

SUPERVISORY REPORT
DFVN FIXED INCOME FUND (“DFVN-FIX”)
YEAR 2021

- To:**
- **General meeting of investors of DFVN Fixed Income Fund**
 - **Fund Board of Representative**
 - **Dai-ichi Life Vietnam Fund Management Company Limited (“DFVN”)**

HSBC Bank (Vietnam) Ltd. (“HSBC”) would like to report to the General Meeting of Investors of DFVN Fixed Income Fund (“DFVN-FIX” or “the Fund”) in terms of our provision of custody and supervisory bank services to the Fund as follows:

1. General information of the Fund:

Fund name : DFVN Fixed Income Fund
Fund license : 02/GCN-UBCK issued by State Securities Commission on 04/02/2021
Address : Floor 11th, 149-151 Nguyen Van Troi, Ward 11,
Phu Nhuan District , Hochiminh City

- DFVN-FIX completed its IPO on 18th December 2020. The total subscription amount of investors into the Fund is VND 60,173,500,000, face value is VND 10,000 per fund unit, equivalence of 6,017,350 fund units.
- Fund establishment license date is 04th February 2021 and its first trading date is 23rd February 2021.
- Detail of issuing fund units:
 - Total subscription of fund units during the year : 373,721.93 fund units
 - Total redemption of fund units during the year : 151,218.25 fund units
 - Total fund units as of 31/12/2021 : 6,239,853.68 fund units
 - Net asset value (“NAV”) as of 31/12/2021 : VND 63,074,823,316
 - NAV/fund unit as of 31/12/2021 : VND 10,108.38/ fund unit
- At the record date on 14th March 2022 for the purpose of the 2021 Annual General Meeting, DFVN-FIX has total of 587 investors holding fund units, including of 586 domestic individual investors and 01 foreign institutional investor.
- Details of financial information of the Fund are represented in the audited financial statements from 04th February 2021 (date of establishment) to 31 December 2021.



2. Supervision report on Dai-ichi Life Vietnam Fund Management Company Limited (“the Fund Management Company” or “DFVN”) in operation of DFVN-FIX:

- In managing DFVN-FIX for period from 04th February 2021 (date of establishment) to 31 December 2021, DFVN has fulfilled all responsibilities in preparation of periodic reports to State Securities Commission (“SSC”); providing sufficient supporting documents related to the Fund’s transactions.
- As supervisory bank of the Fund for period from 04th February 2021 (date of establishment) to 31 December 2021, we have recognized some matters as follows:

2.1) Investment restriction compliance:

- From 04th February 2021 to 08th February 2021, DFVN-FIX had not started any investment activities yet as the DFVN took time to obtain the Fund Board of Representative’s (“FRB”) approval for the list of credit institutions receiving deposits, valuation manual, the list of organizations providing price quotation. Therefore, at the Net Asset Value (“NAV”) reporting cycle as of 08th February 2021, DFVN-FIX did not comply with article 2.14 of the Circular 98/2020/TT-BTC (“circular 98”): *“Bond fund is a fund has at least 80% of its Net Asset Value invested mainly in bonds, money market instruments, term deposits and other fixed income instruments”*. As per our record, on 17th February 2021 (the first working day after Lunar New Year holidays), DFVN-FIX placed term deposit at HSBC, which is in the list of deposit banks that was approved by the FRB. The investment ratio into term deposit increased up to 83.15% of its NAV as of 08th February 2021 and complied with article 2.14 of circular 98.
- The investment into term deposit at HSBC on 17th February 2021 as mentioned above did not comply with article 35.4.c of circular 98: *“The fund is not allowed to invest more than 20% of its total asset value into the outstanding securities, term deposit at commercial bank, money market instruments including valuable papers, negotiable instruments of an issuer, except for government debt securities”*. However, this deviation is allowed as stated in article 35.5.d of circular 98: *“Due to the fund is newly established or established from a partial division, consolidation or merger of funds within the last 06 months from the issue date of the certificate of registration of fund establishment or the modified certificate of registration of fund establishment”*. At the NAV reporting cycle of DFVN-FIX as of 22nd February 2021, the investment ratio into term deposit at HSBC was 82.99% of its total asset. At the reporting cycles that the deviations occurred, we notified DFVN and requested them rectifying the investment deviations to comply with circular 98.

- As per our record, on the maturity date of the term deposit at HSBC on 24th February 2021, DFVN-FIX placed term deposit at five (5) commercial banks in the list of deposit banks that was approved by FRB. The investment ratio into term deposit at each bank was lower than the threshold 20% of its total asset value and complied with circular 98.

2.2) Board of Representative (“BOR”) meeting:

- On 09th February 2021, DFVN sent the meeting material to BOR members of DFVN-FIX via email to get their consent for the content of the 1st BOR meeting in writing. According to the consolidated results on 17th February 2021, BOR members agreed the following contents : (i) the list of commercial banks where the fund will place term deposit; (ii) the list of brokers who provide price quotation; (iii) the fund’s valuation manual and (iv) DFVN was authorized to decide investment strategy and risk management policy for Fund.
- On 31st May 2021, DFVN sent the meeting material to BOR members of DFVN-FIX via email to get their consent for the content of the BOR meeting Quarter 1/2021 in writing, According to the consolidated results on 21st June 2021, BOR members discussed and agreed the following contents: (i) the report on DFVN-FIX's performance in Quarter 1/2021; (ii) the supervising report of Supervisory Bank of Quarter 1/2021; (iii) the update matters relating to the management operation to DFVN-FIX in Quarter 1/2021; (iv) PwC is appointed as audit company for DFVN-FIX in year 2021 with total audit fee (including VAT) of VND 130,000,000; (v) the amendment in the Pricing policy and valuation manual book version 2 of DFVN-FIX and (vi) the trading on Certificate of Deposit by negotiated method, in accordance to Fund Charter of DFVN-FIX and Circular 98/2020/TT-BTC.
- On 23rd September 2021, DFVN sent the meeting material to BOR members of DFVN-FIX via email to get their consent for the content of the BOR meeting Quarter 2/2021 in writing. According to the consolidated results on 30th September 2021, BOR members agreed the following contents: (i) the report on DFVN-FIX's performance in Quarter 02/2021 and (ii) the supervisory report of Supervisory Bank of Quarter 2/2021 and (iii) the update matters relating to the management operation to DFVN-FIX in Quarter 2/2021.
- On 14th October 2021, DFVN sent the meeting material to BOR members of DFVN-FIX via email to get their consent for the content of the BOR meeting Quarter 3/ 2021

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in writing. According to the consolidated results on 26th October 2021, BOR members agreed the following contents: (i) the report on DFVN-FIX's performance in Quarter 03/2021; (ii) the supervisory report of Supervisory Bank of Quarter 3/2021; (iii) the update matters relating to the management operation to DFVN-FIX in Quarter 3/2021 and (iv) the fund invests into BIDH2129008C bond under IPO, it's align with point d, article 35.2 in Cir 98 and point e, article 8.3 in Fund Charter.

2.3) Amendment on Fund's Prospectus:

- According to the information received from DFVN, the 2nd amendment of Prospectus was sent to SSC on 09th July 2021. DFVN disclosed information related to the amendment of Prospectus of DFVN-FIX on DFVN's website with its effective date was 27th July 2021.

3. Implementation of rights and obligations of Supervisory Bank

As supervisory bank of the Fund, HSBC has fulfilled our responsibilities in relation to custody and supervisory bank services, with details as follows:

- Hold and arranged for the Fund assets to be held in safe custody, simultaneously maintain records showing that the Fund Assets belong to the Fund and segregated from any other assets;
- Handled duly instructions of the Fund Management Company regarding Fund's transactions in a timely manner;
- Checked and verified reports in relation to the Fund assets prepared by the Fund Management Company with accuracy and professionalism and fulfilled reporting obligations to competent authorities in accordance with applicable laws and regulations;
- Monitored compliance check on fund transactions carried out by the Fund Management Company for ensuring the compliance with the Fund Charter and applicable laws and regulations with due care and diligence;
- Attended all meetings of the BOR and Annual General Meeting of the Fund.

Yours truly,

Ho Chi Minh City, 17th March 2022



Mr. James Estaugh

Head of HSBC Securities Services

The supervisory bank report on the operations of Fund Management Company is based on the information, document and data (hereby referred to as "Information") provided by the Fund Management Company to the Supervisory Bank. This report does not include the issues and affairs which is not in the knowledge of the Supervisory Bank due to the unfaithful information or concealment/deceit of the Fund Management Company

