;
- (vi) Total value of significant investments in the investment portfolio of the Fund must not exceed 40% of its total assets;
- (vii) At any time, total commitment values of derivatives transactions, outstanding loans and payables of the Fund must not exceed its Net Asset Value;
- (viii) The Fund is not allowed to invest in investment funds, shares of securities companies established and operating in Vietnam; and
- (ix) 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 several articles of Circular No. 183/2011/TT-BTC issued by the Ministry of Finance dated 16 December 2011 on providing guidance on establishment and management of open-ended funds, except for the cases referred to points (vii), (viii) and (ix) as above, the investment portfolio of the Fund is allowed to be deviated due to the following objective causes:

- (i) The fluctuation of the market prices of assets in the Fund's investment portfolio;
- (ii) Making legitimate payments of the Fund;
- (iii) Executing trading orders of investors;
- (iv) Consolidating and merging issuers;
- (v) The fact that the Fund has just been licensed, or has operated for a maximum period of six (06) months from the date on which the certificate of the fund establishment registration is issued due to the splitting, consolidation, or merger of the Fund;
- (vi) The fact that the Fund is in the process of dissolution.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 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 (NAV) determination period

The Net Asset Value of the Fund is determined on every Friday (the “valuation date”) in accordance with the Fund Charter. In case the valuation date is a public holiday (according to the State’s regulations), the valuation date will be the next working day according to the notice of the Fund Management Company. In the event that the Fund Management Company changes its Net Asset Value determination period, the Fund Management Company must seek approval from the Board of Representatives.

In addition, the Fund also determines the Net Asset Value at the end of each month for reporting purpose under the prevailing securities law applicable to open-ended funds.

Method of determining the Net Asset Value of the Fund

Net Asset Value (NAV) is the total value of assets owned by the Fund less total liabilities at the date prior to the valuation date. The total value of the Fund’s assets is determined by the market price or fair value of the assets.

The Net Asset Value per Fund unit is calculated by dividing the total Net Asset Value of the Fund by the number of outstanding Fund units at the working day prior to the valuation date.

The Net Asset Value per Fund unit is an odd number in decimal form, rounding up to two (02) decimal places after the comma.

Frequency of trading Fund units

Fund units are traded twice (02) a (01) month on the first Friday and the third Friday of the month (the “trading date”). In case the trading date coincides with the public holiday, the trading date will be the Friday of the following week. The Fund Management Company will notify the Fund unitholders, Distribution agents, and its related service providers and publish on the Fund Management Company’s website on the date of this supplementary trading date at least one (01) month in advance.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 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

These financial statements 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, Circular No. 181/2015/TT-BTC dated 13 November 2015 issued by the Ministry of Finance on the promulgation of accounting system for exchange-traded funds and 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 and the other relevant statutory requirements applicable to financial reporting.

These accompanying financial statements have not been prepared to express the financial position, the operating results and 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 for open-ended fund in Vietnam may be different with those in other countries and other jurisdictions.

In accordance with Circular No. 198/2012/TT-BTC, the Fund's financial statements include the following reports:

- Statement of income;
- Statement of financial position;
- Statement of changes in Net Assets, Fund units transactions;
- Statement of investment portfolio;
- Statement of cash flows; and
- Notes to the financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Fund is 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 statements presentation purpose.

(e) Accounting documentation system

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

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

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 terms 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 brokerage fees, transaction fees and bank charges, etc. Subsequent to initial recognition, they are measured at the end of the accounting period based on revaluation method mentioned in Note 3(b)(iii). Unrealised gains or losses from revaluation of investments 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 on the transaction date, when the Fund signs the contracts to buy or sell the investments. These investments would be derecognised when the rights to receive cash flows from the investments have expired or the Fund would have transferred substantially all the risks and rewards of ownership of the investments.

(iii) Measurement

According to Circular No. 183/2011/TT-BTC and Circular No. 15/2016/TT-BTC, the investments in investment portfolio of the Fund are revaluated at market price at the end of the accounting period. If there is no market price at the last trading date or the market prices fluctuate significantly, the Fund Management Company is allowed to use fair value to revaluate the Fund's investments. Fair value is estimated based on theoretical valuation methodologies or valuation models as stipulated in the Fund's Charter, or the Fund's Valuation Manual. Investments are revalued at the end of the accounting period in accordance with Fund's Charter as follows:

Viet Capital Balanced Fund
Notes to the financial statements for the year ended 31 December 2019 (continued)

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Bonds

▪ Listed bonds – Government bonds:

In case there is a reference transaction within two (02) weeks up to the valuation date, and the discount interest rate of the current valuation period is within the Difference limit: The price is quoted price at the end of the day on the trading system at Ho Chi Minh Stock Exchange or Hanoi Stock Exchange for common transactions at the most recent trading date plus cumulative interests up to the date prior to the valuation date (if the quote price does not include cumulative interests).

In case there is no reference transaction within two (02) weeks up to the valuation date or there is a reference transaction but the discount interest rate of the current valuation period is outside the Difference limit, the bond price is determined as the top-down priority as follows:

- Price determined on the basis that discount rate is the average discount rate offered by (03) selected organisations to provide the bid at the most recent trading date but not more than (02) weeks up to the valuation date; or
- Purchase price plus accumulated accrued interest; or;
- Based on the method decided by the Board of Fund Representatives.

▪ Listed bonds – Corporation bonds, Government guarantee bonds, Municipal Bonds:

In case there is a reference transaction within two (02) weeks up to the valuation date, and the discount interest rate of the current valuation period is within the Difference limit: The price is quoted price at the end of the day on the trading system at Ho Chi Minh Stock Exchange or Hanoi Stock Exchange for common transactions at the most recent trading date plus cumulative interests up to the date prior to the valuation date (if the quote price does not include cumulative interests).

In case there is no reference transaction within two (02) weeks up to the valuation date or there is a reference transaction but the discount interest rate of the current valuation period is outside the Difference limit, the bond price is determined as the top-down priority as follows:

- Purchase price plus accumulated accrued interest; or;
- Based on the method decided by the Board of Fund Representatives.

▪ Listed bonds – Convertible bonds:

- At the date before the convertible date into share, the price is determined based on the basis of Listed corporation bonds as above.
- At the convertible date, the price is determined on the same valuation basis for shares.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

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▪ Unlisted bonds:

The price is determined as the top-down priority as follows:

- Purchase price plus accumulated accrued interest; or
- Par value plus accumulated accrued interest; or
- Based on the method decided by the Board of Fund Representatives.

Regarding convertible bonds: At the date before the conversion date, the price is determined on the same valuation basis of Unlisted bonds as mentioned above. At the conversion date, the price is determined on the same valuation basis for Shares.

Shares

▪ Shares which are listed on the Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange and shares of public company registered for UPCoM trading:

Shares are revaluated based on the closing price (or other names, depending on the regulations of the Stock Exchange) of the last trading date of the securities before the valuation date.

If there is no transaction more than two (02) weeks prior to the valuation date, then the above securities are revaluated at the reporting date using one of the following prices in order of precedence:

- Closing price (or other names, depending on the regulations of the Stock Exchange) on the last trading date of the securities within three (03) months prior to the valuation date; or
- Purchase price; or
- Book value; or
- Value determined in accordance with the methodology approved by the Board of Representatives on a case by case basis.

▪ Shares of public company performing procedures for transferring stock exchange:

During the period that public company is performing procedures for transferring stock exchange, shares are valued at the closing price on the last trading date on before the valuation date.

▪ Shares which are registered, custodied, but are not yet listed, registered for trading:

Shares are revaluated based on the average prices of successful transactions at the last trading date before the valuation date obtained from at least three (03) securities companies which are not related parties.

If there is not sufficient quoted prices from at least three (03) securities companies which are not related parties and are approved by the Board of Representatives, then the above securities are revaluated at the reporting date using one of the following prices in order of precedence:

- Average prices from two (02) securities companies which are not related parties; or
- Price of the latest reporting period but not exceed three (03) months prior to valuation date; or
- Purchase price; or
- Book value; or
- Value determined in accordance with the methodology approved by the Board of Representatives on a case by case basis.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

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- Shares which are allowed to be invested, but are not yet registered, custodied and listed, registered for trading:

Shares are revaluated based on the average prices of successful transactions at the last trading date before the valuation date obtained from at least three (03) securities companies which are not related parties.

If there is not sufficient quoted prices from at least three (03) securities companies which are not related parties and are approved by the Board of Representatives, then the above securities are revaluated at the reporting date using one of the following prices in order of precedence:

- Average prices from two (02) securities companies which are not related parties; or
- Purchase price; or
- Book value; or

- Shares that are suspended or delisted or cancelled for trading:

Shares are revaluated at one of the following prices in order of precedence:

- Book value; or
- Par value; or
- Value determined in accordance with the methodology approved by the Board of Representatives on a case by case basis.

- Shares of organisation in the process of liquidation, bankruptcy:

Shares are revaluated at one of the following prices in order of precedence:

- 80% of liquidation value at the latest balance sheet date before the valuation date; or
- Value determined in accordance with the methodology approved by the Board of Representatives on a case by case basis.

Rights

Rights arising from securities held by the Fund are initially recorded as investment with nil value (0). The share purchase rights are revaluated and recorded on the statement of financial position and statement of income at the end of the accounting period. The value of share purchase rights is determined as the difference between market value (in accordance with the above methods) of the underlying share at the end of the accounting period and the exercise price multiplied by the exercise ratio.

(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 at the end of each transaction date.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

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(c) Receivables

Receivables include receivables from disposals of investments and interests and dividends receivables. Receivables are stated at cost less allowance for doubtful debts.

(d) Payables

Payables include payables for purchases of investments, payables to distribution agents, dividends payables to Fund Unitholders, accrued expenses, advances from Fund Unitholders for Fund units subscription, the Fund's management service fees payable and other payables. Payables are stated at their costs.

(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 Management Company classifies the Fund's 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 Management Company 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 Management Company as at fair value through profit or loss.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

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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 Management Company has the positive intention and ability to hold to maturity, other than:

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

Under the provisions of Circular No. 183/2011/TT-BTC, open-ended funds are not allowed to provide lending (except for investments in deposits and bonds).

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.

Viet Capital Balanced Fund
Notes to the financial statements for the year ended 31 December 2019 (continued)

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(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 Management Company 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 Management Company at fair value through profit or loss.

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:

Distribution of dividends to Fund Unitholders

When the Fund distributes dividends to its Fund Unitholders, it is required to comply with Circular No. 78/2014/TT-BTC dated 18 June 2014 (“Circular 78”) as supplemented and amended by Circular No. 96/2015/TT-BTC dated 22 June 2015 (“Circular 96”) and Circular No. 111/2013/TT-BTC dated 15 August 2013 (“Circular 111”) as supplemented and amended by Circular No. 92/2015/TT-BTC dated 15 June 2015 (“Circular 92”) issued by the Ministry of Finance and Circular No. 25/2018/TT-BTC dated 16 March 2018 (“Circular 25”) issued by the Ministry of Finance and Official Letter No. 10945/BTC-TCT dated 19 August 2010 of the General Department of Taxation on tax implication to dividend paid out to institutional investors. Accordingly, when paying dividends to Corporate Fund Unitholders, regardless of local or overseas Corporate Fund Unitholders, the Fund Management Company is responsible for withholding 20% of distributed profits and declaring, making payment of corporate income tax on behalf of Corporate Fund Unitholders in accordance with the provisions of Vietnamese Law (except for distributed profit portions already imposed with corporate income tax in the previous stage and bond interest collected from tax-free bonds in accordance with the current regulations). When the Fund distributes dividends to its Fund Unitholders who are individuals (including domestic and foreign), the Fund Management Company is required to withhold 5% of distributed profits.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

*(Issued under Circular No. 198/2012/TT-BTC
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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 111 as supplemented and amended by Circular 92, 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 Corporate Fund Unitholders. They are responsible for self declaration and payment of related tax to the State Treasury in accordance with Circular 78, amended and supplemented by Circular 96.

(h) Share capital, share premium and accumulated losses/retained earnings

(i) Share capital

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

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 at transaction dates after the Fund was established.

Subscription capital is recorded at par value of Fund unit.

Redemption capital

Redemption capital represents the redemption of Fund units from Fund Unitholders at transaction dates after the Fund was established.

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.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

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*(Issued under Circular No. 198/2012/TT-BTC
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(iii) Accumulated losses/retained earnings

Accumulated losses/retained earnings represented accumulated losses/retained profits at the reporting date, including realised and unrealised losses/profits.

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

Unrealised losses/profits are the total accumulated losses/gains from revaluation of investments in the Fund's statement of investment portfolio during the year.

At the end of the accounting period, the Fund determines realised and unrealised losses/profits during the year and records in "Accumulated losses/retained earnings" in the statement of financial position.

(iv) Profit/assets distributed to Fund Unitholders

Profits/assets distributed to Fund Unitholders represent profits/assets which was distributed to Unitholders during the year.

The Fund records profits/assets distributed to Fund Unitholders based on the Resolution of the General Meeting of Fund Unitholders, in accordance with the Fund's Charter and prevailing securities laws.

(i) Fund units and Net Asset Value distributable to Fund Unitholders

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 as at the date before transaction date.

All Fund units issued to Fund Unitholders have the same rights with regard to voting right, dividends, redemption of capital and others. Each issued Fund unit carries one vote at Annual General Meeting of Investors of the Fund and is entitled to receive dividend as declared by the Fund from time to time.

Net Asset Value distributable to the Fund Unitholders also reflects the accumulated losses/retained profits, share capital and share premium. In which, share capital includes subscription capital and redemption capital. Share premium represents the difference between actual receipts/payments from subscription/redemption of Fund units based on Net Asset per Fund unit and the par value per Fund Unit. Retained profits of the Fund included realised profit and unrealised profit.

Dividends of the Fund are recognised as a liability in the financial statements of the accounting period in which the dividends are approved at the General Meeting of Fund Unitholders. Profit is distributed in accordance with prevailing securities laws applicable to open-ended funds, the Fund's Charter, the Fund's Prospectus of the Fund and the Resolution of the General Meeting of Fund Unitholders.

Viet Capital Balanced Fund
Notes to the financial statements for the year ended 31 December 2019 (continued)

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(j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the 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 the deal confirmation from the Vietnam Securities Depository (for listed securities) which are verified by the Supervising Bank and upon completion of the agreement on transfer of assets (for unlisted securities).

(k) Expenses

Expenses are recognised in the statement of income as incurred regardless of payment time.

(l) Net Asset Value per Fund Unit

Net Asset Value (“NAV”) per Fund Unit is calculated by dividing the Net Asset Value of the Fund by the number of Fund Units in circulation as at the end of the accounting period. Net Asset Value is determined as total assets less total liabilities.

(m) Segment reporting

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

Viet Capital Balanced Fund
Notes to the financial statements for the year ended 31 December 2019 (continued)

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(n) 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 individuals or corporate entities 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, attention is directed to the substance of the relationship, and not merely the legal form.

(o) Nil balances

Items or balances required by Circular No. 198/2012/TT-BTC dated 15 November 2012 issued by the Ministry of Finance on 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

Cash in banks represents cash denominated in VND at the following banks:

	31/12/2019 VND	31/12/2018 VND
Current accounts for the operation of the Fund		
▪ Joint Stock Commercial Bank for Investment and Development of Vietnam – Nam Ky Khoi Nghia Branch	4,322,206,226	-
▪ Standard Chartered Bank (Vietnam) Ltd.	-	4,497,148,813
	<hr/> 4,322,206,226	<hr/> 4,497,148,813
Term deposits with original term to maturity of not more than three (03) months		
▪ Viet Capital Commercial Joint Stock Bank	7,312,158,214	15,318,708,034
▪ Joint Stock Commercial Bank for Investment and Development of Vietnam	3,000,000,000	-
▪ Tien Phong Commercial Joint Stock Bank	-	5,000,000,000
	<hr/> 10,312,158,214	<hr/> 20,318,708,034
Cash and cash equivalents in the statement of cash flows	<hr/> 14,634,364,440	<hr/> 24,815,856,847

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 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**

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

The details of investments in securities as at 31 December 2019 and 31 December 2018 were as follows:

	At cost VND [1]	Market value VND [2]	Unrealised gains/(losses) for the year		Revaluation value VND [5]=[1]+[3]+[4]
			Unrealised gains VND [3]	Unrealised losses VND [4]	
31 December 2019					
Listed shares	39,855,619,980	43,486,522,500	5,219,603,531	(1,588,701,011)	43,486,522,500
Term deposits with original term to maturity of more than three (03) months	12,614,550,686	12,614,550,686	-	-	12,614,550,686
Unlisted corporation bonds	4,000,000,000	4,000,000,000	-	-	4,000,000,000
	56,470,170,666	60,101,073,186	5,219,603,531	(1,588,701,011)	60,101,073,186
31 December 2018					
Listed shares and shares registered for trading on UPCoM	49,760,506,884	48,890,142,000	4,231,764,076	(5,102,128,960)	48,890,142,000

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 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. Interests and dividends receivables**

	31/12/2019	31/12/2018
	VND	VND
Accrued dividends from shares	427,000,000	75,200,000
Accrued interest from bonds	116,438,356	-
Accrued interest receivable from term deposits	408,009,372	140,349,419
	<u>951,447,728</u>	<u>215,549,419</u>

7. Payables for purchase of investments

The balance of payables for purchase of investments as at 31 December 2019 represent the payments for purchase of investments settled after two (02) working days from the trading date (T+2) in accordance with the regulations of Vietnam Securities Depository.

8. Dividends payable to Fund Unitholders

The balance of dividends payable to Fund Unitholders as at 31 December 2019 represented the amount returned to the Fund's specialised account at the Supervising Bank as the Fund Unitholders changed their bank accounts information to receive dividends.

9. Accrued expenses

	31/12/2019	31/12/2018
	VND	VND
Audit fee	65,000,000	65,000,000
Remuneration payables to the Board of Representatives	16,200,000	16,200,000
	<u>81,200,000</u>	<u>81,200,000</u>

10. Fund's management service fees payable

	31/12/2019	31/12/2018
	VND	VND
Fund management fee payable	56,103,715	57,625,214
Transfer agent fee payable	11,000,000	11,000,000
Transaction fee payable	50,000	6,150,000
Fund supervising fee payable	-	19,565,000
Fund administration fee payable	-	11,180,000
Custody fee payable	-	10,750,000
	<u>67,153,715</u>	<u>116,270,214</u>

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 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. Share capital**

According to the Establishment Registration Certificate No. 11/GCN-UBCK, the Fund's charter capital is VND54,314,089,552, equivalent to 5,431,408.95 Fund units with par value of VND10,000 per Fund unit. This is also the mobilised capital in the initial public offering. As the Fund operates as an open-ended fund, the issued capital and the number of fund units of the Fund will be changed after every transaction date.

Movements in share capital during the year were as follows:

	Unit	As at 31/12/2018 VND	Incurred during the year VND	As at 31/12/2019 VND
Subscription capital				
Quantity (1)	Unit	6,794,446.30	232,317.18	7,026,763.48
Par value (2)	VND	67,944,463,052	2,323,171,800	70,267,634,852
Share premium (3)	VND	1,886,651,500	414,655,441	2,301,306,941
Value of subscription capital (4) = (2) + (3)	VND	69,831,114,552	2,737,827,241	72,568,941,793
Redemption capital				
Quantity (5)	Unit	(442,900.78)	(256,729.85)	(699,630.63)
Par value (6)	VND	(4,429,007,800)	(2,567,298,500)	(6,996,306,300)
Share premium (7)	VND	(858,442,155)	(569,457,395)	(1,427,899,550)
Value of redemption capital (8) = (6) + (7)	VND	(5,287,449,955)	(3,136,755,895)	(8,424,205,850)
Number of Fund units in circulation (9) = (1) + (5)	Unit	6,351,545.52	(24,412.67)	6,327,132.85
Total par value of share capital (10) = (2) + (6)	VND	63,515,455,252	(244,126,700)	63,271,328,552
Share premium (11) = (3) + (7)	VND	1,028,209,345	(154,801,954)	873,407,391
Retained earnings (12)	VND	10,098,824,732	1,163,208,627	11,262,033,359
NAV (13) = (10) + (11) + (12)	VND	74,642,489,329		75,406,769,302
NAV per Fund unit (14) = (13)/(9)	VND/ Unit	11,751.86		11,918.00

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 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. Retained earnings**

	2019 VND	2018 VND
Retained earnings at the beginning of the year	10,098,824,732	15,174,453,763
Net profit/(loss) after tax for the year	4,216,674,407	(5,075,629,031)
In which		
<i>Undistributed realised loss</i>	(284,592,997)	(3,248,273,591)
<i>Unrealised profit/(loss)</i>	4,501,267,404	(1,827,355,440)
Dividends	(3,053,465,780)	-
Retained earnings at the end of the year	11,262,033,359	10,098,824,732

13. Dividend income and interest income from bank deposits

	2019 VND	2018 VND
Dividend income during the year		
<i>Dividends received during the year</i>	1,382,206,970	1,421,594,000
<i>Accrued dividends receivable from shares</i>	427,000,000	75,200,000
<i>Accrued interests receivable from bonds</i>	116,438,356	-
	1,925,645,326	1,496,794,000
Interest income during the year		
<i>Interest income received during the year</i>	1,159,896,829	680,289,434
<i>Accrued interest income</i>	408,009,372	140,349,419
	1,567,906,201	820,638,853
	3,493,551,527	2,317,432,853

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

14. Gains from trading securities

Year ended 31 December 2019

Investment portfolio	Proceeds VND [1]	Weighted average cost at the end of transaction date VND [2]	Losses on trading securities in the year ended 31/12/2019 VND [3] = [1] – [2]	Accumulated gains on trading securities up to 31/12/2019 VND [4] = [3] + [5]	Accumulated gains on trading securities up to 31/12/2018 VND [5]
Listed shares	67,824,289,500	69,835,615,904	(2,011,326,404)	16,944,200,290	18,955,526,694

Year ended 31 December 2018

Investment portfolio	Proceeds VND [1]	Weighted average cost at the end of transaction date VND [2]	Gains on trading securities in the year ended 31/12/2018 VND [3] = [1] – [2]	Accumulated gains on trading securities up to 31/12/2018 VND [4] = [3] + [5]	Accumulated gains on trading securities up to 31/12/2017 VND [5]
Listed shares and shares registered for trading on UPCoM	122,948,022,310	126,541,252,060	(3,593,229,750)	18,955,526,694	22,548,756,444

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

15. Net unrealised gains/(losses) from revaluation of investments

Year ended 31 December 2019

Investment portfolio	At cost VND [1]	Market value at 31/12/2019 VND [2]	Unrealised gain on revaluation at 31/12/2019 VND [3] = [2] – [1]	Unrealised loss on revaluation at 31/12/2018 VND [4]	Net unrealised gain on revaluation recognised for the year ended 31/12/2019 VND [5] = [3] – [4]
Listed shares	39,855,619,980	43,486,522,500	3,630,902,520	(870,364,884)	4,501,267,404
Term deposits with original term to maturity of more than three (03) months	12,614,550,686	12,614,550,686	-	-	-
Unlisted corporation bonds	4,000,000,000	4,000,000,000	-	-	-
	56,470,170,666	60,101,073,186	3,630,902,520	(870,364,884)	4,501,267,404

Year ended 31 December 2018

Investment portfolio	At cost VND [1]	Market value at 31/12/2018 VND [2]	Unrealised gain on revaluation at 31/12/2018 VND [3] = [2] – [1]	Unrealised loss on revaluation at 31/12/2017 VND [4]	Net unrealised gain on revaluation recognised for the year ended 31/12/2018 VND [5] = [3] – [4]
Listed shares and shares registered for trading on UPCoM	49,760,506,884	48,890,142,000	(870,364,884)	956,990,556	(1,827,355,440)

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

16. Transaction costs for purchases and sales of investments

	2019	2018
	VND	VND
Brokerage fee for purchases of investments	101,736,482	171,672,008
Brokerage fee for sales of investments	89,896,117	179,738,408
Clearing settlement fee	1,299,800	1,708,715
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	192,932,399	353,119,131
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Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

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

Year ended 31 December 2019

No.	Name 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		Average transaction fee rate	Market average transaction fee rate	
			Fund’s transaction value for the year with each securities company VND	Fund’s total transaction value for the year (*) VND			
[1]	[2]	[3]	[4]	[5]	[6] = [4]/[5][%]	[7]	
1	Viet Dragon Securities Corporation	Not related	54,094,473,000	127,755,018,500	42.34%	0.15%	0.15%-0.50%
2	Saigon Securities Incorporation	Not related	54,905,799,500	127,755,018,500	42.98%	0.15%	0.15%-0.50%
3	Viet Capital Securities Joint Stock Company	Related	12,239,945,500	127,755,018,500	9.58%	0.15%	0.15%-0.50%
4	Ho Chi Minh City Securities Corporation	Not related	4,202,532,500	127,755,018,500	3.29%	0.15%	0.15%-0.50%
5	Thanh Cong Securities Joint Stock Company	Not related	2,312,268,000	127,755,018,500	1.81%	0.15%	0.15%-0.50%
Total			127,755,018,500		100.00%		

(*) Trading transactions not performed through securities companies (including certificate of deposits, rights exercise, odd lot trading and unlisted securities transactions) are excluded from the Fund’s total transaction value for the year.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

Year ended 31 December 2018

No.	Name (code) of securities companies with transaction value exceeding 5% of the Fund's total transaction value for the year	Relationship with Fund Management Company	Percentage of transaction value at securities companies		Average transaction fee rate	Market average transaction fee rate
			Fund's transaction value for the year with each securities company VND	Fund's total transaction value for the year (*) VND		
[1]	[2]	[3]	[4]	[5]	[6] = [4]/[5][%]	[8]
1	Viet Dragon Securities Corporation	Not related	98,778,809,500	234,273,598,500	42.16%	0.15% 0.15%-0.25%
2	Saigon Securities Incorporation	Not related	96,487,458,000	234,273,598,500	41.19%	0.15% 0.15%-0.25%
3	Viet Capital Securities Joint Stock Company	Related	19,208,390,000	234,273,598,500	8.20%	0.15% 0.15%-0.25%
4	Ho Chi Minh City Securities Corporation	Not related	19,798,941,000	234,273,598,500	8.45%	0.15% 0.15%-0.25%
Tổng			234,273,598,500		100.00%	

(*) Trading transactions not performed through securities companies (including certificate of deposits, odd lot trading and rights exercise) are excluded from the Fund's total transaction value for the year.

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 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. Custody fee**

	2019	2018
	VND	VND
Custody fee payable to the Supervising Bank	208,858,333	129,000,000
Securities transaction fee payable to the Supervising Bank	47,860,860	103,950,000
Custody fee payable to Vietnam Securities Depository	6,661,805	7,591,810
	<hr/>	<hr/>
	263,380,998	240,541,810
	<hr/>	<hr/>

18. Other operating expenses

	2019	2018
	VND	VND
Remuneration payable to the Board of Representatives	72,000,000	72,000,000
Annual management fee of State Security Commission	10,000,000	10,000,000
Bank charges	9,162,338	13,224,114
Fee charged for making a list of rights exercise	1,100,000	1,100,000
	<hr/>	<hr/>
	92,262,338	96,324,114
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Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

19. Net Asset Value

No	At NAV calculation date	Net Asset Value (NAV) VND [1]	Year ended 31/12/2019		Increase/ (decrease) NAV/Unit VND/Unit
			Number of fund units Unit [2]	NAV per fund unit VND/Unit [3] = [1]/[2]	
	31/12/2018	74,642,489,329	6,351,545.52	11,751.86	
1	03/01/2019	73,130,727,718	6,351,545.52	11,513.85	(238.01)
2	10/01/2019	73,087,156,143	6,351,545.52	11,506.99	(6.86)
3	17/01/2019	72,977,330,858	6,351,545.52	11,489.70	(17.29)
4	24/01/2019	73,084,065,254	6,351,545.52	11,506.50	16.80
5	31/01/2019	73,969,967,119	6,351,545.52	11,645.98	139.48
6	07/02/2019	73,901,320,875	6,351,545.52	11,635.17	(10.81)
7	14/02/2019	74,615,389,953	6,351,545.52	11,747.60	112.43
8	21/02/2019	74,676,185,923	6,351,545.52	11,757.17	9.57
9	28/02/2019	74,689,940,491	6,351,545.52	11,759.33	2.16
10	07/03/2019	75,303,836,098	6,351,545.52	11,855.99	96.66
11	14/03/2019	76,278,275,866	6,351,545.52	12,009.40	153.41
12	21/03/2019	76,448,461,755	6,355,688.10	12,028.35	18.95
13	28/03/2019	76,475,566,862	6,355,688.10	12,032.62	4.27
14	31/03/2019	76,493,937,893	6,355,688.10	12,035.51	2.89
15	04/04/2019	76,714,603,081	6,355,688.10	12,070.23	34.72
16	11/04/2019	76,971,302,174	6,355,688.10	12,110.62	40.39
17	18/04/2019	76,550,786,856	6,355,688.10	12,044.45	(66.17)
18	25/04/2019	77,007,813,813	6,355,688.10	12,116.36	71.91
19	30/04/2019	77,328,920,719	6,355,688.10	12,166.88	50.52
20	02/05/2019	77,561,241,598	6,355,688.10	12,203.44	36.56
21	09/05/2019	76,576,982,904	6,355,688.10	12,048.57	(154.87)
22	16/05/2019	77,757,948,914	6,355,688.10	12,234.39	185.82
23	23/05/2019	78,201,701,736	6,355,688.10	12,304.21	69.82
24	30/05/2019	77,715,833,558	6,355,688.10	12,227.76	(76.45)
25	31/05/2019	77,108,008,045	6,355,688.10	12,132.13	(95.63)
26	06/06/2019	76,793,691,043	6,355,688.10	12,082.67	(49.46)
27	13/06/2019	76,655,384,174	6,355,688.10	12,060.91	(21.76)
28	20/06/2019	77,444,942,477	6,355,688.10	12,185.14	124.23
29	27/06/2019	76,660,293,387	6,347,759.91	12,076.75	(108.39)
30	30/06/2019	76,634,863,141	6,347,759.91	12,072.74	(4.01)
31	04/07/2019	77,106,944,230	6,347,759.91	12,147.11	74.37
32	11/07/2019	77,497,121,255	6,347,759.91	12,208.58	61.47
33	18/07/2019	77,638,755,405	6,347,759.91	12,230.89	22.31
34	25/07/2019	78,515,828,915	6,347,841.26	12,368.90	138.01
35	31/07/2019	77,837,224,484	6,347,841.26	12,262.00	(106.90)
36	01/08/2019	77,801,945,289	6,347,841.26	12,256.44	(5.56)
37	08/08/2019	78,246,590,043	6,347,841.26	12,326.49	70.05

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

No	At NAV calculation date	Net Asset Value (NAV) VND [1]	Year ended 31/12/2019		Increase/ (decrease) NAV/Unit VND/Unit
			Number of fund units Unit [2]	NAV per fund unit VND/Unit [3] = [1]/[2]	
38	15/08/2019	79,099,956,532	6,347,841.26	12,460.92	134.43
39	22/08/2019	79,169,560,101	6,347,841.26	12,471.89	10.97
40	29/08/2019	77,556,991,257	6,347,841.26	12,217.85	(254.04)
41	31/08/2019	77,549,842,975	6,347,841.26	12,216.73	(1.12)
42	05/09/2019	77,607,793,904	6,347,841.26	12,225.86	9.13
43	12/09/2019	76,261,454,249	6,146,336.28	12,407.63	181.77
44	19/09/2019	76,842,196,181	6,146,336.28	12,502.11	94.48
45	26/09/2019	76,006,701,600	6,146,336.28	12,366.18	(135.93)
46	30/09/2019	76,129,623,398	6,146,336.28	12,386.18	20.00
47	03/10/2019	76,052,430,450	6,146,336.28	12,373.62	(12.56)
48	10/10/2019	75,746,108,600	6,146,336.28	12,323.78	(49.84)
49	17/10/2019	76,155,612,450	6,146,336.28	12,390.41	66.63
50	24/10/2019	75,669,432,386	6,146,336.28	12,311.31	(79.10)
51	31/10/2019	75,432,719,429	6,146,336.28	12,272.79	(38.52)
52	07/11/2019	75,937,306,833	6,106,931.56	12,434.61	161.82
53	14/11/2019	75,391,825,150	6,106,931.56	12,345.29	(89.32)
54	21/11/2019	75,065,281,990	6,106,931.56	12,291.82	(53.47)
55	28/11/2019	72,087,897,198	6,106,931.56	11,804.27	(487.55)
56	30/11/2019	72,498,682,225	6,106,931.56	11,871.54	67.27
57	05/12/2019	71,879,853,852	6,106,931.56	11,770.21	(101.33)
58	12/12/2019	72,711,255,219	6,106,931.56	11,906.35	136.14
59	19/12/2019	71,943,523,479	6,106,931.56	11,780.63	(125.72)
60	26/12/2019	75,101,616,889	6,327,132.85	11,869.77	89.14
61	31/12/2019	75,406,769,302	6,327,132.85	11,918.00	48.23
<ul style="list-style-type: none"> ▪ Average NAV during the year ▪ Maximum change in NAV per Fund unit during the year ▪ Minimum change in NAV per Fund unit during the year 					<p>76,012,546,323</p> <p>(487.55)</p> <p>(1.12)</p>

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

No	At NAV calculation date	Net Asset Value (NAV) VND [1]	Year ended 31/12/2018		Increase/ (decrease) NAV/Unit VND/Unit
			Number of fund units Unit [2]	NAV per fund unit VND/Unit [3] = [1]/[2]	
	31/12/2017	74,816,350,778	5,961,553.96	12,549.81	
1	04/01/2018	74,818,314,551	5,961,553.96	12,550.14	0.33
2	11/01/2018	75,969,678,133	5,975,031.87	12,714.52	164.38
3	18/01/2018	74,942,233,437	5,975,031.87	12,542.57	(171.95)
4	25/01/2018	78,776,666,792	6,331,615.22	12,441.80	(100.77)
5	31/01/2018	78,779,376,064	6,331,615.22	12,442.22	0.42
6	01/02/2018	78,651,263,632	6,331,615.22	12,421.99	(20.23)
7	08/02/2018	75,964,762,259	6,332,416.21	11,996.17	(425.82)
8	15/02/2018	78,098,622,231	6,332,416.21	12,333.15	336.98
9	22/02/2018	79,116,818,625	6,332,416.21	12,493.94	160.79
10	28/02/2018	79,814,147,885	6,332,416.21	12,604.06	110.12
11	01/03/2018	79,524,432,825	6,332,416.21	12,558.31	(45.75)
12	08/03/2018	79,388,012,198	6,336,377.73	12,528.93	(29.38)
13	15/03/2018	79,852,555,582	6,336,377.73	12,602.24	73.31
14	22/03/2018	79,832,754,229	6,355,326.73	12,561.55	(40.69)
15	29/03/2018	78,865,814,978	6,355,326.73	12,409.40	(152.15)
16	31/03/2018	79,412,685,280	6,355,326.73	12,495.45	86.05
17	05/04/2018	80,495,780,614	6,355,326.73	12,665.88	170.43
18	12/04/2018	79,322,510,697	6,359,254.60	12,473.55	(192.33)
19	19/04/2018	76,332,017,948	6,359,254.60	12,003.30	(470.25)
20	26/04/2018	72,377,177,997	6,359,254.60	11,381.39	(621.91)
21	30/04/2018	73,355,158,491	6,359,254.60	11,535.18	153.79
22	03/05/2018	72,821,979,413	6,359,254.60	11,451.34	(83.84)
23	10/05/2018	72,867,082,634	6,368,632.44	11,441.56	(9.78)
24	17/05/2018	72,903,700,693	6,368,632.44	11,447.31	5.75
25	24/05/2018	71,567,429,571	6,368,632.44	11,237.49	(209.82)
26	31/05/2018	70,496,317,389	6,368,632.44	11,069.30	(168.19)
27	07/06/2018	73,828,637,573	6,368,632.44	11,592.54	523.24
28	14/06/2018	73,632,068,860	6,368,632.44	11,561.68	(30.86)
29	21/06/2018	71,383,312,270	6,368,632.44	11,208.58	(353.10)
30	28/06/2018	70,173,523,800	6,368,632.44	11,018.62	(189.96)
31	30/06/2018	69,861,083,169	6,368,632.44	10,969.56	(49.06)
32	05/07/2018	65,851,472,788	6,368,632.44	10,339.97	(629.59)
33	12/07/2018	66,158,724,298	6,367,046.81	10,390.80	50.83
34	19/07/2018	69,397,398,050	6,367,046.81	10,899.46	508.66
35	26/07/2018	68,589,633,096	6,367,046.81	10,772.60	(126.86)
36	31/07/2018	69,339,816,048	6,367,046.81	10,890.42	117.82
37	02/08/2018	69,093,926,988	6,367,046.81	10,851.80	(38.62)
38	09/08/2018	69,669,634,999	6,367,046.81	10,942.22	90.42
39	16/08/2018	69,795,322,097	6,367,046.81	10,961.96	19.74

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

(Issued under Circular No. 198/2012/TT-BTC
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No	At NAV calculation date	Net Asset Value (NAV) VND [1]	Year ended 31/12/2018		Increase/ (decrease) NAV/Unit VND/Unit
			Number of fund units Unit [2]	NAV per fund unit VND/Unit [3] = [1]/[2]	
40	23/08/2018	71,045,842,656	6,359,940.94	11,170.83	208.87
41	30/08/2018	72,194,018,925	6,359,940.94	11,351.37	180.54
42	31/08/2018	72,000,575,776	6,359,940.94	11,320.95	(30.42)
43	06/09/2018	71,376,081,696	6,359,940.94	11,222.76	(98.19)
44	13/09/2018	71,838,180,255	6,359,940.94	11,295.42	72.66
45	20/09/2018	73,909,587,968	6,359,940.94	11,621.11	325.69
46	27/09/2018	77,039,275,996	6,359,940.94	12,113.21	492.10
47	30/09/2018	77,234,172,247	6,359,940.94	12,143.85	30.64
48	04/10/2018	77,909,218,075	6,359,940.94	12,249.99	106.14
49	11/10/2018	75,600,600,199	6,359,940.94	11,887.00	(362.99)
50	18/10/2018	76,484,899,097	6,359,940.94	12,026.04	139.04
51	25/10/2018	73,218,531,412	6,359,940.94	11,512.45	(513.59)
52	31/10/2018	73,767,005,204	6,359,940.94	11,598.69	86.24
53	01/11/2018	72,979,773,552	6,359,940.94	11,474.91	(123.78)
54	08/11/2018	73,998,691,491	6,359,940.94	11,635.12	160.21
55	15/11/2018	71,819,293,824	6,359,940.94	11,292.45	(342.67)
56	22/11/2018	73,783,236,991	6,359,940.94	11,601.25	308.80
57	29/11/2018	73,194,280,710	6,359,940.94	11,508.64	(92.61)
58	30/11/2018	73,377,447,298	6,359,940.94	11,537.44	28.80
59	06/12/2018	76,796,282,255	6,359,940.94	12,075.00	537.56
60	13/12/2018	76,640,323,676	6,352,045.52	12,065.46	(9.54)
61	20/12/2018	74,529,235,741	6,352,045.52	11,733.11	(332.35)
62	27/12/2018	74,121,673,914	6,351,545.52	11,669.86	(63.25)
63	31/12/2018	74,642,489,329	6,351,545.52	11,751.86	82.00
▪ Average NAV during the year					74,295,596,293
▪ Maximum change in NAV per Fund unit during the year					(629.59)
▪ Minimum change in NAV per Fund unit during the year					0.33

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

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

20. Related parties and other key contracts

(a) Transactions with related parties

(i) Related parties

The Fund had the following significant transactions with related parties during the year:

Viet Capital Asset Management Joint Stock Company – the Fund Management Company

	2019 VND	2018 VND
Fund management fee	683,984,271	668,380,970
Purchase of Fund units		
<i>Number of Fund units</i>	228,093.25	356,984.25
<i>Value at par value</i>	2,280,932,500	3,569,842,500
<i>Share premium</i>	406,149,741	907,657,500

In accordance with the Fund's Charter, the Fund Management Company is entitled to receive maximum management fee of 0.9% per annum of the Fund's NAV (2018: 0.9% per annum). The fee is calculated on each valuation period based on NAV at the date before the valuation date. Management fee paid to the Fund Management Company equals to sum of fees calculated (accrued) on each valuation date during the accounting period minus true up adjustment (if any) at the end of the reporting period to ensure total management and other fees paid by the Fund is compliant with relevant regulations.

Viet Capital Securities Joint Stock Company – the Fund Management Company's related party – the Fund's Securities Company

	2019 VND	2018 VND
Brokerage fees	18,359,919	28,812,587

Viet Capital Securities Joint Stock Company is Securities Company of the Fund from 15 May 2014 (establishment date). Brokerage fees payable to the Securities Company is calculated by 0.15% of the value of each securities trading transaction.

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC dated 15 November 2012 of the Ministry of Finance)****Viet Capital Commercial Joint Stock Bank – the Fund Management Company’s related party***

	2019 VND	2018 VND
Interest income	924,464,175	616,428,705
Bank charges	-	669,214

Transactions with the Board of Representatives

	2019 VND	2018 VND
Board of Representatives’s remuneration	72,000,000	72,000,000

Other than the remuneration in accordance with the Fund 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.

(ii) Other key contracts***Transactions with Standard Chartered Bank (Vietnam) Ltd. – the Supervising Bank until 11 April 2019***

	2019 VND	2018 VND
Supervising fee	65,868,834	234,780,000
Fund administration fee	37,639,334	134,160,000
Custody fee	36,191,666	129,000,000
Securities transactions fee	20,400,000	103,950,000
Bank charges	4,415,838	12,532,900
	164,515,672	614,422,900

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC dated 15 November 2012 of the Ministry of Finance)***Transactions with Joint Stock Commercial Bank for Investment and Development of Vietnam – the Supervising Bank from 12 April 2019**

	2019 VND	2018 VND
Custody fee	172,666,667	-
Fund administration fee	142,450,000	-
Supervising fee	47,483,333	-
Securities transactions fee	27,460,860	-
Bank charges	4,746,500	-
	394,807,360	-

In accordance with the Fund's Charter, the Fund has to pay the Supervising Bank custody fee, supervising fee and Fund administration fee on a monthly basis as follows:

Prior to 11 April 2019

Services	Fee rates
Supervising (including VAT)	<ul style="list-style-type: none"> • 0.035% per NAV per annum; Minimum supervising fee is VND19,565,000 per month
Custody (not subject to VAT)	<ul style="list-style-type: none"> • NAV less than VND1,500 billion: 0.06% per NAV per annum; • NAV from VND1,500 billion: 0.05% per NAV per annum; Minimum custody fee is VND10,750,000 per month
Fund administration (including VAT)	<ul style="list-style-type: none"> • 0.02% per NAV per annum; Minimum fund administration fee is VND11,180,000 per month.

From 11 April 2019

Services	Fee rates
Supervising (including VAT)	<ul style="list-style-type: none"> • 0.02% per NAV per annum; Minimum supervising fee is VND5,500,000 per month
Custody (not subject to VAT)	<ul style="list-style-type: none"> • 0.06% per NAV per annum; • Minimum custody fee is VND20,000,000 per month
Fund administration (including VAT)	<ul style="list-style-type: none"> • 0.03% per NAV per annum; • Minimum fund administration fee is VND16.500,000 per month.

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

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The above fees are calculated at each valuation period using NAV at the date before valuation date and are paid on a monthly basis. Monthly fee is the sum of fees at each valuation period within each month.

Apart from the above fees, the Fund also has obligation to pay the Supervising Bank the following fees in relation to assets transactions of the Fund:

Prior to 11 April 2019

Services	Fee rates
Purchase/sell securities	<ul style="list-style-type: none">• VND150,000 per transaction.

From 11 April 2019

Services	Fee rates
Purchase/sell securities	<ul style="list-style-type: none">• 0.03% of the total transaction value;• Minimum transaction fee is VND50,000 per day with successful transaction.
Bonds	<ul style="list-style-type: none">• 0.01% of the total transaction value;• Minimum transaction fee is VND50,000 per day with successful transaction.
Other investments	<ul style="list-style-type: none">• VND100,000 per day for transaction.

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 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) Balance with related parties**

	31/12/2019	31/12/2018
	VND	VND
Fund Management Company		
Viet Capital Asset Management Joint Stock Company		
Management fee payable	56,103,715	57,625,214
Number of Fund units held	5,631,050.96	5,402,957.71
Supervising banks		
Standard Chartered Bank (Vietnam) Ltd.		
Cash in banks for the Fund's activities	-	4,497,148,813
Services fee payable	-	47,645,000
Joint Stock Commercial Bank for Investment and Development of Vietnam – Nam Ky Khoi Nghia Branch		
Cash in banks for the Fund's activities	4,322,206,226	-
Term deposits with original term to maturity of not more than three (03) months	3,000,000,000	-
Services fee payable	50,000	-
Other related parties		
Viet Capital Commercial Joint Stock Bank		
Term deposits with original terms to maturity of not more than three (03) months	7,312,158,214	15,318,708,034
Term deposits with original terms to maturity of more than three (03) months	7,614,550,686	-
Interest receivables from term deposits	202,091,563	126,034,351
Viet Capital Securities Joint Stock Company		
Unlisted bonds	4,000,000,000	-
Accrued interest receivables from bonds	116,438,356	-
Board of Fund Representatives		
Accrued remuneration for Board of Representatives	16,200,000	16,200,000

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 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. The Fund's performance indicators**

	2019	2018
I Investment performance		
1 Management fee paid to Fund Management Company/Average NAV during the year (%)	0.90%	0.90%
2 Custody, supervising fee paid to Supervising Bank/Average NAV during the year (%)	0.50%	0.64%
3 Fund administration fee, transfer agency fee and other expenses paid to related service providers/Average NAV during the year (%)	0.41%	0.36%
4 Audit fee/Average NAV during the year (%)	0.14%	0.15%
5 Legal advisory fee, quotation fee and other fees, remuneration paid to the Board of Representatives/Average NAV during the year (%)	0.09%	0.10%
6 Operation expenses/Average NAV during the year (%)	2.07%	2.18%
7 Turnover of investment portfolio during the year = (Total value of purchase transactions + total value of sales transactions)/2/Average NAV during the year (times)	0.87	1.68

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC dated 15 November 2012 of the Ministry of Finance)*

	2019	2018
II Others		
1 Fund scale at the beginning of the year (calculated at par value of Fund units)		
Total value of Fund units in circulation at the beginning of the year	63,515,455,252	59,615,539,652
Total number of Fund units in circulation at the beginning of the year	6,351,545.52	5,961,553.96
2 Change in Fund scale during the year (calculated at par value of Fund units)		
Number of Fund units subscribed during the year	232,317.18	415,479.38
Value of Subscription capital during the year (at par value)	2,323,171,800	4,154,793,800
Number of Fund units redeemed during the year	(256,729.85)	(25,487.82)
Value of Redemption capital during the year in respond to Fund Unitholders' command (at par value)	(2,567,298,500)	(254,878,200)
3 Fund scale at the end of the year (calculated at par value of Fund units)		
Total value of Fund units in circulation at the end of the year	63,271,328,552	63,515,455,252
Total number of Fund units in circulation at the end of the year	6,327,132.85	6,351,545.52
4 Percentage of Fund units held by the Fund Management Company and related parties at the end of the year	96.07%	96.00%
5 Proportion of Fund units held by ten biggest Unitholders at the end of the year	97.88%	97.35%
6 Percentage of Fund units held by foreign Unitholders at the end of the year	0.16%	0.28%
7 Number of Fund Unitholders at the end of the year	113	116
8 NAV/Fund unit at the end of the year	11,918.00	11,751.86

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

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22. 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 shares and unlisted bonds. 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, investment in bonds and receivables.

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

All call deposits and term deposits were placed with well-know 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 only be traded on or subject to the rules of the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange or with counterparties which have a specified credit rating. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal because the transfer of securities is only made when the broker has received the payment, the payment is made only when the broker has received the securities. If one of the parties fails to fulfill its obligations, the transaction is considered unsuccessful.

Unlisted corporate bonds were issued by a related party and the Board of Representatives does not expect that the related party will fail to meet its obligations.

Receivables include receivables from disposals of investments, interests and dividends receivables. The Fund Management Company believes no allowance for doubtful debts was considered necessary for these receivables as at 31 December 2019 and 31 December 2018.

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC dated 15 November 2012 of the Ministry of Finance)*

The maximum exposure to credit risk as at issuance date were as follow:

	31/12/2019	31/12/2018
	VND	VND
Cash in banks and cash equivalents	14,634,364,440	24,815,856,847
Term deposits with original term to maturity of more than three (03) months	12,614,550,686	-
Unlisted corporation bonds	4,000,000,000	-
	<hr/>	<hr/>
	31,248,915,126	24,815,856,847

(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-term and long-term.

The Fund's financial assets as at 31 December 2019 and 31 December 2018 included mainly listed securities, cash in banks and unlisted corporation bonds. The Fund's investments in listed securities are considered to be readily realisable as they are traded on or subject to the rules of the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange. Unlisted corporation bonds were issued by a related party and have short-term maturities. 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:

31 December 2019	Carrying amount	Undiscounted contractual cash flows	Less than 1 year
	VND	VND	VND
Payables for purchase of investments	116,975,200	116,975,200	116,975,200
Payables to distribution agents	13,967,787	13,967,787	13,967,787
Dividends payables to Fund Unitholders	126,378	126,378	126,378
Accrued expenses	81,200,000	81,200,000	81,200,000
Fund's management service fees payable	67,153,715	67,153,715	67,153,715
	<hr/>	<hr/>	<hr/>
	279,423,080	279,423,080	279,423,080

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC dated 15 November 2012 of the Ministry of Finance)*

31 December 2018	Carrying amount VND	Undiscounted contractual cash flows VND	Less than 1 year VND
Payables to distribution agents	506,019	506,019	506,019
Accrued expenses	81,200,000	81,200,000	81,200,000
Fund's management service fees payable	116,270,214	116,270,214	116,270,214
	<hr/>	<hr/>	<hr/>
	197,976,233	197,976,233	197,976,233

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and market prices 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 term deposits and unlisted corporate bonds earn fixed interest rate and have short-term maturities.

(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 VND which is the Fund's functional 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. These securities are affected by market 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 and securities registered for trading on UPCoM is VND43,486,522,500 (31/12/2018: VND48,890,142,000). Had the market prices of these securities declined or increased by 10% as at 31 December 2019 (31/12/2018: 10%) with all other variable remaining constant, the Fund's Net Asset Value would have decreased or increased by VND4,348,652,250 (31/12/2018: VND4,889,014,200).

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC
dated 15 November 2012 of the Ministry of Finance)***(d) Fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(i) Fair values versus carrying amounts

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

	31/12/2019		31/12/2018	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Financial assets				
<i>Categorised as financial assets at fair value through profit or loss:</i>				
▪ Listed shares	43,486,522,500	43,486,522,500	48,890,142,000	48,890,142,000
<i>Categorised as held-to-maturity investments:</i>				
▪ Unlisted corporation bonds	4,000,000,000	4,116,438,356	-	-
▪ Term deposits with original term to maturity of more than three (03) months	12,614,550,686	12,614,550,686	-	-
<i>Categorised as loans and receivables:</i>				
▪ Cash in banks and cash equivalents	14,634,364,440	14,634,364,440	24,815,856,847	24,815,856,847
▪ Receivables from disposals of investments	-	-	919,618,500	919,618,500
▪ Interests and dividends receivables	951,447,728	951,447,728	215,549,419	215,549,419

Viet Capital Balanced Fund**Notes to the financial statements for the year ended 31 December 2019 (continued)****Form B06 – QM***(Issued under Circular No. 198/2012/TT-BTC
dated 15 November 2012 of the Ministry of Finance)*

	31/12/2019		31/12/2018	
	Carrying amount VND	Fair value VND	Carrying amount VND	Fair value VND
Financial liabilities				
<i>Categorised as financial liabilities carried at amortised cost:</i>				
▪ Payables for purchase of investments	116,975,200	116,975,200	-	-
▪ Payables to distribution agents	13,967,787	13,967,787	506,019	506,019
▪ Dividends payable to Fund Unitholders	126,378	126,378	-	-
▪ Accrued expenses	81,200,000	81,200,000	81,200,000	81,200,000
▪ Fund's management service fees payable	67,153,715	67,153,715	116,270,214	116,270,214

Viet Capital Balanced Fund

Notes to the financial statements for the year ended 31 December 2019 (continued)

Form B06 – QM

(Issued under Circular No. 198/2012/TT-BTC
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(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 balances at the end of the accounting period.
- Fair value of securities which are listed on the Ho Chi Minh City Stock Exchange or Hanoi Stock Exchange are the closing prices (or other names, depending on the regulations of the Stock Exchange) of the latest trading date of the securities before the valuation date.
- Fair value of unlisted corporation bonds is calculated as purchase price plus accumulated accrued interest.
- Fair values of other financial assets and liabilities approximate their carrying values due to the short-term maturity of these financial instruments.

23. Post balance sheet event

As at the issuance date of these financial statements, the Fund's Net Asset Value is VND64,558,329,583 which has been decreased by 14%, equivalent to VND10,848,439,719, as compared to those as at 31 December 2019.

24. Approval for issuance of the financial statements

The financial statements for the year ended 31 December 2019 were authorised for issue by the Board of Representatives on 19 March 2020.

19 March 2020

Viet Capital Asset Management Joint Stock Company

Prepared by:

Mrs. Tran Do Quyên
Fund Accounting Manager

Approved by:

Mrs. Khuc Thi Kieu
Chief Accountant



Mr. Cung Tran Viet
Chief Executive Officer