



AMUNDI VIETNAM OPPORTUNITIES FUND
(A SUB-FUND OF AMUNDI HARVEST FUNDS)
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

Amundi Hong Kong Limited
901-908, One Pacific Place, 88 Queensway, Hong Kong
Tel: (852) 2521 4231
Fax: (852) 2868 1450
Email: info@hk.amundi.com
Website: www.amundi.com/hkg

AMUNDI VIETNAM OPPORTUNITIES FUND

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AMUNDI VIETNAM OPPORTUNITIES FUND

MANAGEMENT AND ADMINISTRATION

Manager

Amundi Hong Kong Limited
901-908 One Pacific Place
88 Queensway
Hong Kong

Directors of the Manager

Jean Yves Glain
Christianus Pellis (appointed on 9 April 2018)
Zhong Xiao Feng
Vincent Mortier
Gilles Guerrier de Dumast
Bernard Carayon (resigned on 9 April 2018)
Laurent Bertiau (resigned on 9 April 2018)

Sub Investment Manager (Removed on 3 April 2018)

Amundi Singapore Limited
168 Robinson Road
#24-01 Capital Tower
Singapore 068912

Custodian

CACEIS Bank, Luxembourg Branch
5 Allée Scheffer, 2520 Luxembourg

Trustee and Registrar

CACEIS Hong Kong Trust Company
Limited
29th Floor, Two Pacific Place
88 Queensway, Hong Kong

Legal Adviser to the Fund

Deacons
Solicitors & Notaries
5th Floor, Alexandra House
16-20 Chater Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
22/F Prince's Building
Central, Hong Kong

AMUNDI VIETNAM OPPORTUNITIES FUND

REPORT OF THE MANAGER

Vietnam's economy grew by around 7.1% in 2018, faster than the 6.8% achieved in 2017 and the highest since 2008, putting the country amongst those with the strongest growth in the world. Although the acceleration in economic growth was broad-based, the main catalysts was strong performance of the manufacturing and construction sectors. From the expenditure side, it was notable that final consumption increased by 7.2% and fixed asset formation saw growth of 8.2% over the period. Regarding the investment side of the economy, in total there was an increase to USD 80bn (+11.2% YoY), or 33.5% of the GDP. Private sector investment saw the strongest growth, followed by Foreign Direct Investment (FDI) and then Public sector. Public sector investment only included those 100% state owned enterprises (SOE), so there may be some other SOE investments included in the Private sector figures.

As mentioned, the high growth environment was accompanied by low inflation, with full year Consumer Price Index (CPI) increasing by an average of 3.54% YoY, comfortably below the government target of 4%. Although the headline inflation remained stable, the State Bank of Vietnam was prudent, limiting system loan growth to 16% for the year. The government retains their inflation target of 4% for 2019 and the risk of a mix of stronger supply-side price inputs and administered price hikes will push inflation higher through 2019. If the headline inflation breaching the 4% target during 2019, some tightening in monetary conditions and a lower credit growth cannot be ruled out.

According to statistics from the Ministry of Planning and Investment (MPI), Vietnam also witnessed improvement in FDI with USD 19.1bn being disbursed during the 12-month period, up to 9.1% YoY, making it a new record. Japan, South Korea, Singapore and the US remain the country's biggest FDI investors, with the investments predominantly directed to processing and manufacturing, real estate, retail and sci-tech sectors. It was interesting to note the strong increase in FDI in sci-tech, reflecting an obvious trend among technology companies to set up facilities in Vietnam. As shown in MPI statistics, sci-tech jumped to the 4th position in terms of attracted FDI, from 7th in 2017. The continuing positive trends in FDI, such an underpin for the Vietnamese economy, come on the back of over 30 years following a policy of trade liberalization. With its low-cost base, demographic dividend and strong government commitment to reform, Vietnam stands to benefit significantly from new trade agreements going forward. According to the MPI, the Comprehensive and Progressive Agreement of Trans-Pacific Partners (CPTPP) (which came into effect on the 30th of December 2018) is expected to raise Vietnam's GDP by 1.3% and exports by 4.0% by 2035. Furthermore, the EU considers that the soon to be ratified EU-Vietnam Free Trade Agreement (EVFTA) is the most ambitious deal of its type ever concluded between the EU and a developing country and it is estimated that it could lift Vietnam's GDP by 15%, with the country's exports to Europe potentially increasing by a third. It is also notable that Vietnam is a beneficiary as a fall-out from the US-China trade war, with an acceleration being seen in corporates re-locating or establishing manufacturing facilities in the country. It is believed that these moves were behind the strong pick-up in 4th quarter GDP data.

Both the data released in the final months of 2018, and the supportive economic backdrop, shows that the strong growth momentum in Vietnam's economy should extend into 2019. In November, the National Assembly approved the plan for 2019 goals, with GDP growth targeted at 6.6-6.8%, CPI of ~4% on average and a budget deficit of 3.6%. The government target will be at the higher end of the National Assembly plan, as it wants to push ahead growth and reform to mark the completion of the 5-year plan (2016-2020).

Vietnam's external balances continued to improve in 2018 and we expect FX reserves accumulation will continue through 2019. We expect solid export growth, boosted by greater diversification of categories and increased value-add products, to pace the improvement in the trade and current account surplus, and sustained net FDI inflows to add further to the overall balance of payments surplus. Equally, fiscal metrics ended 2018 on a positive note as expenditure grew while revenue increased strongly with the growing economy. The fiscal deficit ended the year at -3.6%, and a similar level is targeted for 2019. Further divestment of government owned enterprises in 2019 will also strengthen the country's long-term fiscal and external balance position, with 121 stakes in various companies marked for sale.

AMUNDI VIETNAM OPPORTUNITIES FUND

REPORT OF THE MANAGER (CONTINUED)

From an FX perspective, the fundamentals for Vietnam are solid, with inflows from stable FDI disbursement, foreign institutional investors, remittances, trade surplus, and other sectors that in aggregate help to keep the balance of payment in surplus. Therefore, the pressure on exchange rates should be less pronounced than it was in 2018. Of course, should there be an intensification in the trade war, which may have a material impact on the CNY, and on VND indirectly. The government continues to target a managed 3% depreciation relative to USD.

Despite the buoyant economic backdrop, in 2018 the Vietnamese stock market witnessed the choppiest year since the 2008 global financial crisis. The MSCI Vietnam index ended the year with negative performance. Nevertheless, the market performed much better than broader Emerging Markets and Frontier Markets. The global downturn in markets affected investor confidence, impacted by negative sentiment from international concerns surrounding the US-China trade war and Fed hikes, and weighed on the domestic market. Looking into 2019, the pullback has made valuations more attractive with the local market trading at 2019 P/E of 14x, and earnings growth forecasted to be a healthy 18.3% YoY. Catalysts for the market could come from the continuing lifting of Foreign Ownership Limits, the large privatisation pipeline (with 121 state divestments earmarked for 2019), the increased weighting of Vietnamese stocks in the MSCI Frontier in June (as Argentina moves to the Emerging Markets Index) and MSCI placing Vietnam on the watch-list for upgrade to the Emerging Markets Index.

AMUNDI VIETNAM OPPORTUNITIES FUND

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of Amundi Vietnam Opportunities Fund (“the Fund”) has, in all material respects, managed the Fund in accordance with the provisions of the trust deed dated 27 January 2004, as amended by the supplemental deeds dated 23 February 2004, 8 July 2004, 30 May 2005, 7 November 2006, 8 May 2007, 17 January 2008, 22 May 2008, 13 September 2010, 12 May 2017 and 2 May 2018 (collectively the “Trust Deed”), for the year ended 31 December 2018.

For and on behalf of
CACEIS Hong Kong Trust Company Limited
as the Trustee of Amundi Vietnam Opportunities Fund

Michele Tuen
Head of Trustee and Legal

Hong Kong, 17 April 2019

AMUNDI VIETNAM OPPORTUNITIES FUND

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's Responsibilities

The Manager of the Fund is required by the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "Code") and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's Responsibilities

The Trustee of the Fund is required by the Code and the Trust Deed to:

- ensure that the Fund in all material respects is managed in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and the rights attaching thereto; and
- report to the unitholders for each annual accounting period should the Manager not manage the Fund in accordance with the Trust Deed.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF AMUNDI VIETNAM OPPORTUNITIES FUND (A SUB-FUND OF
AMUNDI HARVEST FUNDS)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Amundi Vietnam Opportunities Fund (a sub-fund of Amundi Harvest Funds) (the "Fund") set out on pages 9 to 33, which comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The Trustee and the Manager (the "Management") of the Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF AMUNDI VIETNAM OPPORTUNITIES FUND (A SUB-FUND OF
AMUNDI HARVEST FUNDS) (CONTINUED)**

Responsibilities of the Management for the Financial Statements

The Management of the Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 27 January 2004, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF AMUNDI VIETNAM OPPORTUNITIES FUND (A SUB-FUND OF
AMUNDI HARVEST FUNDS) (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 April 2019

AMUNDI VIETNAM OPPORTUNITIES FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 US\$	2017 US\$
Assets			
Financial assets at fair value through profit or loss	6	19,673,689	26,424,370
Dividends receivable		13,701	25,168
Amounts due from brokers		-	836,673
Amounts due from unitholders		2,780	1,462,613
Cash and cash equivalents		189,774	380,835
Total assets		<u>19,879,944</u>	<u>29,129,659</u>
Liabilities			
Amounts due to brokers		-	1,118,598
Amounts due to unitholders		35,562	579,737
Other accounts payable and accrued expenses	7	147,560	556,127
Total liabilities		<u>183,122</u>	<u>2,254,462</u>
Equity			
Net assets attributable to unitholders	8, 12	<u>19,696,822</u>	<u>26,875,197</u>

Approved for issue by the Trustee and the Manager
Signed for and on behalf of:

.....
CACEIS Hong Kong Trust Company Limited
as the Trustee

.....
Amundi Hong Kong Limited
as the Manager

.....
Michele Tuen
Head of Trustee and Legal

The notes on pages 13 to 33 form an integral part of these financial statements.

AMUNDI VIETNAM OPPORTUNITIES FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 US\$	2017 US\$
Revenue			
Bank interest income		3,664	158
Dividend income		358,678	554,071
Net (losses)/gains on financial assets at fair value through profit or loss	13	(2,768,634)	8,210,656
Net foreign currency loss on cash and cash equivalents		(33,088)	(4,481)
Other income		-	43
Total net (loss)/income		<u>(2,439,380)</u>	<u>8,760,447</u>
Expenses			
Performance fee	4, 10(b)	105,966	503,514
Management fee	3, 10(b)	439,877	439,931
Trustee fee and valuation expenses	5, 10(c)	11,800	20,140
Registrar's fee	5, 10(c)	25,406	8,463
Auditor's remuneration		3,499	9,088
Legal fee		5,235	-
Consultant's fee		281	-
Other operating expenses		148,904	173,743
Total operating expenses		<u>740,968</u>	<u>1,154,879</u>
(Loss)/profit before tax		<u>(3,180,348)</u>	<u>7,605,568</u>
Withholding tax		(910)	(2,308)
Total comprehensive (loss)/income for the year		<u><u>(3,181,258)</u></u>	<u><u>7,603,260</u></u>

The notes on pages 13 to 33 form an integral part of these financial statements.

AMUNDI VIETNAM OPPORTUNITIES FUND

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 US\$	2017 US\$
Balance at the beginning of the year		26,875,197	23,771,794
Proceeds on subscription of units	8	10,041,501	3,227,351
Payments on redemption of units	8	(14,038,618)	(7,727,208)
Net redemptions		(3,997,117)	(4,499,857)
Total comprehensive (loss)/income for the year		(3,181,258)	7,603,260
Balance at the end of the year		19,696,822	26,875,197

The notes on pages 13 to 33 form an integral part of these financial statements.

AMUNDI VIETNAM OPPORTUNITIES FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 US\$	2017 US\$
Cash flows from operating activities		
Total comprehensive (loss)/income for the year	(3,181,258)	7,603,260
Adjustments for:		
- Dividend income	(358,678)	(554,071)
- Bank interest income	(3,664)	(158)
- Net foreign currency loss on cash and cash equivalents	33,088	4,481
- Withholding tax paid	910	2,308
	<hr/>	<hr/>
Operating (loss)/profit before working capital changes	(3,509,602)	7,055,820
Decrease/(increase) in financial assets at fair value through profit or loss	6,750,681	(3,207,791)
Decrease in amounts due from brokers	836,673	117,834
(Decrease)/increase in amounts due to brokers	(1,118,598)	642,085
(Decrease)/increase in other accounts payable and accrued expenses	(408,567)	502,369
	<hr/>	<hr/>
Cash generated from operations	2,550,587	5,110,317
Dividend received	369,235	597,819
Interest received	3,664	159
	<hr/>	<hr/>
Net cash generated from operating activities	2,923,486	5,708,295
	-----	-----
Cash flows from financing activities		
Proceeds on subscriptions received	11,501,334	1,844,175
Payments on redemptions	(14,582,793)	(7,212,073)
	<hr/>	<hr/>
Net cash used in financing activities	(3,081,459)	(5,367,898)
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Net (decrease)/increase in cash and cash equivalents	(157,973)	340,397
Cash and cash equivalents at the beginning of the year	380,835	44,919
Net foreign currency loss on cash and cash equivalents	(33,088)	(4,481)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>189,774</u>	<u>380,835</u>

The notes on pages 13 to 33 form an integral part of these financial statements.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Amundi Vietnam Opportunities Fund, a sub-fund of Amundi Harvest Funds (the “Fund”), is a unit trust constituted by a Trust Deed dated 27 January 2004 entered into between Société Générale Asset Management S.A. as Manager and HSBC Trustee (Cayman) Limited as Trustee. The Trust Deed was governed and regulated under the Mutual Funds Law of the Cayman Islands. The Fund is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by the SFC.

On 31 December 2009, Société Générale Gestion S.A. was appointed as the Manager of the Fund. Amundi Group, a joint venture between Société Générale S.A. and Credit Agricole S.A., was also established to combine the activities of Société Générale Asset Management S.A. and Credit Agricole Asset Management Hong Kong Ltd on 31 December 2009. On 2 March 2010, Credit Agricole Asset Management Hong Kong Ltd changed its name to Amundi Hong Kong Limited, which is an indirect wholly-owned subsidiary of Amundi Group. On 13 September 2010, Amundi Hong Kong Limited was appointed as the Manager of the Fund.

On 12 May 2017, CACEIS Hong Kong Trust Company Limited has been appointed as the trustee of the Fund (the “Trustee”). The Fund was also re-domiciled from the Cayman Islands to Hong Kong with effect from 12 May 2017.

The Fund is a collective investment scheme which seeks to provide investors with long-term capital growth by investing directly or indirectly in a diversified portfolio of securities including equities and debt securities of issuers with actual or prospective business operations in Vietnam and to provide economic exposure to the Vietnam market. The Fund intends to invest mainly in listed companies with existing operations, assets or investments in Vietnam and those Vietnam related companies which have publicly announced or made public their plans to expand and/or acquire similar or complimentary operations in Vietnam, with earnings enhancement potentials.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

New standards and amendments to standards that are relevant to the Fund and have been adopted by the Fund effective 1 January 2018

IFRS 9 ‘Financial Instruments’ addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

Classification and measurement of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest. A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows which represent payments of principal and interest and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure the financial assets at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss impairment model.

IFRS 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments. The Fund’s investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

New standards and amendments to standards that are relevant to the Fund but not yet effective and have not been early adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Financial assets and liabilities at fair value through profit or loss

(i) Classification

The Fund classifies its investments as financial assets or financial liabilities measured at fair value through profit or loss. Financial assets or financial liabilities at fair value through profit and loss are acquired or incurred principally for the purpose of selling or repurchasing in the near term.

Financial assets and financial liabilities at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's investment strategy. The Fund's policy is for the Manager and the Trustee to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information. All the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

(ii) Recognition/derecognition

Regular purchases and sales of investments are recognised on trade date, the date on which the Fund commits to purchase or sell the investment. Investments 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.

(iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred and grouped in the net (losses)/gains on financial assets at fair value through profit or loss in the statement of comprehensive income. Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of investments are presented in the statement of comprehensive income in the year in which they arise.

(iv) Fair value estimation

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. The fair value of financial assets and financial liabilities that are traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the close of trading on the reporting date. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The Fund may from time to time invest in financial instruments that are not traded in an active market. The fair value of such instruments is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Financial assets and liabilities at fair value through profit or loss (Continued)

(v) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Derivative financial instruments

Derivatives are categorised as fair value through profit or loss. Changes in fair value are recognised in the statement of comprehensive income.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Fair value is obtained from quoted market prices in active markets, including recent market transactions, and through the use of valuation techniques, as appropriate. All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Fund currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(e) Amounts due from and due to brokers

Amounts due from and to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the date of the statement of financial position respectively.

(f) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

(g) Income and expenses

Dividend income is recognised on the ex-dividend date with the corresponding foreign withholding taxes recorded as an expense.

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents.

All expenses are accounted for on an accrual basis.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(h) Units

The Fund issues units, which are redeemable at the holder's option and classified as equity.

The net asset value of the Fund is computed daily. Initial subscription of units of the Fund was at an offer price of US\$10 per unit during the initial offer period. The initial offer period ended on 8 June 2007. Prices for subscriptions and redemptions are based on the net asset value at the close of business on the relevant dealing day. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

Proceeds and payments for units issued and redeemed are shown as movements in the statement of changes in equity for the Fund.

(i) Foreign currency translation

(i) Functional and presentation currency

The performance of the Fund is measured and reported to the unitholders in United States dollars ("US\$"). The Trustee and the Manager consider the US\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Fund. The financial statements are presented in US\$, which is the functional and presentation currency of the Fund.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rates prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within net foreign currency loss on cash and cash equivalents. Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within net (losses)/gains on financial assets at fair value through profit or loss.

(j) Related parties

Parties are considered to be related 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 or operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Details of related party transactions are given in Note 10.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

3 Management fee

The Manager is entitled to receive a monthly management fee from the Fund at a rate of 1.8% per annum of the net asset value calculated and accrued on a daily basis.

4 Performance fee

The Manager is entitled to receive a performance fee, payable annually in arrears after the end of the relevant “performance period”, which shall be the end of each period ending on 31 December each year. Any performance fee payable in respect of a performance period shall be paid within 20 days after that performance period.

As at each valuation day, the performance fee accrual is calculated as 15% of the difference between the net asset value per unit of the Fund on a dealing day (net of all other fees and expenses) and the High Water Mark.

The High Water Mark is defined as the higher of the issue price and the highest net asset value per unit as at the end of any previous performance period, adjusted by deducting performance fees and distributions.

When there is a positive performance fee accrual during a period of significant new subscriptions into the Fund, followed by a period of negative performance, all unitholders will participate (in proportion to their unit holdings) in the reduction in the cumulative performance fee accrual, regardless of their actual contribution to the cumulative performance fee accrual. Also, if the net asset value per unit is rising but is still below the High Water Mark, the Manager will not benefit from any performance fee accruals on the relevant units, including units that are newly issued and which only experience positive performance.

If any units are realised or converted to units in another fund on a dealing day during a performance period, the cumulative performance fee accrued during such performance period in respect of those units shall be crystallised and become payable to the Manager.

The performance fee will not be calculated on a unit-by-unit basis, and no equalisation or series of units provisions will apply. As such, the performance fee payable may not reflect the individual performance of the units. The performance fee is accrued on a daily basis, the issue price and realisation price per unit would have reflected an accrual for the performance fee upon the issue and realisation of units during the financial year.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

5 Trustee fee, registrar fee and valuation expenses

(a) Trustee fee

CACEIS Hong Kong Trust Company Limited (2017: CACEIS Hong Kong Trust Company Limited (for the period from 12 May 2017 to 31 December 2017) and HSBC Trustee (Cayman) Limited (for the period from 1 January 2017 to 11 May 2017)), the Trustee, is entitled to receive fees from the Fund for itself and its service provider. The fee is calculated in accordance with the rate agreed between the Fund and the Trustee. The amount of fee charged for the year is shown on the statement of comprehensive income. The fee is paid by the Fund monthly in arrears.

Under the terms of the Explanatory Memorandum, the maximum trustee fee is 1% per annum of the net asset value of the Fund calculated on each valuation day (i.e. on a daily basis), not including the fees of valuation (Note (c) below), registrar (Note (b) below), transaction and other miscellaneous fees.

(b) Registrar's fee

CACEIS Hong Kong Trust Company Limited (2017: CACEIS Hong Kong Trust Company Limited (for the period from 12 May 2017 to 31 December 2017) and HSBC Trustee (Cayman) Limited (for the period from 1 January 2017 to 11 May 2017)), the Registrar, is entitled to receive a registrar's fee. The fee is calculated in accordance with the rate agreed between the Fund and the Registrar. The amount of registrar's fee charged for the year is shown on the statement of comprehensive income.

(c) Valuation expenses

CACEIS Hong Kong Trust Company Limited (2017: CACEIS Hong Kong Trust Company Limited (for the period from 12 May 2017 to 31 December 2017) and HSBC Trustee (Cayman) Limited (for the period from 1 January 2017 to 11 May 2017)), the Trustee, is entitled to receive a valuation expense of US\$50 for each daily valuation. The fee is paid by the Fund monthly in arrears.

6 Financial assets at fair value through profit or loss

	2018 US\$	2017 US\$
<u>Listed/quoted investments</u>		
Equities	19,673,689	26,424,370
	<hr/>	<hr/>
Total fair value of financial assets at fair value through profit or loss	19,673,689	26,424,370
	<hr/> <hr/>	<hr/> <hr/>
Total costs of financial assets at fair value through profit or loss	14,538,553	15,243,068
	<hr/> <hr/>	<hr/> <hr/>

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

7 Other accounts payable and accrued expenses

	2018 US\$	2017 US\$
Performance fee payable	105,966	503,514
Management fee payable	31,281	39,743
Valuation expenses and registrar's fee payable	2,333	2,333
Audit fee payable	3,272	4,749
Others	4,708	5,788
	<u>147,560</u>	<u>556,127</u>

8 Number of units in issue and net assets attributable to unitholders

	2018 Number of units	2017 Number of units
Units at the beginning of the year	2,393,695.60	2,882,431.70
Units subscribed during the year	860,432.90	316,610.89
Units redeemed during the year	(1,217,862.88)	(805,346.99)
Units at the end of the year	<u>2,036,265.62</u>	<u>2,393,695.60</u>
	2018 US\$	2017 US\$
Net assets attributable to unitholders (Note 12)	<u>19,696,822</u>	<u>26,875,197</u>
Net assets attributable to unitholders per unit	<u>9.673</u>	<u>11.227</u>

9 Taxation

(a) Cayman Islands

Under current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Fund. As a result, no provision for income taxes has been made in the financial statements.

(b) Hong Kong

No provision for Hong Kong profits tax has been made for the Fund as it is authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

(c) Vietnam

Transfers of securities (bonds, shares of public joint stock companies, etc.) by a foreign entity are subject to Corporate Income Tax on a deemed basis at 0.1% of the total sales proceeds.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

9 Taxation (Continued)

(d) Withholding tax

The Fund incurs withholding taxes imposed by certain countries on transfer of securities, dividend and interest income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

10 Transactions with the Trustee, the Manager and their related parties/connected persons

The following is a summary of transactions entered into during the year between the Fund, the Manager and its connected persons, and the Trustee and its related parties, in addition to those disclosed elsewhere in the financial statements. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Subscription and redemption of units

There were no subscriptions and redemptions of units of the Fund by the Manager, or directors or other connected persons of the Manager during the years ended 31 December 2018 and 2017.

For the years ended 31 December 2018 and 2017, there was no income accrued to the Manager and its connected persons in relation to subscriptions and redemptions of the units of the Fund.

(b) Management and performance fee

The Manager charged management and performance fee to the Fund. For the calculation methodologies, please refer to Notes 3 and 4 respectively. The fees charged to the Fund for the year are set out below:

	2018 US\$	2017 US\$
Management fee	439,877	439,931
Performance fee	105,966	503,514

For management fee payable and performance fee payable as at 31 December 2018 and 2017 for the Fund, please refer to Note 7 for details.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Transactions with the Trustee, the Manager and their related parties/connected persons (Continued)

(c) Trustee fee, registrar fee and valuation expenses

CACEIS Hong Kong Trust Company Limited (2017: CACEIS Hong Kong Trust Company Limited (for the period from 12 May 2017 to 31 December 2017) and HSBC Trustee (Cayman) Limited (for the period from 1 January 2017 to 11 May 2017)), the Trustee, charged the trustee fee, registrar fee and valuation expenses to the Fund. For the calculation methodologies, please refer to Note 5. The expenses charged to the Fund for the year are set out below:

	2018 US\$	2017 US\$
<u>Trustee fee</u>		
- HSBC Trustee (Cayman) Limited	-	8,690
	<u>-</u>	<u>8,690</u>
	<u>-</u>	<u>8,690</u>
<u>Valuation expenses</u>		
- CACEIS Hong Kong Trust Company Limited	11,800	7,550
- HSBC Trustee (Cayman) Limited	-	3,900
	<u>11,800</u>	<u>11,450</u>
	<u>11,800</u>	<u>11,450</u>
<u>Registrar fee</u>		
- CACEIS Hong Kong Trust Company Limited	25,406	7,740
- HSBC Trustee (Cayman) Limited	-	723
	<u>25,406</u>	<u>8,463</u>
	<u>25,406</u>	<u>8,463</u>

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Transactions with the Trustee, the Manager and their related parties/connected persons (Continued)

(d) Other operating expenses

CACEIS Hong Kong Trust Company Limited (2017: CACEIS Hong Kong Trust Company Limited (for the period from 12 May 2017 to 31 December 2017) and HSBC Trustee (Cayman) Limited (for the period from 1 January 2017 to 11 May 2017)), the Trustee, charged other operating expenses to the Fund. The fees charged to the Fund for the year are set out below:

	2018 US\$	2017 US\$
Global custodian fee		
- CACEIS Hong Kong Trust Company Limited	100,681	59,891
- HSBC Trustee (Cayman) Limited	-	24,002
	<u>100,681</u>	<u>83,893</u>

Global custodian fee relates to fee on safekeeping of investments.

(e) Interest income

During the year ended 31 December 2018, bank interest income received from CACEIS Bank, Luxembourg Branch, a fellow subsidiary of CACEIS Hong Kong Trust Company Limited, amounted to US\$3,664 (2017: CACEIS Bank, Luxembourg Branch and The Hong Kong and Shanghai Banking Corporation amounted to US\$158 in aggregate).

(f) Bank balances

The bank balances maintained by the Fund with CACEIS Bank, Luxembourg Branch as at year end are set out below:

	2018 US\$	2017 US\$
CACEIS Bank, Luxembourg Branch	189,774	380,835
	<u>189,774</u>	<u>380,835</u>

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management

(a) Strategy in using financial instruments

The Fund seeks to provide investors with long-term capital growth by investing directly or indirectly in a diversified portfolio of securities including equities and financial instruments linked to equities of listed companies with actual or prospective business operations in Vietnam in order to provide economic exposure to the Vietnamese market. The Fund intends to invest mainly in listed companies with existing operations, assets or investments in Vietnam and those Vietnam related companies which have publicly announced or made public their plans to expand and/or acquire similar or complimentary operations in Vietnam, with earnings enhancement potentials.

The Fund is exposed to market price risk, interest rate risk, credit and counterparty risk, liquidity risk and currency risk. The risks and the respective risk management policies employed by the Manager to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Fund's investment activities expose the Fund to various types of market risks which are associated with the markets in which it invests. The Fund's equity securities are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Fund's market risk is managed through (i) securities selection and (ii) diversification of the investment portfolio.

In the management of the portfolio of the Fund, the Manager expects to perform fundamental analysis of listed companies in the relevant investment universe using the following factors:

- (a) Management quality: Assessment made on corporate governance track record, long-term management strategy, market focus and adaptability to changes in the economic and political environment;
- (b) Balance sheet: Working capital, long-term ratio, earnings volatility, free cash flow, net debt ratio and inventory and account receivables are considered;
- (c) Operational efficiency: Profit margins, return on equity and financial and tax burdens are key areas of focus;
- (d) Industry prospects: Long-term specific sensitivity analyses, the impacts of deregulation and any new technological advancement are evaluated; and
- (e) Growth analyses: Volume/capacity expansion, pricing power, merger and acquisition activity, new product pipeline, cost control measures and Earnings Per Share.

The Manager expects to monitor market price risk on a daily basis, supplemented with regular investment meetings. Country analyses, macro-economic outlook and market valuations are used to establish the investment strategy for the Fund.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management (Continued)

(b) Market price risk (Continued)

In addition, on a monthly basis, the Manager will verify the sources of risks in the Fund identified through performance and risk attribution systems and check that there is no anomaly with the intended investment process as disclosed in the Explanatory Memorandum.

Net market exposures

The table below shows the net market exposures of the Fund to various markets, incorporating the underlying market risks through all financial assets and liabilities held by the Fund.

	2018 US\$	2017 US\$
South Korea	-	162,784
Vietnam	19,673,689	26,261,586
	<u>19,673,689</u>	<u>26,424,370</u>

There are no individual investments with market value exceeding 10% of the net asset value of the Fund as at 31 December 2018 and 2017.

The table below summarises the impact on the Fund’s net assets attributable to unitholders as a result of increases/decreases of the key indices to which the Fund is exposed. The analysis is based on the assumption that the indices had increased/decreased by the respective percentages with all other variables held constant and that the fair values of the Fund’s investments moved according to the historical correlation with the indices.

	2018		2017	
	Change in market index % (+/-)	Impact (+/-)	Change in market index % (+/-)	Impact (+/-)
100% Ho Chi Minh Stock Index ¹	18.67	US\$3.7million	10.95	US\$2.9million

The Manager has used its judgment of what would be a “reasonable shift” in each key market in order to estimate the percentage change used in the market sensitivity analysis above with reference to historical information.

¹ The Fund is managed on an absolute return basis and hence has no official benchmark. For the purpose of complying with the disclosure requirements for market price risk under IFRS 7, ‘Financial instruments: disclosures’, the reference market index comprised of 100% Ho Chi Minh Stock Index which is used for presenting the sensitivity analysis above.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund is not subject to significant risk due to fluctuations in the prevailing levels of market interest rates as:

- (a) The majority of the financial assets and liabilities held by the Fund are non-interest bearing as the Fund invests mainly in listed equities;
- (b) Bank deposits and bank balances held by the Fund are exposed to interest rate risk which is considered by the Manager to be minimal as they are short-term in nature and represent mainly the residual balances from trade settlement arising from the management of the Fund.

(d) Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty or guarantor will be unable or unwilling to pay amounts in full when they fall due.

All transactions in listed equities are arranged under a delivery versus payment process using pre-approved and reputable brokers. The risk of default is considered minimal since the delivery of securities sold is only made when the broker has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. In addition, brokers are pre-approved by an internal risk committee after completion of a due diligence exercise which takes into account, amongst various factors, the brokers' financial strength or credit ratings and whether they are regulated by recognised stock exchanges which impose minimum financial terms and conditions.

The Manager aims at limiting the Fund's exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers and banks with high credit ratings and through regulated exchanges that the Manager considers to be well-established.

In instances where brokers are not on the list of pre-approved brokers, specifically in the case of a public offering or private placement, prior written approval is required.

The investments and exposures of the Fund have to follow the relevant provisions regulating single issuer limits, usually set at 10%. Not more than 10% of the Fund's total net asset value may consist of securities issued by a single issuer. In addition, the value of the Fund's holding of securities that are not listed or quoted on an exchange may not exceed 15% of its total net asset value. A monitoring process is in place to ensure adherence to these mentioned limits.

The Fund's financial assets and liabilities which are potentially subject to concentrations of credit and counterparty risk consist principally of bank deposits and assets held with the custodian.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

The table below summarises the net assets placed with banks and custodians:

	Amount US\$	Credit rating	Source of credit rating
As at 31 December 2018			
<u>Custodian</u>			
CACEIS Bank, Luxembourg Branch	19,673,689	A+	Standard & Poor's
<u>Bank</u>			
CACEIS Bank, Luxembourg Branch	189,774	A+	Standard & Poor's
As at 31 December 2017			
<u>Custodian</u>			
CACEIS Bank, Luxembourg Branch	26,424,370	A	Standard & Poor's
<u>Bank</u>			
CACEIS Bank, Luxembourg Branch	380,835	A	Standard & Poor's

Vietnamese regulatory requirements prescribe that only one local broker can be used. In view of this regulatory requirement, it is the policy of the Manager to check that enhanced due diligence has been performed before the broker is selected. Factors such as financial strength and shareholders of the broker are considered and reference is taken from local custodian.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in settling a liability, including a redemption request, or selling a financial asset quickly at close to its fair value.

The Fund is exposed to daily cash redemptions of units. To mitigate liquidity risk, the Fund invests the majority of its assets in investments that are traded in active markets and which can be readily disposed.

With a view to protecting the interests of unitholders, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of units in the Fund redeemed on any dealing day to 10% of the total number of units of the Fund in issue. In addition, the Manager may suspend the right of the unitholders to require the redemption of units and/or delay the payments of any monies in respect of any such redemption during any period in which the determination of the net asset value of the Fund is suspended pursuant to Clause 3.3 of the Trust Deed.

The Fund may be leveraged by borrowing up to 25% of the latest available net asset value of the Fund as at the time of the borrowing should the Manager consider this necessary but only on a temporary basis for the purpose of meeting realisation requests or other expenses. Interest expense, if any, is shown in the statement of comprehensive income.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 month US\$	1 to 3 months US\$	Over 3 months US\$	Total US\$
As at 31 December 2018				
Amounts due to unitholders	35,562	-	-	35,562
Other accounts payable and accrued expenses	147,560	-	-	147,560
	<u>183,122</u>	<u>-</u>	<u>-</u>	<u>183,122</u>
As at 31 December 2017				
Amounts due to brokers	1,118,598	-	-	1,118,598
Amounts due to unitholders	579,737	-	-	579,737
Other accounts payable and accrued expenses	551,378	-	4,749	556,127
	<u>2,249,713</u>	<u>-</u>	<u>4,749</u>	<u>2,254,462</u>

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management (Continued)

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund holds assets and liabilities which are denominated in currencies other than United States dollar, the functional currency of the Fund. The Fund is therefore exposed to currency risk as the values of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarises the Fund's net exposure to different currencies:

	2018		2017	
	US\$ Monetary	US\$ Non- Monetary	US\$ Monetary	US\$ Non- Monetary
Korean Won	-	-	-	162,784
Vietnam Dong	176,964	19,673,689	873,325	26,261,586

The table below summarises the impact on net assets attributable to unitholders as a result of increases/decreases of key exchange rates to the exposures detailed above for the Fund. The analysis is based on the assumption that the exchange rates had increased/decreased by the respective percentages with all other variables held constant.

	2018			2017		
	Change +/- %	Impact +/- US\$ Monetary	Impact +/- US\$ Non - Monetary	Change +/- %	Impact +/- US\$ Monetary	Impact +/- US\$ Non - Monetary
Korean Won	-	-	-	1.15	-	1,872
Vietnam Dong	2.06	3,645	405,278	0.27	2,358	70,906

(g) Fair value estimation

In accordance with IFRS 13, the Fund utilises the last traded market prices to value the financial assets. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management (Continued)

(g) Fair value estimation (Continued)

The Fund has classified its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the assets or liabilities.

The determination of what constitutes 'observable' requires significant judgment by the Trustee and the Manager. The Trustee and the Manager of the Fund consider observable data to be such market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below analyses the financial assets measured at fair value of the Fund as at 31 December 2018 and 2017.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 31 December 2018				
Assets				
Financial assets at fair value through profit or loss:				
- Equities	19,673,689	-	-	19,673,689
	<u>19,673,689</u>	<u>-</u>	<u>-</u>	<u>19,673,689</u>
As at 31 December 2017				
Assets				
Financial assets at fair value through profit or loss:				
- Equities	26,424,370	-	-	26,424,370
	<u>26,424,370</u>	<u>-</u>	<u>-</u>	<u>26,424,370</u>

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Financial instruments whose values are based on quoted market prices in active markets are classified within Level 1. The Fund does not adjust the quoted price for these instruments.

There were no Level 2 or Level 3 financial instruments held by the Fund as at 31 December 2018 and 2017.

There were no transfers between levels in the Fund for the years ended 31 December 2018 and 2017.

As at 31 December 2018 and 2017, the Fund invested in equities listed on the Vietnam stock exchange. Due to limited access of this emerging market, the equities are not traded as actively as equities listed on other stock exchanges. However, the Manager considers that there is no liquidity concern for this Fund as it has no issue with paying the redemption proceeds to unitholders on a timely basis.

The assets and liabilities included in the statement of financial position, other than financial assets at fair value through profit or loss are carried at amortised cost; their carrying amounts are a reasonable approximation of fair value.

AMUNDI VIETNAM OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS

12 Net assets attributable to unitholders

The net assets attributable to unitholders of the Fund represent equity in the statement of financial position.

In accordance with the provisions of the Fund's constitutive documents, investment positions are valued based on the last traded market prices for the purpose of determining the net asset value per unit for subscriptions and redemptions.

Capital management

The Fund's capital is represented by the units in the Fund and shown as net assets attributable to unitholders in the statement of financial position. Subscriptions and redemptions of units for the Fund for the years ended 31 December 2018 and 2017 are shown in the statement of changes in equity for the Fund.

In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in Note 11(a), whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

AMUNDI VIETNAM OPPORTUNITIES FUND

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2018**

	Holdings	Fair value US\$	% of net assets
Listed/quoted investments			
Equities (99.88%)			
Vietnam (99.88%)			
AIRPORTS CORP OF VIET NAM	265,100	1,028,628	5.22
BAOVIET HOLDINGS	98,240	376,951	1.91
COTECCONS CONSTRUCTION JSC	140,580	969,728	4.92
FPT CORP	695,439	1,265,254	6.42
GEMADEPT CORP	170,000	191,658	0.97
HOA BINH CONSTRUCTION GROUP JSC	368,734	275,816	1.40
HOA PHAT GROUP JSC	1,146,663	1,530,040	7.77
HO CHI MINH CITY DEVELOPMENT JOINT STOCK COMMERCIAL BANK	253,600	331,282	1.68
HO CHI MINH CITY INFRASTRUCTURE INVESTMENT JSC	389,000	441,074	2.24
JOINT STOCK COMMERCIAL BANK FOR FOREIGN TRADE OF VIET NAM	681,873	1,572,764	7.98
JOINT STOCK COMMERCIAL BANK FOR INVESTMENT AND DEVELOPMENT OF VIETNAM	796,430	1,181,170	6.00
MASAN GROUP CORP	409,690	1,368,874	6.95
MILITARY COMMERCIAL JOINT STOCK BANK	1,819,093	1,525,389	7.74
SAIGON BEER ALCOHOL BEVERAGE CORP	58,820	678,352	3.44
SAIGON SECURITIES CO	231,400	265,868	1.35
TASECO AIR SERVICES JSC	81,000	241,656	1.23
TIEN PHONG PLASTIC JCS	220,551	385,097	1.96
TRAPHACO JSC	81,590	246,230	1.25
VIETNAM DAIRY PRODUCTS JSC	317,798	1,644,139	8.35
VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE	1,026,740	854,327	4.34
VINCOM RETAIL JS	538,032	647,170	3.29
VINGROUP JSC	434,343	1,784,563	9.06
VINHOMES JSC	274,187	867,659	4.41
		<u>19,673,689</u>	<u>99.88</u>
Total listed/quoted equities investments		<u>19,673,689</u>	<u>99.88</u>
Total investments		<u>19,673,689</u>	<u>99.88</u>
Other net assets		<u>23,133</u>	<u>0.12</u>
Net assets attributable to unitholders as at 31 December 2018		<u><u>19,696,822</u></u>	<u><u>100.00</u></u>
Total investments, at cost		<u><u>14,538,553</u></u>	

AMUNDI VIETNAM OPPORTUNITIES FUND

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Percentage of net assets at 31 December 2018 %	Percentage of net assets at 31 December 2017 %
Listed/quoted investments		
Equities		
Korea (South Korea)	-	0.61
Vietnam	99.88	97.71
Total listed/quoted investments	<u>99.88</u>	<u>98.32</u>
Other net assets	0.12	1.68
Net assets attributable to unitholders	<u><u>100.00</u></u>	<u><u>100.00</u></u>

AMUNDI VIETNAM OPPORTUNITIES FUND**PERFORMANCE TABLE (UNAUDITED)
AS AT 31 DECEMBER 2018****Net asset value**

Year	Total net asset value US\$	Net asset value per unit US\$
31 December 2018	19,696,822	9.673
31 December 2017	26,875,197	11.227
31 December 2016	23,771,794	8.247

Performance record

Financial year	Highest issue price per unit US\$	Lowest redemption price per unit US\$
2018	13.144	9.661
2017	11.228	8.305
2016	9.032	6.185
2015	7.679	6.273
2014	8.450	6.596
2013	6.833	5.754
2012	5.996	4.460
2011	6.025	4.437
2010	6.562	5.258
2009	7.505	3.270