



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 29 April 2016 (USD)

1 Month Performance:	6.63%
3 Month Performance:	9.42%
6 Month Performance:	-1.29%
1 Year:	3.03%

Fund Information

Bloomberg Ticker	DWSVIET KY EQUITY
Authorised share capital	500,000,000 shares
Issued Share Capital	438,300,000 shares
Par Value Per Share	USD 1.0000
Nav per share as at 29 April 2016	USD 0.7904
Launch date	8th December 2006

Market Maker

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Performance

Fund Performance



Assets Under Management



Performance Review

The NAV of DWS Vietnam Fund was up 3.28% in April 2016.

Cumulative Return	Annualised Return						Calendar Years Return					
	USD	1 m	YTD	1 y	3 y	5 y	S. Launch	3 y	5 y	S. Launch	2015	2014
NAV to NAV*	3.28	6.86	10.45	35.90	74.79	-20.96	10.77	11.82	-2.47	4.55	10.46	26.58
VNIndex (USD terms) ¹	6.63	4.23	3.03	18.34	14.90	-38.06	5.77	2.82	-4.97	0.90	6.60	20.48
VHIndex (USD terms) ¹	1.97	1.69	-5.48	29.75	-11.06	-74.12	9.07	-2.32	-13.40	-8.01	20.19	17.52

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

Performance Attribution

The listed equity portfolio rose by 7.07% in April while the VNIndex returned 6.63% (in USD terms)¹. Investor sentiment was good during the month thanks to the performance of blue-chip stocks such as Vinamilk, Vietcombank, Vingroup and PetroVietnam Gas, with banking and insurance sectors rising the most. The markets were also supported by companies with strong performance in their first quarter results compared to the same period last year.

Steel manufacturer **Hoa Sen Group (HSG)** was the main contributor to the listed portfolio's performance with a price increase of 36.23%¹. The company announced impressive preliminary results for Q2-2016 (fiscal year ending 30 Sep) with revenue growth of +0.7% YoY and net income growth of +262% YoY. Subsequently, H1-2016 revenue and net income achieved 58% and 92% of the company's full year targets, respectively. Rising global steel prices along with safeguard duties levied on imported steel to protect the local steel industry from cheap imports, as well as increasing domestic demand fuelled the sharp rise in profits. The favourable steel market also benefitted **Hoa Phat Group (HPG)**, with a share price increase of 13.56%¹ this month. The company reported Q1-2016 results with revenue +22.3% YoY and net income +575% YoY. HPG also announced plans to develop a plated steel sheet plant in Hung Yen province. The plant will cost USD180 million and will create 400,000 tonnes of capacity for steel sheets (vs. Hoa Sen's current capacity of 1.6 million tonnes).

Vietnam Dairy Products JSC (VNM) contributed to the listed portfolio's performance with a price increase of 3.73% in April¹. The company released impressive results for the first quarter of 2016, with revenue +18.6% YoY and net income +38.6% YoY. Revenue from all three business divisions were up, with domestic sales up 18% YoY, exports up 23% YoY and overseas subsidiaries up 16% YoY. Revenue growth was also driven by volume as the company did not raise its average selling price. Gross margin climbed to 42% compared to 35.7% in Q1-2015 thanks to lower raw milk prices, while SG&A expenses as a percentage of sales were much higher than in Q1-2015. VNM is also expected to discuss the foreign ownership issue during the upcoming Annual General Meeting in May.

On the other hand, **Vietnam Container Shipping (VSC)** was the main detractor the portfolio's performance with a price decline of 5.83%¹. VSC's stock price fell for a fourth consecutive month after releasing preliminary 1Q16 results with flat revenue growth but declining net income. Competition is getting stronger at the ports and higher expenses will likely be incurred in order to retain customers. The stock remains foreign limited and trades at 2017 P/E of approximately 8.4x¹.

PetroVietnam Nhon Trach 2 Power (NT2) share price also fell 7.59% in April¹, likely driven by profit taking after the stock reached an all time high at the end of March. NT2 recorded Q1-2016 revenue growth of -21.1% YoY and operating income growth of +32% YoY. The decline in revenue was driven by lower selling prices following the global oil price trend, however this was offset by lower gas input prices and higher volume as hydropower plants cut capacity due to the ongoing drought.



The closed-end funds portfolio was up 4.15% in April 2016, mainly due to the price increase of **DWS Vietnam Fund** (+5.56%) and Dragon Capital's **Vietnam Enterprise Investment Fund (VEIL)** (+3.81%).

The unlisted portfolio gained 0.37% in April 2016. 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 re-valued quarterly.

The increase this month was mainly due to an increase in share price for **An Phat Plastic and Green Environment JSC**. Share price of Anphat was up 11.3% during April 2016¹. The Company has performed well in Q1-2016 as net sales increased by 33.0% YoY, which was driven by an increase in orders for their plastic bags.

Current Positioning

98.03% of the Fund's NAV was invested at the end of April 2016. Cash including receivables and payables represented 1.97% of the Fund's NAV, of which receivables made up 0.89%. The top 10 holdings remained unchanged compared to the previous month, with **GreenFeed**, **Vinamilk** and **Vietnam Enterprise Investment Fund (VEIL)** each representing more than 10% of NAV. In total, the top ten holdings represent 67.45% of the Fund's NAV. During April, the Fund increased its exposure in **Dat Xanh Real Estate Service JSC (DXG)**, while taking profits in some oil and gas stocks. With regards to the closed end fund portfolio, the Fund also conducted share buybacks during the month and increased its exposure in VEIL.

Market Update

Economic update

The construction and FDI manufacturing sectors performed remarkably well in April.

Nikkei's Purchasing Manager Index (PMI) inched up strongly to 52.3 in April from 50.7 in March, fueled by the solid growth of both output and new orders as well as an impressive increase in purchasing activities. The Industrial Production Index also pointed out coherent data with a strong growth of 7.3% YoY, of which manufacturing registered a solid increase of 9.6% YoY².

Consumer Price Index (CPI) inched up 0.33% MoM or 1.89% YoY in April², spearheaded by the rally in transportation as well as housing and construction materials baskets due to the increase in pump and steel prices. Inflation in May is expected to remain on the uptrend due to several factors such as higher pump prices from the recovery of crude oil prices, a slight upward momentum of steel prices as well as upward pricing pressure on the supply of food, brought about by the prolonged drought.

April's trade balance registered a surplus of USD 100 million, widening YTD trade surplus to USD 1.46 billion². Handsets, garments and electronics topped export with growth of 6.0% YoY, while imports continued to experience negative growth as imports of machinery fell from a high base².

Foreign investment inflows remained robust with YTD Registered FDI surging 85.0% YoY to USD 6.9 billion² on the approval of a mega project, namely LG Display in Hai Phong Province (USD 1.5 billion)³. Meanwhile, disbursed FDI remained on track at USD 4.7 billion, up 12.0% YoY².

Banking Sector

Although nationwide credit growth for the first four months of 2016 has not been released yet, credit growth in Ho Chi Minh City saw an increase of 3.2% YTD, while credit growth in Hanoi settled at 4.8% in April. The State Bank of Vietnam (SBV) currently has a credit growth target of between 18 – 20% for 2016⁴.

The SBV outlined the banking system's target of lowering lending rate by 1% this year to ratchet up credit growth and achieve the target GDP growth in 2016. In support of this commitment, some SOE banks such as BIDV, Vietcombank, Vietinbank and Agribank have simultaneously lowered their lending rates by 0.3-0.5% per annum and applied a cap on mid-term and long-term lending rates of 10% for high credit profile customers⁵.



Stock market update

The VNIndex on Ho Chi Minh Stock Exchange ended the month at 598.37, an increase of 6.63% (USD terms)¹. However, both average daily trading volume and value decreased by 11.48% and 5.97% respectively¹. In April, the market was driven by the outperformance of blue chip stocks such as VNM, VCB, VIC and GAS and strong economic indicators in this month such as increased trade surplus and strong PMI. Steel tickers like HPG and HSG gained strongly, given good earnings growth and the support of the Government on anti-dumping regulations, mainly targeting Chinese imports. Foreigners took a USD53 million net selling position this month due to a USD 117 million outflow from VIC, following a large block sale by foreigners to local buyers, without which foreign flows would have been net positive in April. The VNIndex' upward momentum has been going on for 3 months where it has surpassed several resistance levels. We expect sentiment to be supported by the upcoming visit to Vietnam by US President Obama, and momentum to continue with strong economic data.

Economic Indicators

	March 2016	April 2016
Real GDP growth (cumulative, YoY)	5.46%	-
Industrial Production Index (cumulative, YoY)	6.30%	7.30%
Inventory Index (YoY)	8.70%	8.90%
Retail Sales and Services (cumulative, YoY)	9.10%	8.80%
Purchasing Manager Index (PMI) (*)	50.7	52.3
Credit growth (YTD) (**)	1.54%	NA
Inflation (YoY)	1.69%	1.89%
Import growth (cumulative, YoY)	-4.80%	-1.20%
Export growth (cumulative, YoY)	4.10%	6.00%
Trade balance (cumulative, USD million)	776	1,464
Registered FDI (YTD, USD billion)	4.0	6.9
Disbursed FDI (YTD, USD billion)	3.5	4.7
Exchange rate (per USD) (***)	22,293	22,303

Source: General Statistics of Vietnam, except:

(*) Markit

(**) State Bank of Vietnam

(***) Bloomberg



Material Event Disclosure

Investors are asked to take note of the Company Announcement released to the Irish Stock Exchange on May 18 2016 regarding the next Annual General Meeting and the resignation of the Investment Manager.
Link to the announcement: <http://www.ise.ie/app/announcementDetails.aspx?ID=12821250>

The next call will be scheduled for 30 June 2016. Dial-in details will be made available to anyone who has sent a request to dvf@duxtonam.com.

Outlook

Despite a slow growth in the first quarter, Vietnam is still expected to maintain relatively high economic growth. While the weak performance in the first quarter was driven by a soft agricultural sector, growth going forward will still be supported by the manufacturing sector which has been showing consistently strong growth and robust leading indicator. The government is showing determination to achieve budgeted GDP growth target of 6.7% in 2016 by urging banks to reduced lending rates to boost credit growth. We expect sentiment over next few months to be positive as US President Obama visits Vietnam for the first time in May and as several blue chip companies proceed to complete the paperwork on foreign ownership limit expansion.

Footnote

- 1 Bloomberg
- 2 The General Statistic Office of Vietnam
- 3 According to Saigon Securities Inc
- 4 Viet Capital Securities
- 5 VnExpress



Asset Class Performance	1 mth%	3 mth%
Listed equities	7.07	13.86
Closed End Funds	4.15	9.35
Fixed Income Securities	0.00	0.25
Unlisted equities	0.37	12.90

Top 5 Onshore Listed Holdings	%
Vinamilk	14.29
FPT Corp	4.67
Hoa Sen Group	4.04
Hoa Phat Group	4.01
Bank For Foreign Trade JSC	2.26

Top 5 Other Holdings	%
Greenfeed	17.83
Vietnam Enterprise Fund	10.22
Corbyns International	5.01
Anova Corp	4.56
NBB Investment Corp	2.62

Asset Class Exposure	%
Listed Equities	53.11
Unlisted Equities ^a	32.15
Closed-End Funds	12.77
Receivables	0.89
Fixed Income Securities	0.00
Cash and payables	1.07
Total	100.00

Currency Exposure	USD	VND	AUD
Total Assets of which	18.41%	81.59%	0.00%
Receivables	100.00%	0.00%	0.00%
Cash and payables	-59.76%	159.76%	0.00%

Sector breakdown	%
Food Products	40.34
Building Materials	13.16
Real Estate Management and Devel	11.52
Consumer Discretionary	7.34
Information Technology	6.55
Metals and Mining	5.02
Banks	4.13
Pharmaceuticals	3.95
Containers and Packaging	2.09
Energy Equipment and Services	1.92
Diversified Financials	1.49
Chemicals	1.39
Marine	1.11
Industrials	0.00
Total	100.00

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



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