



Factsheet

Investment Policy

The primary investment objective of DVF is to seek long-term capital appreciation of its assets by investing in a diversified portfolio of Vietnamese-related securities (onshore and offshore), such as equity, fixed-income and money market instruments and closed end fund vehicles which may or may not be listed. In addition, DVF may invest in private equity securities and real estate funds and through structured notes, leveraged notes or any other derivative instruments which provide Vietnam exposure.

VN Index Performance as at 31 March 2015 (USD)

1 Month Performance:	-7.56%
3 Month Performance:	0.55%
6 Month Performance:	-9.10%
1 Year:	-8.55%

Fund Information

Bloomberg Ticker	DWSVIET KY EQUITY
Authorised share capital	500,000,000 shares
Issued Share Capital	486,931,392 shares
Par Value Per Share	USD 1.0000
Nav per share as at 31 March 2015	USD 0.6975
Launch date	8th December 2006

Market Maker

LCF Rothschild Securities Bloomberg:	LCFR <GO> Johnny Hewiston funds@lcr.co.uk
Tel:	+44 20 7845 5960
Jefferies International Bloomberg:	JCEF <GO> Mark Mulholland
Tel:	+44 20 7618 3623
Dexion Capital Bloomberg:	DEXA <GO> Richard Crawford richard.crawford@dexioncapital.com
Tel:	+44 20 7832 0999
Numis Securities Bloomberg:	NUMI <GO> Dave Cumming
Tel:	+44 20 7260 1376

Performance

Fund Performance



Assets Under Management



Performance Review

The NAV of DWS Vietnam Fund was down 2.49% in March 2015.

Cumulative Return

USD	1 m	YTD	1 y	3 y	5 y	S. Launch
NAV to NAV*	-2.49	-1.41	-0.90	44.11	24.91	-30.25
VNIndex (USD terms) ¹	-7.56	0.55	-8.55	21.15	-1.91	-40.78
VHIndex (USD terms) ¹	-4.73	-1.03	-9.67	10.37	-54.46	-72.62

Annualised Return

3 y	5 y	S. Launch
12.95	4.55	-4.24
6.60	-0.39	-6.11
3.35	-14.56	-14.43

Calendar Years Return

2014	2013	2012
10.46	26.58	26.06
6.60	20.48	18.91
20.19	17.52	-1.79

* Performance is based on NAV to NAV (taking into account the front end load).

Performance Attribution

The Fund's return by asset class in March 2015 breaks down as: listed equity -7.24%, closed-end funds -0.22%, unlisted equity 4.57% and fixed income -0.20%.

Despite a better-than-expected GDP release, the Vietnamese stock market fell 7.56% in March (in USD terms)¹ due to heavy foreign capital outflows, especially from the ETFs, and the 9% decline in the global oil prices. Most stocks in the Fund's listed portfolio declined, particularly oil & gas stocks and big cap stocks with open foreign room for ETF trading. Retail domestic investors track the oil price closely and trade the Vietnamese oil & gas stocks accordingly. **PetroVietnam Drilling and Well (PVD VN)** was down the most (-22.76%) while **PetroVietnam Gas (GAS VN)** fell 16.46% and **PetroVietnam Technical Services (PVS VN)** fell 16.61%.¹

The bright spot of this month was **Pinaco (Dry Cell & Storage Battery, PAC VN)** which increased 9.62% in March against the market's downturn¹. Pinaco produces dry cells and storage batteries for motorbikes and cars. In 2014, revenues increased 7.8% while net profit was up 23.2%, both above management's target. The growth was attributed to improvements in sales volume, especially for the storage batteries for exports. Exports sales grew 13% YoY, accounting for about 20% of total sales. The Company supplies storage batteries to popular motorbike brand such as Piaggio and Honda, with Yamaha being a recent addition. For the automobiles segment, Pinaco supplies to Ford, Mercedes and Truong Hai Auto. Being a supplier to these manufacturers could create sustainable growth for PAC as 70% of replacement battery demand goes to the original battery maker. The Company has a dry cell battery factory in a residential area in District 6 in Ho Chi Minh City which it will have to relocate. This land has a potential of creating a commercial real estate income stream for the Company in the near future. However the timeline has not been finalised. For 2015, management set a target revenue growth of 3.7% and profit growth of 4.6%, which we think are conservative.

The closed-end funds portfolio was down 0.22% in March 2015. **DWS Vietnam Fund's** price continued to increase thanks to share buybacks. Most of the other funds experienced a price decline following the broader market's trend.²

The Fund's fixed income portfolio returned -0.20% in March.

The unlisted portfolio returned 4.57% in March 2015. The unlisted portfolio includes holdings in instruments which were unlisted at the point of investment but subsequently became listed instruments due to certain events, for example, conversion. These investments are subject to market fluctuations which affect the stock prices. Some holdings are in OTC stocks which are also affected by market fluctuations. Lastly, the unlisted portfolio includes private equity holdings that are revalued quarterly.



The increase this month was mainly due to the increase in the revised quarterly valuation of the private equity holding **Greenfeed** (10.84%). The Company has performed well in 2014 with a 32% increase in net income due to higher gross margin as costs of goods sold were lower.

Current Positioning

96.37% of the Fund's NAV was invested at the end of March 2015. Cash including receivables and payables represented 3.63% of the Fund's NAV, of which receivables made up 1.35%. **NBB Investment Corp** is a new addition to the top ten as it replaced **PetroVietnam Drilling** at the 10th position, due to the latter's price decline as a result of the oil price drop. During March, the Fund manager saw a buying opportunity and increased its exposure to banking stocks as their prices corrected. The Fund repurchased 3.76 million of its shares in March, therefore increasing the total amount of treasury shares to 9.51% of total shares outstanding.

At the end of March, the Fund held 46 positions across all asset classes, allocated among 15 industry sectors, of which food products was the largest exposure.

Market Update

Economic update

Economic indicators in March showed a prominent start for a strong uptrend.

GDP in the first quarter of 2015 posted a 7-year high growth of 6.03% YoY³, underpinned by the robust expansion of the industry and construction sector at 8.35%³. The year target of 6.2% GDP growth to be looks highly achievable thanks to the continued expansion of hi-tech foreign-invested enterprises in electronics manufacturing such as LG, Samsung, etc.

HSBC's Purchasing Manager Index marked the 19th consecutive month of manufacturing expansion to stand at 50.7 in March, though down from 51.7 in February. An increase of new orders, albeit at the lowest level since Oct 2014, and the decrement in prices due to lower input costs are key drivers for this growth. Meanwhile, the Industrial Production Index also picked up 9.1% in Q1-2015 from only 5.3% of the same period last year, mainly supported by increasing electronics manufacturing as well as crude oil and natural gas production³.

March's Consumer Price Index (CPI) ended a 4-month downtrend with a rise of 0.15% MoM in March. The headline inflation settled at 0.93% YoY³. Much of the increase was attributed to the pickup of 0.36% MoM in food and foodstuffs and 0.16% MoM in housing and construction material prices³. Domestic consumption experienced a recovery with nominal retail sales improving 10% YoY and real growth reaching the 5-year high of 9.2% YoY, compared to the growth of 5.1% YoY in the same period last year³.

Trade balance in March registered a deficit of USD 600 million, widening YTD trade deficit to USD 1.8 billion³. In terms of export, smart phones and electronics claimed a strong growth of 22% and 65% respectively, while aquaculture and textile exports faced headwinds due to the strong appreciation of USD³. Meanwhile, imports of machinery and inputs for production saw strong pickup, which in turn is expected to boost exports later this year.

Registered Foreign Direct Investment (FDI) totaled at USD 1.8 billion in the first quarter of 2015, down 45% YoY due to the high base effect on the absence of large-scale projects so far³. Of which, 77% registered capital was channeled into the manufacturing sector, especially garments manufacturing³. Disbursed FDI, in contrast, was still on good track with USD 3.1 billion, up 7% YoY, which was good news for industrial park developers³. Vietnam has become the world's top outsourcing location for the first time in terms of costs, risks and operational conditions, according to new research from global real estate adviser Cushman & Wakefield.

Banking sector

Given a better-than-expected GDP growth and solid lending expansion during the first quarter of this year, credit growth settled at 1.25% as of Mar 20th 2015, while customer deposits inched up 0.94% and total liquidity (M2) expanded 2.09%, according to the State Bank of Vietnam (SBV).

The SBV has accelerated the banking restructure in terms of both bad debt resolutions and merger and acquisition (M&A) activities. Accordingly, Decree No. 34/2015/NĐ-CP will come into effect on April 5th, to i) increase the charter capital of VAMC to VND 5,000 billion from VND 2,000 billion currently to enhance VAMC's capacity to purchase bad debts at market price; ii) allow VAMC to purchase bad debts at market price; iii) allow VAMC to hold another auction or negotiate directly with the purchaser on the sales of collateral assets right after the failure of the first auction; and iv) keep the maximum maturity of the VAMC special bonds unchanged at 5 years while extending to 10 years for insolvent and weak banks only. The M&A activities, on the other hand, have seen some progress with the upcoming strategic partnership between the government's investment arm SCIC and Military Bank, as well as the submission of merging plan between Mekong Housing Bank and Vietinbank.



Stock market update

The VN-Index on Ho Chi Minh Stock Exchange fell 7.56% (USD terms)¹ in March. Both average daily trading volume and value witnessed an upsurge of 24% and 27%, respectively¹. The market downturn was mainly driven by the decline of more than 9% in global oil prices and large redemptions from foreign ETFs, despite a better-than-expected GDP growth of 6.03% in the first quarter of 2015. The Vietnamese stock market traded at 12.35x P/E at the end of March, far below an average of 20.79x P/E for other emerging markets including Indonesia, Philippines, India and Thailand¹. Foreign investors turned to be net sellers this month.

Economic Indicators

	February 2015	March 2015
Real GDP growth (cumulative, YoY)	-	6.03%
Industrial Production Index (cumulative, YoY)	12.00%	9.10%
Inventory Index (YoY)	11.30%	10.90%
Retail Sales and Services (cumulative, YoY)	11.40%	10.00%
Purchasing Manager Index (PMI) (*)	51.70	50.70
Credit growth (YTD) (**)	0.96%	1.25%
Inflation (YoY)	0.34%	0.93%
Import growth (cumulative, YoY)	16.30%	16.30%
Export growth (cumulative, YoY)	8.60%	6.90%
Trade balance (YTD, USD million)	(61)	(1,814)
Registered FDI (YTD, USD billion)	1.20	1.80
Disbursed FDI (YTD, USD billion)	1.20	3.10
Exchange rate (per USD) (***)	21,348	21,555

Source: General Statistics of Vietnam, except:

(*) HSBC

(**) State Bank of Vietnam

(***) Bloomberg

Material Event Disclosure

During March, the Fund repurchased 3.76 million of its shares, therefore increasing the total amount of treasury shares to 9.51% of total shares outstanding.

The Fund Manager continues to be active in the secondary market for DWS Vietnam shares when it believes that they represent a good buying opportunity. The Fund traded at 18% discount to NAV at the end of March, which has narrowed from 52% over the last two years.

In order to increase transparency and communications to investors, the Fund manager proposes to set up quarterly conference calls open to all registered shareholders. Investors interested in participating in the conference calls should contact scott.weldon@duxtonam.com to obtain the dial-in details.

Outlook

Standard & Poor's affirmed Vietnam BB- long-term and B short-term sovereign credit ratings with stable outlook, underpinned by an increasingly higher value-added export portfolio and recovering domestic demand. The country is expected to experience favourable conditions for rating upgrade this year, including faster GDP growth, well-controlled inflation, stable currency on the back of a surplus of up to USD 2.8 billion in 1Q2015 balance of payment, coupled with tangible progress in the banking and SOE restructuring.

Footnote

- 1 Source: Bloomberg
- 2 Source: OTC brokers including Jefferies, Rothschild and Numis
- 3 Source: General Statistics Office of Vietnam



Asset Class Performance	1 mth%	3 mth%
Listed equities	-7.24	-6.09
Closed End Funds	-0.22	4.95
Fixed Income Securities	-0.20	0.49
Unlisted equities	4.57	4.54

Top 5 Onshore Listed Holdings	%
Vinamilk	8.55
Hoa Phat Group	4.83
FPT Corp	4.04
PetroVietnam Drilling and Well	2.33
Kinh Bac City Development	1.97

Top 5 Other Holdings	%
Greenfeed	17.07
DWS Vietnam Fund	7.75
Vietnam Enterprise Fund	5.87
Vietnam Growth Fund	4.83
Corbyns International	4.76

Asset Class Exposure	%
Listed Equities	45.87
Unlisted Equities ^a	30.37
Closed-End Funds	19.86
Receivables	1.35
Fixed Income Securities	0.28
Cash and payables	2.28
Total	100.00

Currency Exposure	USD	VND	AUD
Total Assets of which	27.42%	72.45%	0.13%
Receivables	100.00%	0.00%	0.00%
Cash and payables	13.83%	86.65%	0.23%

Sector breakdown	%
Food Products	41.40
Real Estate Management and Devel	11.15
Building Materials	10.13
Metals and Mining	7.38
Information Technology	6.85
Energy Equipment and Services	6.13
Consumer Discretionary	4.72
Pharmaceuticals	4.43
Banks	2.14
Containers and Packaging	1.34
Health Care Providers and Services	1.25
Marine	0.99
Chemicals	0.94
Diversified Financials	0.69
Industrials	0.47
Total	100.00

(a Unlisted equities include PIPE deals, i.e. Private Investments in Public Companies)



Important Information

This document is for your information only and is provided at your request. It is not intended to be a complete financial report for the fund. It is not the basis for any contract to deal in any security or instrument, or for Deutsche Asset Management (Asia) Limited ("DeAM") or its affiliates to enter into or arrange any type of transaction as a consequence of any information contained. This shall not be construed as the making of any offer or invitation to anyone in any jurisdiction in which such offer is not authorised or in which the person making such offer is not qualified to do so or to anyone to whom it is unlawful to make such an offer. The forecasts provided are based upon our opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. Investments are subject to risks, including possible loss of principal amount invested. The value of shares/ units and their derived income may fall as well as rise. Past performance or any prediction or forecast is not necessarily indicative of future performance. No assurance is given that the investment objective or the targets will be met. This document does not constitute investment advice or recommendation and was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. Investors should study all relevant information and consider whether the investment is appropriate for them. DeAM or its affiliates may hold positions in the securities referred. The investment schemes referred are not obligations of, deposits in, or guaranteed by DeAM or any of its affiliates. You are not authorised to redistribute this document nor qualified to make any offer, representation or contract on behalf of DeAM or its affiliates. Although the information was compiled from sources believed to be reliable, no warranty or representation is given in respect of the accuracy or completeness of the information contained herein and no responsibility or liability is accepted by DeAM, its affiliates, sub-managers, agents or any of their directors or employees in respect of the use of this document or its contents or for any error or omission. The information and opinions contained may also change.

All third party data (such as MSCI, S&P & Bloomberg) are copyrighted by and proprietary to the provider.

Address

One Raffles Quay #20-00,
South Tower Singapore 048583
Tel: +65 6538 7011
Fax: +65 6538 3171
www.DWS.com.sg