

## **DC DEVELOPING MARKETS STRATEGIES PLC**

An investment company with variable capital constituted as an umbrella fund with segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended (collectively, the “Regulations”).

### **SEMI-ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

## DC Developing Markets Strategies plc

### Table of Contents

	<b>Page</b>
General Information	3
Investment Manager's Report	5
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Schedule of Investments	27
Significant Purchases and Sales	29

## DC Developing Markets Strategies plc

### General Information

**Directors:**

Rachel Nancy Hill (British – Non-Independent)  
Maire O’Connor (Irish – Independent)  
Bronwyn Wright (Irish – Independent)

**Administrator, Registrar and Transfer Agent:**

SEI Investments Global Fund Services Limited  
Styne House  
Upper Hatch Street  
Dublin 2  
Ireland

**Independent Auditor:**

KPMG  
Chartered Accountants and Statutory Audit Firm  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

**Investment Manager:**

Dragon Capital Management (HK) Limited  
Unit 2406, 24/F  
9 Queen's Road Central  
Hong Kong

**Depository:**

SEI Investments – Depository and Custodial Services  
(Ireland) Limited  
Styne House  
Upper Hatch Street  
Dublin 2  
Ireland

**Legal Advisers as to Irish Law:**

McCann Fitzgerald  
Riverside One  
Sir John Rogerson’s Quay  
Dublin 2  
Ireland

**Secretary and Registered Office:**

KB Associates  
Ground Floor  
5 George’s Dock  
IFSC  
Dublin 1  
Ireland

## DC Developing Markets Strategies plc

### General Information (continued)

**Representative and Paying Agent in Switzerland:**

**Representative in Switzerland<sup>1</sup>**

Oligo Swiss Fund Services SA  
Avenue Villamont 17  
1005 Lausanne  
Switzerland

**Paying Agent in Switzerland**

Helvetische Bank AG  
Seefeldsstrasse 215  
8008 Zurich  
Switzerland

**Place where prospectus, constitution as well as semi- annual and annual reports can be obtained free of charge:**

Dragon Capital Management (HK) Limited  
Unit 2406, 24/F  
9 Queen's Road Central  
Hong Kong

**Registered Number:** 528310

<sup>1</sup>Shareholders may obtain the prospectus, the key investor information document, the latest annual and semi-annual reports, the changes in the composition of the portfolio during the reporting period, the statement of purchases and sales, and copies of the Memorandum and Articles of Association free of charge from the registered office of the Company or the local representatives in the countries where the Company is registered and in Switzerland at the office of the Representative at Oligo Swiss Fund Services SA, Avenue Villamont 17, 1005 Lausanne, Switzerland. The issue and the redemption prices of the shares of each sub-fund of the Company will be published daily on the electronic platform [www.fundinfo.com](http://www.fundinfo.com) and [www.dragoncapital.com/vef/](http://www.dragoncapital.com/vef/).

The annual and semi-annual reports and financial statements (the "Report and Accounts") may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Report and Accounts. To the extent that there is any inconsistency between the English language Report and Accounts and the Report and Accounts in another language, the English language Report and Accounts will prevail, except to the extent (and only to the extent) that it is required by law of any jurisdiction where the shares are sold, that in an action based upon disclosure in a Report and Accounts in a language other than English, the language of the Report and Accounts on which such action is based shall prevail. Any disputes as to the terms of the Report and Accounts, regardless of the language of the Report and Accounts, shall be governed by and construed in accordance with the laws of Ireland.

### Investment Manager's Report 31 December 2020

#### A. MACRO ECONOMY

In 2020 Vietnam overcame the pandemic and may have posted the highest GDP growth rate in the world at +2.9%. With virus containment, the domestic economy was able to keep ticking over at a certain minimum level of growth, and meanwhile, exports didn't contract but just expanded less, which further helped the macro situation. After bottoming in 2Q20, GDP steadily accelerated and in 4Q clocked +4.5% – momentum that augurs well for 2021.

Trade was the star of Vietnam's show in 2020. Supply-chain shifts continued and FDI kept rolling in – a 2% decline was, under the circumstances, stellar. There is no evidence that flows will slacken. New names are coming in all the time (Pegatron, Apple, Nintendo) and old ones are investing more (Techtronic, Samsung, LG, Foxconn). This has enabled Vietnam to bring new higher-end products on stream, particularly in tech and machine equipment. At the same time, it has been taking market share from pandemic-stricken competitors in traditional lower-end products like agriculture and textiles. On the back of this, exports rose 6.5% to \$281bn in 2020. This was certainly a drop from previous years but it is remarkable that the number didn't fall into negative territory. Meanwhile imports rose even less, by 3.7%, to \$262bn. The result was a \$19.1bn trade surplus, equal to 5.6% of GDP.

Vietnam may actually have been a bit too successful on the trade front, since the surplus with the US ran up 7.7% to \$63bn. The Americans, having warned Vietnam back in May 2019 by putting it on a currency-manipulation watchlist, followed through and declared it an actual manipulator in December. Rumors began to circulate of pre-emptive tariffs being imposed as a last-minute action by the Trump administration, flouting the Section 301 process. However, US industry pushed back hard in public hearings and nothing has yet materialized. Meanwhile, in a gesture to the US, the SBV has stopped purchasing USD at spot rates and has allowed the dong to appreciate by 0.44%. Buying some American goods might lower the temperature more.

The Government has unleashed major monetary stimulus, cutting lending rates by 1.5-2.0%, and putting 6mo depo rates at 3.4%. It may do more. It is also cranking up fiscal stimulus via infrastructure spending – itself long overdue, to sustain high GDP growth. These policies can be run for a while as inflation, ending the year at +3.2%, seems likely to stay around that level well into 2022. Meanwhile vaccines are coming (Vietnam has secured 30m AZ doses) and the Government has plans to resume commercial flights in 2H21. We project GDP at +7% in 2021.

#### B. STOCK MARKET

Despite Vietnam being labelled as a currency manipulator by the US Treasury, the VN Index sustained its robust momentum, rising 10.6% (\$STR) in December, for a fifth straight monthly gain. The rally was driven by investors' rising confidence in economic recovery amidst all-time low interest rates and the start of vaccine roll-out in many parts of the world. The year-end VNI close of 1,104 was the highest since April 2018 and put the benchmark at +17.4% for 2020.

The impressive thing about the market in December was how liquidity kept expanding: the average daily traded value for the three exchanges leapt 50% mom to a new record of \$654m. Towards year-end some days were close to \$800m, which caused the system to crash. This was temporarily resolved by consolidating board lots from 10 to 100 – and, more importantly, by accelerating the timetable to bring the new trading system on stream. Activity was driven almost entirely by retail investors, who opened a record 63,021 new accounts during the month, up 54% from November. Brokerage stocks tellingly saw the market's best gains in December (SSI +72%, VND +64%) as they are now expected to deliver stellar 4Q results.

Meanwhile, foreign investors were net sellers again. This was due to four or five block trades rather than daily flow, but it repeated the year-long pattern of foreigners pulling back while locals stepped up to buy. Foreigners withdrew a net \$813m in 2020, or \$1,463m when the big Vinhomes trade is excluded. In previous years they accounted for 15% of trading value, but this figure dropped to just 11% in 2020 and only 7% in December.

## DC Developing Markets Strategies plc

### Investment Manager's Report 31 December 2020

#### B. STOCK MARKET (continued)

The relentless local bullishness has sparked concern about an overstretched market like the one that collapsed in April 2018 and then flatlined for nearly two years (and was then knocked back again by COVID-19). But there are many differences this time. The market is now expanding organically – precisely without foreigners driving it up on wall-of-money action as in 4Q17-1Q18. Domestic liquidity is more abundant due to low interest rates, which also support equities as the best investment opportunity. Trading is being modernized with new systems and products. Retail investors have become more sophisticated and knowledgeable and remember the 1Q18 melt-down as a cautionary tale. Another downside buffer is valuation – Vietnam remains well below regional peers, with a lower multiple and superior earnings growth. The latter should be confirmed with a robust 4Q earnings season, led by private-sector banks whose net profits may rise ca +50%.

#### C. FUND PERFORMANCE

Total return in USD	3MO	6MO	1YR	2YR	3YR	Since Inception 30 September 2013
VEF-A	22.92	38.80	16.08	15.98	12.00	158.46
FTSE Vietnam	24.22	34.34	18.72	27.18	13.55	70.51

Total return in EUR	3MO	6MO	1YR	2YR	3YR	Since Inception 04 July 2018
VEF-B	17.30	27.00	9.22	8.19	N/A	16.48
FTSE Vietnam (TR EUR)	19.11	23.55	12.13	19.03	N/A	15.42

*Disclaimer: Past performance is not indication of current or future performance, and the performance data do not take account of the commissions and costs incurred on the issue and redemptions of shares.*

After a rocky 1H20, VEF beat the FTSE Vietnam Index handily in the second half of the year. The Fund rose 38.8% from the low base while the Index advanced 34.34%.

The best performing stock in the Fund was Hoa Phat Group (HPG), which is the largest as well as the only fully-integrated steel company in Vietnam. Full ramp-up of the new factory in Dung Quat resolved the company's capacity constraint of 2017–19, helped revenue grow more than 50% in 2020, and positioned HPG for a 3-year market consolidation.. The company reported 57% growth in net profit for the first three quarters of 2020 while the 4Q result is expected to be even more impressive thanks to a better product mix. The 2020 full-year net profit is forecast to increase more than 70% over 2019. As a result of these positive developments, the stock rose 89.1% in 2H20.

The Fund's heavy weighting in the banking sector also paid off. In 1H20, the main strategic change in the Fund was to significantly increase its holdings in the banking sector through MB Bank (MBB) and Vietinbank (CTG) as those banks were trading at historically low valuations while their asset quality showed signs of improvement. As a result of the Vietnamese Government's quick and effective response to COVID-19, most businesses have returned to normal, which reduced bad debt risks for the banking sector. At the same time, the banks are benefitting from low interest rates as funding cost drops faster than lending rates. Finally, as bancassurance is pushed hard by foreign insurance companies that want to expand quickly in Vietnam, banks earn a good additional fee income. MBB and CTG soared more than 60% while the Fund's bank holdings as a whole gained 46% in 2H20.

Retailing stocks, namely Mobile World Group (MWG) and Phu Nhuan Jewelry (PNJ), also rebounded strongly after struggling during the social distancing period. We think that was only a short-term difficulty for the two companies but a long-term opportunity to take market share from smaller players who were failing. The two stocks gained 49.6% and 42.4% respectively.

Looking forward to 2021, we see Vietnam having an opportunity to leapfrog both in the real economy and the stock market if the Government can successfully execute its infrastructure investment plan. That should help the country to grow robustly and sustainably over the next decade.

## DC Developing Markets Strategies plc

### Statement of Financial Position

<b>Vietnam Equity (UCITS) Fund</b>			
	<b>Notes</b>	<b>As at 31 December 2020 US\$</b>	<b>As at 30 June 2020 US\$</b>
<b><u>Assets</u></b>			
<i>Financial assets at fair value through profit or loss:</i>			
- Transferable securities	2,12	118,910,226	86,466,995
Cash and cash equivalents	2	5,009,210	3,807,328
Receivable for investments sold		107,531	522,268
Other assets and receivables	6	94,001	80,444
<b>Total assets</b>		<b>124,120,968</b>	<b>90,877,035</b>
<b><u>Liabilities</u></b>			
Redemption payable		-	(2,477,492)
Payable for investment purchased		(480,560)	-
Other liabilities and accrued expenses	7	(524,079)	(533,068)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(1,004,639)</b>	<b>(3,010,560)</b>
<b><u>Net assets attributable to holders of redeemable participating shares</u></b>		<b>123,116,329</b>	<b>87,866,475</b>
		<b>30 December 2020</b>	<b>30 June 2020</b>
Redeemable participating shares outstanding at the end of the financial period	4		<b>30 December 2019</b>
Class A		3,477,362	3,941,338
Class B		23,201	14,504
Net Asset Value per redeemable participating share			
Class A		\$25.85	\$22.27
Class B		€1,164.76	€1,100.32

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

## DC Developing Markets Strategies plc

### Statement of Comprehensive Income

		Vietnam Equity (UCITS) Fund	
	Notes	For the six months ended 31 December 2020 US\$	For the six months ended 31 December 2019 US\$
<b>Income</b>			
Net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss and foreign exchange		34,867,080	(671,901)
Dividend income	2	1,452,695	965,244
Other income	2	8,811	26,443
<b>Total net income</b>		<b>36,328,586</b>	<b>319,786</b>
<b>Expenses</b>			
	4,8	<b>(1,253,195)</b>	<b>(1,374,863)</b>
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares before tax</b>		<b>35,075,391</b>	<b>(1,055,077)</b>
Withholding tax		-	-
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>35,075,391</b>	<b>(1,055,077)</b>

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

## DC Developing Markets Strategies plc

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

	Vietnam Equity (UCITS) Fund	
	For the six months ended 31 December 2020 US\$	For the six months ended 31 December 2019 US\$
Net assets attributable to holders of redeemable participating shares at start of the financial period	87,866,475	97,225,168
Shares issued	20,232,939	21,754,303
Shares redeemed	(20,058,476)	(12,288,821)
<b>Net increase in net assets from share transactions</b>	<b>174,463</b>	<b>9,465,482</b>
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	35,075,391	(1,055,077)
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial period</b>	<b>123,116,329</b>	<b>105,635,573</b>

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

## DC Developing Markets Strategies plc

### Statement of Cash Flows

	<b>Vietnam Equity (UCITS) Fund</b>	
	<b>For the six months ended 31 December 2020</b>	<b>For the six months ended 31 December 2019</b>
	US\$	US\$
<b>Cash flows from operating activities</b>		
Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations	35,075,391	(1,055,077)
Net increase in financial assets at fair value through profit or loss	(31,547,934)	(5,224,088)
Net increase in other assets and receivables	(13,557)	(434,330)
Net (decrease)/increase in other liabilities and accrued expenses	(8,989)	442,317
<b>Net cash outflow from operating activities</b>	<b>(31,570,480)</b>	<b>(5,216,101)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable shares	17,755,447	21,754,303
Payments for redeemable shares redeemed	(20,058,476)	(12,288,821)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(2,303,029)</b>	<b>9,465,482</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,201,882</b>	<b>3,194,304</b>
<b>Reconciliation of cash movement during the financial period</b>		
Net cash and cash equivalents at the beginning of the financial period	3,807,328	8,999,950
<b>Net cash and cash equivalents at the end of the financial period</b>	<b>5,009,210</b>	<b>12,194,254</b>
<b>Supplemental information</b>		
Interest received	-	3,544
Dividends received	1,428,882	965,244

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

## DC Developing Markets Strategies plc

### Notes to the Financial Statements For the six months ended 31 December 2020

#### 1. General Information

DC Developing Markets Strategies plc (the “Company”) is an open-ended umbrella investment company with variable capital organised under the laws of Ireland as a public limited company authorised in Ireland by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended (collectively, the “Regulations”). It was incorporated on 30 May 2013 with registration number 528310.

The Company has one sub-fund in existence, Vietnam Equity (UCITS) Fund (“the sub-fund”) which commenced operations on 30 September 2013. The investment objective of the sub-fund is as follows:

#### Vietnam Equity (UCITS) Fund

The investment objective of the sub-fund is to seek medium to long-term capital appreciation of its assets. The sub-fund seeks to achieve its objective by investing in a portfolio of primarily equity securities, but also in debt securities, of companies operating in Vietnam or with significant exposure to Vietnam. In respect of the companies in which the sub-fund will invest, these companies may have any market capitalisation and operate in any industry. The Investment Manager will invest in securities which are, in its opinion, undervalued or fairly valued but which have good growth potential. In respect of the debt securities in which the sub-fund will invest, these may be fixed or floating rate and may have any credit rating or may be unrated. The securities comprising the portfolio will be traded on the Stock Trading Center of Vietnam in Ho Chi Minh City, the Hanoi Stock Exchange or on another Recognised Market.

The sub-fund may also hold cash or other short term investments such as commercial paper or certificates of deposit. Under normal market conditions, it is not expected that the sub-fund will be invested substantially in cash or other short-term investments. However, where the Investment Manager considers it prudent to do so (for example when the Investment Manager is unable to identify suitable investment opportunities or in times of falling markets or market volatility), the sub-fund may hold more cash or other short term investments than other assets.

#### 2. Significant Accounting Policies

##### Basis of Preparation

##### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and the Regulations.

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including financial derivative instruments) at fair value through profit or loss.

These financial statements are presented in US\$, which is the Company’s functional currency.

**Notes to the Financial Statements (continued)**  
**For the six months ended 31 December 2020**

**2. Significant Accounting Policies (continued)**

**New accounting standards effective for the financial period beginning 1 July 2020**

There are no new standards and interpretations that are effective for the financial period beginning 1 July 2020 that have a significant impact on the Company.

**New standards and interpretations issued but not effective for the financial period beginning 1 July 2020 and not early adopted**

There are no new standards and interpretations issued but not effective for the financial period beginning 1 July 2020 that are expected to have a significant impact on the Company.

**Financial assets and liabilities**

**(i) Classification and measurement**

Under IFRS 9, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

In assessing the objective of the business model in which a financial asset is held the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining an interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash flows or realising cash flows through the sale of the assets;
- how the performance of the entity is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Investment Manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Based on the above evaluation, the Company’s investments are classified at FVTPL. All other financial assets are classified as being measured at amortised cost. The Company’s financial liabilities are classified at amortised cost.

**(ii) Recognition and derecognition**

Regular purchases and sales of investments are recognised on the trade date, the date on which the Company committed to purchase or sell the investment. Other financial assets and financial liabilities are recognised on the day on which they are originated.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or the Company has transferred substantially all risks and rewards of ownership. Realised gains and losses are presented in the Statement of Comprehensive Income as net gain or loss on financial assets and financial liabilities at fair value through profit or loss.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged.

**(iii) Initial and subsequent measurement**

Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised directly in the Statement of Comprehensive Income. Financial assets and liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. From the trade date, any gains or losses arising from changes in fair value of the financial assets or financial liabilities are recorded in the Statement of Comprehensive Income.

Realised gains and losses on disposals of financial instruments are calculated using the Weighted Average method.

**Notes to the Financial Statements (continued)**  
**For the six months ended 31 December 2020**

**2. Significant Accounting Policies (continued)**

**Financial assets and liabilities (continued)**

**(iv) Fair value measurement**

‘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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Company measures instruments quoted in an active market at the last traded price.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

**(v) Impairment**

In accordance with IFRS 9, the Company applies the ‘expected credit loss’ (“ECL”) model when determining if financial assets are subject to impairment. This impairment model applies to financial assets measured at amortised cost and an assessment is required to determine if an ECL is required. The Company has determined that the application of IFRS 9’s impairment requirements results in no ECL impairment as the cash and cash equivalents, receivable for investments sold, other receivables and other payables are short-term in nature.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

**Foreign currency translation**

**Functional and presentation currency**

**Determination of functional currency**

Functional currency is the currency of the primary economic environment in which the Company operates. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Management have determined that the functional currency of the Company and the sub-fund is USD (“US\$”). Investor subscriptions and redemptions are received and paid in the currency of the relevant share class which is mostly US\$.

**Transactions and balances**

Foreign currency transactions which occur 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 reporting currency using the exchange rate prevailing at the period end 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 and financial assets and financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income within net gain/(loss) on financial assets and financial liabilities at fair value through profit or loss and foreign exchange.

<p><b>Notes to the Financial Statements (continued)</b> <b>For the six months ended 31 December 2020</b></p>
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**2. Significant Accounting Policies (continued)**

**Financial assets and liabilities (continued)**

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts.

**Expenses**

Expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

**Income**

Dividend income is recognised in the Statement of Comprehensive Income on the date the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date when shareholders have approved the payment of a dividend.

Bank interest income is recognised in the Statement of Comprehensive Income using the effective interest rate and included within other income.

**Redeemable participating shares**

Redeemable participating shares for each share class are redeemable at the holder's option. Such shares are classified as financial liabilities. Redeemable participating shares can be put back to the Company at any time for cash equal to a proportionate share of the NAV attributable to the share class. The redeemable participating shares are carried at the redemption amount that is payable at the Statement of Financial Position date if the holder exercises the right to put the share back to the Company. Redeemable participating shares are issued and redeemed at the holder's option at prices based on the NAV per share at the time of issue or redemption.

NAV per share is calculated by dividing the net assets attributable to the holders of each share class of redeemable participating shares with the total number of outstanding redeemable shares for each respective share class. In accordance with the provisions of the Company's Prospectus, investment positions are valued based on the last traded market price for the purpose of determining the NAV per share for subscriptions and redemptions.

**Transactions costs**

Transaction costs are defined as the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on purchases and sales of equities and custody transaction costs are separately identifiable transaction costs and the total costs incurred by the sub-fund during the financial period are disclosed in Note 3.

**Estimates and judgments**

In preparing these financial statements, the Company has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**Gains and Losses**

Net gains and losses from financial instruments at fair value through profit or loss and foreign exchange includes all realised gains and losses and unrealised gains and losses from fair value changes and foreign exchange differences.

## DC Developing Markets Strategies plc

### Notes to the Financial Statements (continued) For the six months ended 31 December 2020

#### 3. Taxation

The Company is an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997. The Company will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a "Relevant Period". A "Relevant Period" is defined as an eight year period beginning with the acquisition of the shares by the shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period.

A gain on a chargeable event does not arise in respect of:

- (i) a shareholder who is not Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company; or
- (ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations; or
- (iii) any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- (iv) an exchange of shares representing one sub-fund for another sub-fund of the Company; or
- (v) an exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another collective investment undertaking; or
- (vi) certain exchanges of shares between spouses and former spouses.

In the absence of an appropriate declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event.

There were no chargeable events during the period under review.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

#### 4. Expenses

The following table is an analysis of expenses for the financial periods ended 31 December 2020 and 31 December 2019:

	Vietnam Equity (UCITS) Fund	
	2020 US\$	2019 US\$
<b>Expenses</b>		
Investment Management fees (net)	849,489	875,754
Transaction costs	172,866	144,162
Administration fees	64,694	52,028
Depositary fees	(46,092)	117,032
Directors fees	29,714	28,355
Audit fees	14,595	12,255
Other expenses	167,929	145,277
<b>Total expenses</b>	<b>1,253,195</b>	<b>1,374,863</b>

**Notes to the Financial Statements (continued)  
For the six months ended 31 December 2020**

**5. Share Capital**

The maximum authorised share capital of the Company is 100,000,000,000 shares of no par value and 500,000 subscriber shares of US\$1 each. The subscriber shares do not entitle the holders to any dividend and on a winding up entitle the holder to receive the amount paid up thereon but not otherwise to participate in the assets of the Company. Two share classes were in issue at 31 December 2020 (30 June 2020: Two) namely, Class A shares and Class B shares (together, the “Shares”).

Each of the Shares entitles the holder to attend and vote at meetings of the Company. No Class of Shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other Class of Shares or any voting rights in relation to matters relating solely to any other Class of Shares. Any resolution to alter the rights of the Shares requires the approval of three quarters of the holders of the Shares (or where relevant, the particular Class thereof) in writing or else represented or present and voting at a general meeting duly convened in accordance with the Articles of Association.

Shares will be offered on each Subscription Date (Subscription Dealing Deadline: 2:00 pm Dublin time) at an issue price per Share equal to the net asset value per Share at the relevant Valuation Point, together with any duties and charges and any subscription fee. Requests for redemption may be made by fax, email or swift/stp messages to the Administrator and must be made no later than 2:00 pm (Dublin time) on the Business Day two Business Days prior to the relevant Redemption Date. Redemption requests not received by the times set out above may, at the absolute discretion of the Directors, be held over and applied on the next following applicable Redemption Date. For both A shares and B shares, subscriptions and redemptions may be made on every Business Day or such other Business Day as the Directors may determine provided that there shall not be less than one Subscription Date or Redemption Date in each fortnightly period and all shareholders will be notified in advance.

Investors, in the case of an initial subscription into the Company, must subscribe for at least the Minimum Initial Subscription amount; US\$10 in respect of class A shares and €1,000,000 in respect of class B shares. In addition, investors in the B shares must also comply with the Minimum Subsequent Subscription amount of €100,000 and, on the anniversary of a Shareholder’s initial subscription for class B shares, the Minimum Holding amount of €5,000,000.

Please see note 8 for further detail on fees relating to class A shares and Class B shares.

**Capital Management**

The capital of the Company is represented by the net assets attributable to shareholders. The amount of net assets attributable to shareholders can change significantly on a daily basis as the Company is subject to subscriptions and redemptions within the terms of the Company’s Prospectus and Supplements as well as changes resulting from performance. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company. The Company has met the minimum capital requirement of EUR 300,000 for self-regulated investment companies as per the Regulations’ requirements.

## DC Developing Markets Strategies plc

### Notes to the Financial Statements (continued) For the six months ended 31 December 2020

#### 5. Share Capital (continued)

##### Capital Management (continued)

The following table shows the movement in the number of redeemable shares for the financial period ended 31 December 2020:

##### Vietnam Equity (UCITS) Fund

<b>Class A USD</b>	<b>Total</b>		<b>US\$</b>
Opening balance	3,587,028		
Shares issued	689,055	Subscriptions	14,318,343
Shares redeemed	(798,721)	Redemptions	(17,308,026)
Closing balance	<b>3,477,362</b>		
<b>Class B EUR</b>			
	<b>Total</b>		<b>US\$</b>
Opening balance	20,431		
Shares issued	4,937	Subscriptions	5,914,597
Shares redeemed	(2,167)	Redemptions	(2,750,450)
Closing balance	<b>23,201</b>		

The following table shows the movement in the number of redeemable shares for the financial year ended 30 June 2020:

##### Vietnam Equity (UCITS) Fund

<b>Class A USD</b>	<b>Total</b>		<b>US\$</b>
Opening balance	3,958,985		
Shares issued	1,144,195	Subscriptions	23,816,742
Shares redeemed	(1,516,152)	Redemptions	(30,763,379)
Closing balance	<b>3,587,028</b>		

##### Vietnam Equity (UCITS) Fund

<b>Class B EUR</b>	<b>Total</b>		<b>US\$</b>
Opening balance	6,652		
Shares issued	17,154	Subscriptions	19,809,582
Shares redeemed	(3,375)	Redemptions	(3,988,358)
Closing balance	<b>20,431</b>		

The share classes are not hedged.

##### Significant shareholders

###### 31 December 2020

	<b>Number of Significant Shareholders</b>	<b>Total Holding as at 31 December 2020</b>	<b>Aggregate Shareholding as a % of the sub-fund as at 31 December 2020</b>
Vietnam Equity (UCITS) Fund	1	495,501	14.25%

###### 30 June 2020

	<b>Number of Significant Shareholders</b>	<b>Total Holding as at 30 June 2020</b>	<b>Aggregate Shareholding as a % of the sub-fund as at 30 June 2020</b>
Vietnam Equity (UCITS) Fund	1	495,501	13.82%

## DC Developing Markets Strategies plc

### Notes to the Financial Statements (continued) For the six months ended 31 December 2020

#### 6. Other Assets and Receivables

	Vietnam Equity (UCITS) Fund	
	31 December 2020	30 June 2020
	US\$	US\$
Prepayments	13,616	23,871
Dividends receivable	80,385	56,573
	<b>94,001</b>	<b>80,444</b>

#### 7. Other Liabilities and Accrued Expenses

	Vietnam Equity (UCITS) Fund	
	31 December 2020	30 June 2020
	US\$	US\$
Investment Management fees payable (net)	172,208	133,198
Transaction costs payable	69,380	47,761
Administration fees payable	22,248	26,858
Depository fees payable	28,526	150,785
Directors fees payable	13,284	22,962
Audit fees payable	11,565	25,319
Other expenses payable	206,868	126,185
	<b>524,079</b>	<b>533,068</b>

#### 8. Significant Agreements and Related Party and Connected Person Transactions

##### Transactions with entities with significant influence

##### (a) Investment Management fees

Under the provisions of the investment management agreement, the Company will pay the Investment Manager a fee in respect of its duties as investment manager at an agreed upon percentage of the closing NAV of the relevant sub-fund (plus VAT, if any) prior to the accrual of the investment management fee as of each Valuation Date.

Vietnam Equity (UCITS) Fund will pay the Investment Manager a fee of 2% per annum of the NAV of Class A USD shares and a fee of 1.5% per annum of the NAV of Class B EUR shares as of the relevant Valuation Date (plus VAT, if any).

The investment management fee will accrue daily and will be payable monthly in arrears (and pro rata for lesser periods), for Vietnam Equity (UCITS) Fund.

The Investment Manager shall also be entitled to be repaid all of its reasonable out of pocket expenses incurred in the performance of its duties.

The Investment Manager shall pay, out of its own funds, the fees payable to any sub-investment managers, investment advisers or other service providers that it may appoint from time to time and may pay all or any part of its investment management fee to such other parties.

The Investment Manager has undertaken to limit the annual expenses borne by the A Shares through the use of an expense cap of 2.5% of the average daily net asset value of the A Shares, excluding transaction costs. To achieve this, the Investment Manager will absorb either directly or indirectly by waiving a portion of its management fees for the A Shares or by reimbursement to the sub-fund, any annual expenses over the applicable expense cap that may arise.

Investment Management fees incurred by the Vietnam Equity (UCITS) Fund during the period amounted to US\$849,489 (31 December 2019: US\$875,754), of which US\$172,208 (30 June 2020: US\$133,198) was payable at period end. As detailed above, the Investment Manager has undertaken to limit the annual expenses through the use of an expenses cap. The application of the expenses cap resulted in a total reimbursement of US\$135,130 (31 December 2019: US\$141,674) during the period with US\$12,719 (30 June 2020: US\$22,818) receivable to be offset against management fees payable as at 31 December 2020. The Investment Manager's management fee within expenses in the Statement of Comprehensive Income is net of reimbursement.

## DC Developing Markets Strategies plc

### Notes to the Financial Statements (continued) For the six months ended 31 December 2020

#### 8. Significant Agreements and Related Party and Connected Person Transactions (continued)

##### Transactions with entities with significant influence (continued)

###### (b) Administration fees

Under the provisions of the Administration Agreement, the Administrator is entitled to a fee for the provision of fund accounting and administrative services.

The following fees are payable to the Administrator by the Company. The Company will be charged the greater of the basis point fee or the monthly minimum fee. The basis point fee is calculated based on the closing net assets of each sub-fund as of the prior valuation date. Fees are calculated on a daily basis for daily valued funds, weekly for weekly valued funds and monthly for monthly valued funds. Fees are invoiced and payable monthly in arrears.

<i>Net Assets</i>	<i>Basis Points</i>
First \$ 250 million	8.0
Next \$ 250 million	7.0
AUM over \$500 million	6.0
Monthly Minimum Fee	US\$8,333.33

Notwithstanding the foregoing, the Monthly Minimum Fee was US\$7,083 until the 12 month anniversary of the date the Administrator began calculating the sub-fund's Net Asset Value.

Administrator fees incurred by the Company during the period amounted to US\$64,694 (31 December 2019: US\$52,028), of which US\$22,248 (30 June 2020: US\$26,858) was payable at period end.

###### (c) Depositary fees

Under the provisions of the Depositary Agreement, the Depositary is entitled to a fee for trustee and custody services.

The following fees are payable to the Depositary by the Company. The Company is charged the greater of the basis point fee or the monthly minimum fee. The basis point fee is calculated based on the closing net assets of each sub-fund as of the prior valuation date. Fees are calculated on a daily basis for daily valued funds, weekly for weekly valued funds and monthly for monthly valued funds. Fees are invoiced and payable monthly in arrears.

<i>Net Assets</i>	<i>Basis Points</i>
First \$ 250 million	3.5
Next \$ 250 million	3.0
AUM over \$500 million	2.5
Monthly Minimum Fee	US\$2,083.33

Notwithstanding the foregoing, the Monthly Minimum Fee was US\$1,250 until the 12 month anniversary of the date the Administrator began calculating the sub-fund's Net Asset Value.

Depositary fees reimbursed to the Company during the period due to reversal of prior over accruals amounted to US\$46,092 (31 December 2019: fees incurred amounted to US\$117,032), and US\$28,526 (30 June 2020: US\$150,785) was payable at period end.

###### (d) Directors' fees

The Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of Directors' remuneration in any one year shall not exceed US\$75,000. The Directors may also be reimbursed for expenses incurred in connection with the business of the Company and may, if the Directors so determine (and subject to subsequent Shareholder ratification in a general meeting), receive additional remuneration for special services rendered to or at the request of the Company. Such fees and expenses shall be payable by the Company.

**Notes to the Financial Statements (continued)**  
**For the six months ended 31 December 2020**

**8. Significant Agreements and Related Party and Connected Person Transactions (continued)**

**Transactions with entities with significant influence (continued)**

**(d) Directors' fees (continued)**

The Directors as noted on page 3 are treated as related parties. Rachel Nancy Hill is also an employee of Dragon Capital Markets (Europe) Limited, who provide investment management services to the Company, and does not receive director fees as a result.

Total Directors' fees charged for the financial period ended 31 December 2020 amounted to US\$29,714 (31 December 2019: US\$28,355) and US\$13,284 remained payable as at 31 December 2020 (30 June 2020: US\$22,962).

**(e) Other related party transactions**

Dragon Capital Markets Limited, an affiliate Company of the Investment Manager, owns a 30% holding in Hochiminh City Securities Company (HSC). HSC is an authorised brokerage firm used by Vietnam Equity (UCITS) Fund. The trading transaction volume with HSC accounted for approximately 21.18% (31 December 2019:17.02%) of the sub-fund's annual trading transaction volume. Transaction fees in relation to trading with HSC amounted to US\$32,210 (31 December 2019: US\$21,669) for the period ended 31 December 2020.

Dragon Capital Markets Limited held 495,501 of the Vietnam Equity (UCITS) Fund's shares as at 31 December 2020 (30 June 2020: 495,501).

At 31 December 2020, the 2 subscriber shares in issue were held by an affiliated company of the Investment Manager.

**(f) Connected Persons**

Regulation 43 ("Restrictions on transactions with connected persons") of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the "Central Bank UCITS Regulations"), states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm's length, and b) in the best interest of the unit-holders of the UCITS".

As required under Central Bank UCITS Regulation 81.4, the Directors, as responsible persons, are satisfied that there are arrangements in place, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 43(1) are applied to all transactions with a connected person; and all transactions with connected persons that were entered into during the financial period complied with the obligations that are prescribed by Regulation 43(1).

**9. Total Expense Ratio**

The Total Expense Ratio (TER) of the Company is listed below:

	<b>Vietnam Equity (UCITS) Fund</b>	
	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 December 2020</b>	<b>31 December 2019</b>
TER	<b>Class A USD</b>	2.36%
	<b>Class B EUR</b>	2.19%
		2.5%
		-

**Notes to the Financial Statements (continued)**  
**For the six months ended 31 December 2020**

**10. Efficient Portfolio Management**

The Company may, for the purpose of efficient portfolio management, employ techniques and instruments relating to transferable securities and/or other financial instruments in which it invests.

Vietnam Equity (UCITS) Fund may hold warrants and convertible bonds for investment purposes.

The Company uses the commitment method to calculate global exposure.

**11. Financial Instruments and Associated Risks**

In accordance with IFRS 7 (“Financial Instruments: Disclosures”), this note details the way in which the Company manages risks associated with the use of financial instruments. These risks include credit risk, liquidity risk and market risk (which in turn includes currency risk, interest rate risk and price risk).

*Strategy in using the Financial Instruments*

The sub-fund may take exposure to certain of these risks to generate investment returns on its portfolio, although these risks can also potentially result in a reduction of the sub-fund's net assets. The Investment Manager will use its best endeavours to minimise the potentially adverse effects of these risks on the sub-fund's performance where it can do so while still managing the investments of the sub-fund in a way that is consistent with the sub-fund's investment objective and policy. The risks, and the measures to be adopted by the sub-fund for managing these risks, are detailed below:

**Market Price Risk**

Market price risk is defined as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

In accordance with the Company's policy, the Investment Manager monitors the sub-fund's positions on a daily basis and reports regularly to the Board of Directors, which reviews the information on the sub-fund's overall market exposures provided by the Investment Manager at its periodic meetings. The Investment Manager considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the sub-fund's investment objectives. In addition, use of derivatives instruments to hedge the investment portfolio against the market risk is not undertaken. The Investment Manager moderates this risk through diversification, a careful selection of securities within specified limits.

An analysis of investments by geographical and industry sector as at 31 December 2020 and 30 June 2020 is shown below:

**Vietnam Equity (UCITS) Fund**

	<b>31 December 2020</b>	<b>31 December 2020</b>	<b>30 June 2020</b>	<b>30 June 2020</b>
<i>Geographical Exposure</i>	<b>US\$</b>	<b>% of NAV</b>	<b>US\$</b>	<b>% of NAV</b>
Vietnam	118,910,226	96.58%	86,466,995	98.41%
<i>Industry Exposure</i>				
Banks	30,478,625	24.76%	21,055,078	23.96%
Building and Building Materials	10,516,976	8.54%	8,501,525	9.68%
Construction of Machinery and Vehicles	2,005,307	1.63%	2,023,525	2.32%
Consumption Goods, Food and Brewery	5,148,389	4.18%	8,373,125	9.53%
Distribution Water, Gas, Electricity and Energy	9,410,564	7.64%	8,948,797	10.18%
Distribution, Retail Trade	14,814,498	12.03%	9,472,533	10.78%
Insurance	5,831,348	4.74%	4,020,388	4.58%
Miscellaneous Industrial Values	8,706,852	7.07%	4,158,542	4.73%
Miscellaneous Services	1,454,776	1.18%	311,756	0.35%
Other Credit Institutions	3,341,147	2.71%	1,014,376	1.15%
Real Estate And Housing	16,404,847	13.32%	10,341,468	11.77%
Telecommunications	10,796,897	8.78%	8,245,883	9.38%

## DC Developing Markets Strategies plc

### Notes to the Financial Statements (continued) For the six months ended 31 December 2020

#### 11. Financial Instruments and Associated Risks (continued)

If the price of the sub-fund's underlying investments had increased by 10% with all variables constant, the impact would have been as shown in the table below:

##### 31 December 2020

	Vietnam Equity (UCITS) Fund US\$	10% sensitivity US\$
Equities	118,910,226	11,891,023
<b>Total</b>	<b>118,910,226</b>	<b>11,891,023</b>

##### 30 June 2020

	Vietnam Equity (UCITS) Fund US\$	10% sensitivity US\$
Equities	86,466,995	8,646,700
<b>Total</b>	<b>86,466,995</b>	<b>8,646,700</b>

#### Currency Risk

Currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The sub-fund can be exposed to currency risk as assets and liabilities of the sub-fund may be denominated in a currency other than its functional currency, which is US\$.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of the related assets. The Investment Manager may attempt to mitigate the risk by holding a diversified portfolio of investments in numerous underlying currencies thus diversifying the risk.

In accordance with the Company's policy, the Investment Manager monitors the sub-fund's currency exposures on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings.

An adverse movement of 10% in currencies at 31 December 2020 would have decreased the net assets attributable to holders of redeemable shares by US\$12,138,209 (30 June 2020: US\$8,172,748). An equal change in the opposite direction would have increased the net assets attributable to holders of redeemable shares by an equal but opposite amount.

At 31 December 2020, the Vietnam Equity (UCITS) Fund had the following currency exposure:

Currency of Investment	Monetary Assets and Liabilities (US\$)	Non-Monetary Assets and Liabilities (US\$)	Total Exposure (US\$)	(%) of Net Assets	10% Sensitivity (US\$)
EUR	1,122,709	-	1,122,709	0.91%	(112,271)
VND	3,594,577	118,910,226	122,504,803	99.50%	12,250,480

At 30 June 2020, the Vietnam Equity (UCITS) Fund had the following currency exposure:

Currency of Investment	Monetary Assets and Liabilities (US\$)	Non-Monetary Assets and Liabilities (US\$)	Total Exposure (US\$)	(%) of Net Assets	10% Sensitivity (US\$)
EUR	102,110	-	102,110	0.12%	(9,283)
VND	3,406,661	86,466,995	89,798,112	102.20%	(8,163,465)

**Notes to the Financial Statements (continued)**  
**For the six months ended 31 December 2020**

**11. Financial Instruments and Associated Risks (continued)**

**Interest Rate Risk**

Interest rate risk is defined as the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

In accordance with the Company's policy, the Investment Manager monitors the sub-fund's interest rate exposures on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings.

No bonds or other interest rate sensitive investments were held at 31 December 2020 (30 June 2020: Nil).

As at 31 December 2020, 4.07% (30 June 2020: 1.51%) of the Net Assets of the sub-fund was held as cash at bank. This receives interest on a variable rate basis and hence if interest rates change so will the income of the sub-fund. Higher interest rates will lead to higher income and vice versa. The sub-fund is not exposed to significant interest rate risk.

**Credit Risk**

Credit Risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The sub-fund is exposed to a credit risk with parties with whom it trades. The sub-fund's main credit risk concentration is with the Depository/Sub-Custodian where the sub-fund's cash deposits and assets are held. Bankruptcy or insolvency of the Depository/Sub-Custodian may cause the sub-fund's rights with respect to the cash and securities held by the Depository/Sub-Custodian to be delayed or limited. The credit rating for Standard Chartered Bank (Singapore) Limited, the sub-custodian of the Company, as at 31 December 2020 was A (30 June 2020: A) published by Standard & Poor's. If the Depository/Sub-Custodian defaults, the sub-fund would be an unsecured creditor. The maximum risk is the amounts of cash, investments and receivables.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the broker has received the securities. The trade will fail if either party fails to meet its obligation.

Credit risk arising from transactions awaiting settlement is considered small due to the short settlement period involved. The maximum exposure related to unsettled trades equals the amounts shown on the Statement of Financial Position.

In accordance with the Company's policy, the Investment Manager monitors the sub-fund's credit risk exposures on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings.

**Liquidity Risk**

Liquidity Risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The sub-fund may be exposed to cash redemptions of redeemable shares. As a result, the Company has adopted risk management guidelines in order to mitigate liquidity risk by: investing in listed securities that are considered to be readily realisable as they are listed on recognised stock exchanges which ensures that there is no significant exposure to illiquid or thinly traded financial instruments; and applying limits to ensure that there is no undue concentration of liquidity risk to a particular counterparty or market.

In accordance with the Company's policy, the Investment Manager monitors the sub-fund's liquidity risk exposures on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings.

All liabilities of the sub-fund including net assets attributable to holders of redeemable participating shares are due within one month.

**Notes to the Financial Statements (continued)**  
**For the six months ended 31 December 2020**

**11. Financial Instruments and Associated Risks (continued)**

**Custody and Title Risk**

The Depository is under a duty to take into custody and to hold the property of the sub-fund of the Company on behalf of its shareholders. The Central Bank of Ireland requires the Depository to hold legally separate the non-cash assets of each sub-fund and to maintain sufficient records to clearly identify the nature and amount of all assets that it holds, the ownership of each asset and where the documents of title to such assets are physically located. When the Depository employs a Sub-Custodian the Depository retains responsibility for the assets of the sub-fund.

However, it should be noted that not all jurisdictions have the same rules and regulations as Ireland regarding the custody of assets and the recognition of the interests of a beneficial owner such as a sub-fund. Therefore, in such jurisdictions, there is a risk that if a Sub-Custodian becomes bankrupt or insolvent, the sub-fund's beneficial ownership of the assets held by such Sub-Custodian may not be recognised and consequently the creditors of the Sub-Custodian may seek to have recourse to the assets of the sub-fund. In those jurisdictions where the sub-fund's beneficial ownership of its assets is ultimately recognised, the sub-fund may suffer delay and cost in recovering those assets.

The sub-fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of a sub-fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances whereby the Depository will have no liability.

**Brexit and associated risks**

The United Kingdom ("UK") officially left the European Union ("EU") on 31 January 2020 but remained subject to EU regulations during an agreed transitional phase until 31 December 2020. Although a free trade agreement was ratified by both the EU and the UK in December 2020 and the transitional phase has ended, there remains a number of uncertainties in connection with the UK's relationship with the EU in regards to potential regulatory alignment or equivalence. Until the terms of the regulations are clearer, it is not possible to determine the full impact that the UK's departure and/or any related matters may have on the Company's UK investors.

The FCA's Temporary Permissions Regime ("TPR") will allow the Company to continue to be distributed to investors in the UK for a period of up to 3 years from 31 December 2020. The Company made a notification to the FCA of its intention to avail of the TPR on 21 January 2019.

**12. Fair Value Hierarchy**

IFRS 13 *Fair Value Measurement* requires the Company to classify 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: Certain inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The determination of what constitutes "observable" requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be that 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.

## DC Developing Markets Strategies plc

### Notes to the Financial Statements (continued) For the six months ended 31 December 2020

#### 12. Fair Value Hierarchy (continued)

The following tables summarise the sub-fund's financial instruments measured at fair value within the fair value hierarchy as at 31 December 2020 and 30 June 2020:

##### 31 December 2020

##### Vietnam Equity (UCITS) Fund

##### Financial instruments measured at fair value

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets at fair value through profit or loss:</b>				
Equities	118,910,226	-	-	118,910,226
	<b>118,910,226</b>	<b>-</b>	<b>-</b>	<b>118,910,226</b>

There were no transfers between Level 1 and Level 2 during the financial period ended 31 December 2020.

There were no Level 3 securities held by the sub-fund during the financial period ended 31 December 2020.

##### 30 June 2020

##### Vietnam Equity (UCITS) Fund

##### Financial instruments measured at fair value

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets at fair value through profit or loss:</b>				
Equities	85,968,291	498,704	-	86,466,995
	<b>85,968,291</b>	<b>498,704</b>	<b>-</b>	<b>86,466,995</b>

During the financial year ended 30 June 2020, there was a transfer of one security from Level 2 to Level 1 amounting to US\$1,524,822 due to large trading volume indicating that this equity was actively traded in the market as at the year end.

There were no Level 3 securities held by the sub-fund during the financial year ended 30 June 2020.

All other assets and liabilities are classified as level 2.

#### 13. Exchange Rates

The following period end rates were used in the preparation of the financial statements:

	As at 31 December 2020	As at 30 June 2020
US\$ / EUR	0.8130	0.8893
US\$ / VND	23,089.0000	23,200.5000

<p><b>Notes to the Financial Statements (continued)</b> <b>For the six months ended 31 December 2020</b></p>
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**14. Soft Commission Arrangements**

There were no soft commission arrangements in existence during the financial period ended 31 December 2020 or 31 December 2019.

**15. Contingent Liabilities**

There were no contingent liabilities as at 31 December 2020 or 31 December 2019.

**16. Significant Events During the Financial Period**

On 11 March 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Global financial markets have been monitoring and reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the onset of the pandemic. The COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak.

There were no other significant events during the financial period which require disclosure in the financial statements.

**17. Significant Events After the Financial Period End**

There were no significant events since the financial period end which require disclosure in the financial statements.

**18. Approval of the Financial Statements**

The financial statements were approved by the Directors on 24 February 2021.

## DC Developing Markets Strategies plc

### Schedule of Investments As at 31 December 2020

#### Vietnam Equity (UCITS) Fund

Number of Shares	Investment Name	2020 Fair Value US\$	2020 % of Net Assets
<b>Transferable securities</b>			
<b>Equities</b>			
1,650,000	Airports Corp Of Vietnam JSC	5,788,471	4.70%
2,829,800	Asia Commercial Bank	3,443,951	2.80%
2,320,000	Bank For Foreign Trade JSC	9,837,065	7.99%
2,040,000	Bao Viet Holdings	5,831,348	4.74%
2,000,000	Dat Xanh Group	1,381,610	1.12%
4,188,937	FPT Corporation	10,722,256	8.71%
1,165,769	FPT Securities JSC	820,466	0.67%
2,001,880	Ha Do JSC	3,390,078	2.75%
4,850,000	Hoa Phat Group JSC	8,706,852	7.07%
350,000	Investment & Industrial Deve	624,540	0.51%
3,726,159	Khang Dien House Trading And	4,728,505	3.84%
8,447,402	Military Commercial Joint	8,414,840	6.83%
1,786,560	Mobile World Investment Corp	9,200,138	7.47%
1,000,000	Nam Long Investment Corp	1,277,665	1.04%
1,374,140	Petrovietnam Gas Joint Stock	5,153,992	4.19%
1,600,370	Phu Nhuan Jewelry JSC	5,614,361	4.56%
135,000	Tien Phong Commercial Joint	156,698	0.13%
1,000,000	Viet Capital Securities JSC	2,520,681	2.05%
800,007	Vietnam Dairy Products JSC	3,769,793	3.06%
840,300	Vietnam Engine & Agricultural Machine	2,005,307	1.63%
3,200,000	Vietnam JS Commercial Bank F	4,788,427	3.89%
1,800,000	Vietnam National Petroleum G	4,256,572	3.46%
2,726,380	Vietnam Prosperity JSC Bank	3,837,643	3.12%
54,710	Vietnam Technological & Comm	74,640	0.06%
309,579	Viettel Post JSC	1,454,776	1.18%
2,420,000	Vincom Retail JSC	3,291,091	2.67%
150,000	Vingroup JSC	702,932	0.57%
768,850	Vinh Hoan Corporation	1,378,595	1.12%
1,480,000	Vinhomes JSC	5,736,933	4.65%
<b>Total equities</b>		<b>118,910,226</b>	<b>96.58%</b>
<b>Total value of financial assets at fair value</b>			
<b>Cash</b>		<b>5,009,210</b>	<b>4.07%</b>
<b>Other net liabilities</b>		<b>(803,107)</b>	<b>(0.65%)</b>
<b>Total Net Assets Attributable to Holders of Redeemable Participating Shares</b>		<b>123,116,329</b>	<b>100.00%</b>

## DC Developing Markets Strategies plc

<b>Schedule of Investments (continued)</b> <b>As at 31 December 2020</b>
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### Vietnam Equity (UCITS) Fund (continued)

<b>Analysis of Total Assets</b>	<b>US\$</b>	<b>% of Total Assets</b>
Transferable securities admitted to an official stock exchange listing	113,121,755	91.14%
Transferable securities traded on another regulated market	5,788,471	4.66%
Deposits	5,009,210	4.04%
Other assets and receivables	201,532	0.16%
<b>Total Assets</b>	<b>124,120,968</b>	<b>100.00%</b>

## DC Developing Markets Strategies plc

### Significant Purchases and Sales For the six months ended 31 December 2020

#### Vietnam Equity (UCITS) Fund

The following schedule of Purchases and Sales reflects the aggregate purchases of a security exceeding 1% of the total value of purchases and aggregate disposals greater than 1% of the total sales in the financial period. At minimum, the largest 20 purchases and sales are required to be disclosed, if applicable.

<b>Significant Purchases</b>	<b>US\$</b>	<b>Significant Sales</b>	<b>US\$</b>
Asia Commercial Bank	2,930,132	Vinh Hoan Corp	3,570,304
Viet Capital Securities JSC	2,227,636	Military Commercial Joint	3,127,466
Hoa Phat Group JSC	1,854,034	Vinhomes JSC	3,050,166
Khang Dien House Trading	1,569,646	Development Investment Const	2,521,446
Viettel Post JSC	1,410,608	Vietnam JS Commercial Bank	1,867,419
Vinhomes JSC	1,330,079	Vietnam Dairy Products JSC	1,511,856
FPT Corp	1,268,774	Fpt Digital Retail JSC	1,047,995
Nam Long Investment Corp	1,225,820	Binh Minh Plastics JSC	998,515
Dat Xanh Group	1,147,036	Hoa Phat Group JSC	897,286
Phu Nhuan Jewelry JSC	1,133,327	Petrovietnam Power Corp	884,136
Ha Do JSC	770,335	Ricons Construction Investments JSC	783,111
Military Commercial Joint	755,560	Phu Nhuan Jewelry JSC	671,100
Vietnam Technological & Commercial	690,034	Vietnam Technological & Commercial	644,618
Vingroup JSC	629,719	Vietnam National Petroleum Group	605,337
Investment & Industrial Development	585,872	Bao Viet Holdings	584,405
Airports Corp Of Vietnam JSC	535,270	Can Don Hydro Power JSC	504,109
Bao Viet Holdings	460,416	Airports Corp Of Vietnam JSC	482,788
Petrovietnam Gas Joint Stock	437,139	Viet Capital Securities JSC	357,654
Bank For Foreign Trade JSC	431,298	Petrovietnam Gas Joint Stock	319,993
Vietnam Dairy Products JSC	301,343	Vietnam Prosperity JSC Bank	318,901
Vietnam National Petroleum Group	278,056	Cuongthuan Investment Corp	317,858
Vietnam JS Commercial Bank	258,766		