



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 30 April 2015 (USD)

1 Month Performance:	1.52%
3 Month Performance:	-3.77%
6 Month Performance:	-7.82%
1 Year:	-5.07%

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 30 April 2015	USD 0.7156
Launch date	8th December 2006

Market Maker

LCF Rothschild Securities Bloomberg:	LCFR <GO> Johnny Hewiston fun@lcrf.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 up 2.59% in April 2015.

Cumulative Return	USD						Annualised Return			Calendar Years Return		
	1 m	YTD	1 y	3 y	5 y	S. Launch	3 y	5 y	S. Launch	2014	2013	2012
NAV to NAV*	2.59	1.14	2.80	42.01	24.73	-28.44	12.40	4.52	-3.91	10.46	26.58	26.06
VNIndex (USD terms) ¹	1.52	2.08	-5.07	14.56	-8.85	-39.88	4.63	-1.84	-5.88	6.60	20.48	18.91
VHIndex (USD terms) ¹	0.00	-1.03	1.06	0.00	-59.56	-72.62	0.00	-16.56	-14.30	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 April 2015 breaks down as: listed equity 2.59%, closed-end funds 2.22%, unlisted equity 3.75% and fixed income 0.10%.

As the crude oil price recovered 25% in April¹, the VNIndex of Ho Chi Minh Stock exchange also rebounded thanks to oil & gas stocks. **PetroVietnam Drilling (PVD)** and **PetroVietnam Technical Services (PVS)** were up by 21.65% and 15.04%², respectively. **FPT Corp (FPT)** returned 6.40% during the month² as the Annual General Meeting (AGM) approved management target of 16% profit before tax for 2015. The growth will be driven by the recovery of the software outsourcing and system integration segments, as well as the continuous growth of the retail business.

On April 27th we attended **Vinamilk's** AGM in which the majority of the present shareholders voted against the addition of a Board member nominated by the State Capital Investment Corporation, Vinamilk's biggest shareholder. The AGM also approved 2015 revenue and profit targets of 9.4% and 12.6%, respectively. According to management, profit will grow faster this year thanks to the decline in input milk powder price over the last year.

Meanwhile, real estate stocks have a correction this month. **Thu Duc Housing (TDH)**, **Kinh Bac City (KBC)** and **Binh Chanh Construction (BCI)** declined 6.63%, 1.88% and 8.26%, respectively.²

The closed-end funds portfolio was up 2.22% in April 2015. **Vietnam Growth Fund** outperformed the other funds with a price increase of 4.44%. **DWS Vietnam Fund's** price was flat with an increase of 0.59%.³

The Fund's fixed income portfolio returned 0.10% in April.

The unlisted portfolio returned 3.75% in April 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 a USD 2.9 million dividend payment received from **Green Feed**. To date, we have received USD 6.2 million in cumulative dividends which is 61.3% of investment cost. The share price of the listed holding **NBB Investment Corp (NBB)** increased 10.8% which also contributed to the overall monthly return.



Current Positioning

95.76% of the Fund's NAV was invested at the end of April 2015. Cash including receivables and payables represented 4.24% of the Fund's NAV, of which receivables made up 1.35%. The top ten positions remained the same compared to the last month. During April, the Fund manager continued to increase the Fund's exposure to a number of banking stocks at an attractive price.

Market Update

Economic update

Manufacturing continued to pick up while export faced headwinds on the strong appreciation of the Dong.

HSBC's Purchasing Manager Index marked the 20th successive month of manufacturing expansion to the record high of 53.5, on the back of sharp growth in new businesses, an impressive increase in purchasing activities as well as falling input costs and output prices. The Industrial Production Index also pointed out the corresponding data with a solid improvement of 9.4% YoY, of which manufacturing registered the fast growth of 10.1% YoY⁴.

Consumer Price Index (CPI) picked up 0.14% MoM or 0.99% YoY on the higher prices of transportation as well as housing and construction materials baskets due to electricity hikes and an increase of pump prices⁴. May inflation is expected to keep the uptrend on rising demand for food and beverage products, transportation and hospitality services during the long holiday, as well as higher pump prices from the recovery of oil price and new environmental protection tax treatment.

April's trade balance posted a deficit of USD 600 million, widening YTD trade deficit to nearly USD 3 billion⁴. Export rose 8.2%, much lower than the growth of 16.9% in the same period last year⁴, mostly due to a slowdown in growth of aquatic and agricultural products as a result of the strong appreciation of the Dong against the euro and the Japanese yen, and higher anti-dumping taxes imposed on Vietnam's seafood products in the US market. Meanwhile, import of machinery accounted for the biggest part of import value, which we expect will later boost manufacturing activities.

Registered Foreign Direct Investment (FDI) totaled at USD 3.7 billion, only reaching 77% that of the same period last year in the absence of large-scale projects⁴. Notably, the biggest projects year-to-date all channeled into the garments manufacturing. On the contrary, disbursed FDI was on good track with an increase of 5% YoY to USD 4.2 billion.

Banking sector

Given a better economic growth prospect and the ongoing expansion of the manufacturing sector, credit growth has reached 2.78% in the first four months of this year, according to the State Bank of Vietnam (SBV).

In terms of bad debt settlement, the Vietnam Asset Management Company (VAMC) has purchased a total of VND 14.04 trillion worth of non-performing loans during the first quarter of 2015, achieving 175% of the full year target⁵. Of which, VND 7.11 trillion bad debts was recovered and VND 2.84 trillion has been repaid to banks⁵. The purchase of bad debts is expected to experience an upsurge in the last quarter of the year.

Stock market update

The VN-Index on Ho Chi Minh Stock Exchange gained 1.5% (USD terms)⁶ in April. Both average daily trading volume and value witnessed a downturn of 16% and 19% respectively⁶. The market this month was mainly driven by the outperformance of oil and gas stocks on global oil price recovery. Foreign investors were active buyers this month, mostly focusing on large cap stocks such as MSN, PVD, BID, CTG and VCB. The Vietnamese stock market traded at 12.46x P/E at the end of April, far below an average of 21.15x P/E for other emerging markets including Indonesia, Philippines, India and Thailand⁶.



Economic Indicators

	March 2015	April 2015
Real GDP growth (cumulative, YoY)	6.03%	-
Industrial Production Index (cumulative, YoY)	9.10%	9.40%
Inventory Index (YoY)	10.90%	11.30%
Retail Sales and Services (cumulative, YoY)	10.00%	8.80%
Purchasing Manager Index (PMI) (*)	50.70	53.50
Credit growth (YTD) (**)	1.25%	2.78%
Inflation (YoY)	0.93%	0.99%
Import growth (cumulative, YoY)	16.30%	19.90%
Export growth (cumulative, YoY)	6.90%	8.20%
Trade balance (YTD, USD million)	(1,814)	(2,999)
Registered FDI (YTD, USD billion)	1.80	3.70
Disbursed FDI (YTD, USD billion)	3.10	4.20
Exchange rate (per USD) (***)	21,555	21,590

Source: General Statistics of Vietnam, except:

(*) HSBC

(**) State Bank of Vietnam

(***) Bloomberg

Material Event Disclosure

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

We think the Vietnamese economy is on good track to recover towards a higher GDP growth rate of 6.5-7%. The recent return to trade deficit is not worrisome in our view, as most of the imports come from 1) machinery and equipments which will eventually boost manufacturing activities and 2) automobile which indicates an increased domestic demand. The devaluation of the Vietnam Dong is seen as a positive factor to support the country's exports which have been hurt by the global oil price drop. However, aside from the strong appreciation of the Dong against the euro and the Japanese yen, there are other reasons attributed to the slowdown in Vietnam's export growth, including a heavily biased export structure towards oil and basic commodities, as well as ineffective operation with less competitive pricing as compared to other Asian peers. As a result, the government will have to focus more on strengthening the performance of domestic enterprises and creating incentives for them to switch their export portfolio from staple goods and basic commodities to higher value-added goods, which will eventually increase Vietnam's value in the global supply chain.

Footnote

- 1 Source: Bloomberg, WTI oil price
- 2 Source: Bloomberg
- 3 Source: OTC brokers including Jefferies, Rothschild and Numis
- 4 Source: The General Statistics Office of Vietnam
- 5 Source: The State Bank of Vietnam
- 6 Source: Bloomberg



Asset Class Performance	1 mth%	3 mth%
Listed equities	2.59	-3.94
Closed End Funds	2.22	3.77
Fixed Income Securities	0.10	-0.25
Unlisted equities	3.75	8.82

Top 5 Onshore Listed Holdings	%
Vinamilk	8.48
Hoa Phat Group	4.69
FPT Corp	4.19
PetroVietnam Drilling and Well	2.37
Kinh Bac City Development	1.88

Top 5 Other Holdings	%
Greenfeed	16.61
DWS Vietnam Fund	7.60
Vietnam Enterprise Fund	5.86
Vietnam Growth Fund	4.92
Corbyns International	4.64

Asset Class Exposure	%
Listed Equities	45.87
Unlisted Equities ^a	29.82
Closed-End Funds	19.79
Receivables	1.35
Fixed Income Securities	0.27
Cash and payables	2.89
Total	100.00

Currency Exposure	USD	VND	AUD
Total Assets of which	27.08%	72.79%	0.13%
Receivables	100.00%	0.00%	0.00%
Cash and payables	4.61%	95.21%	0.18%

Sector breakdown	%
Food Products	40.74
Real Estate Management and Devel	11.16
Building Materials	9.97
Metals and Mining	7.23
Information Technology	7.10
Energy Equipment and Services	6.15
Consumer Discretionary	4.70
Pharmaceuticals	4.27
Banks	3.05
Containers and Packaging	1.36
Health Care Providers and Services	1.26
Marine	0.99
Chemicals	0.90
Diversified Financials	0.69
Industrials	0.44
Total	100.00

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



Important Information

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Address

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