



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 December 2015 (USD)

1 Month Performance:	1.06%
3 Month Performance:	2.88%
6 Month Performance:	-5.68%
1 Year:	0.90%

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 31 December 2015	USD 0.7397
Launch date	8th December 2006

Market Maker

LCF Rothschild Securities Bloomberg:	LCFR <GO> Johnny Hewiston funds@lcf.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 0.43% in December 2015.

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*	0.43	4.55	4.55	46.18	48.89	-26.03	13.49	8.29	-3.27	4.55	10.46	26.58
VNIndex (USD terms) ¹	1.06	0.90	0.90	29.59	3.58	-40.57	9.03	0.71	-5.58	0.90	6.60	20.48
VHIndex (USD terms) ¹	-0.56	-8.01	-8.01	29.93	-39.25	-74.55	9.12	-9.49	-14.01	-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 climbed 0.41% in December while the VNIndex rose 1.06%. Port operator **Vietnam Container Shipping** (Viconship, VSC) returned 10.79% in December, bringing the stock's year-to-date performance to 89.93%. Throughout 2015, gross margin has expanded sharply on the back of a hike in reefer container service. Recent tightening of controls by the Chinese along the Sino-Vietnamese border have prolonged custom clearance time, thereby lengthening the storage period for these reefer containers. In 2016, we expect VSC to continue to grow significantly as the new VIP-Green port comes into operations. The new port will bring VSC's total designed capacity to approximately 860k TEUs/year, or 2.4x its current capacity. However, profit contribution from the new port will be modest in the first year of operation.

On the other hand, the biggest detractors to performance were oil and gas stocks, especially **PetroVietnam Drilling** (PVD, -15.34%). Falling global oil prices weighed heavily on these stocks, with Brent Oil tumbling 15.7% to end the month at \$37.61 a barrel. The Fund Manager has been reducing the listed portfolio's exposure to the this sector over the past year.

Development Investment Construction JSC (DIG) was another underperformer (down 9.9%). DIG posted 9M2015 sales revenue growth of 8.8% YoY, fulfilling only 52.2% of management's 2015 target. 9M2015 profit after tax increased 23.8% YoY, achieving 45.8% of 2015 target. DIG stock price also suffered from concerns regarding poor financial liquidity due to negative operating cash flows which has plagued the company since 3Q13. Slow payment collection at Dai Phuoc project, coupled with sluggish sale activities at An Son, Nam Vinh Yen and Phoenix, has hindered operating cash flow growth. Investor sentiment became more bearish after the firm revealed that they may only achieve around 70% of 2015's sales revenue target, despite having set lower targets than 2014. DIG possesses a significant land bank acquired at low cost. However, it is located outside of HCMC and will have to wait until interests become stronger with the flow of urbanisation in Vietnam.

The closed-end funds portfolio was down 0.86% in December 2015, mainly due to the price decline of **DWS Vietnam Fund** (-1.1%). During the month, Dragon Capital's **Vietnam Growth Fund** (VGF) was merged with its **Vietnam Enterprise Investments Fund** (VEIL), at a conversion rate of 1 share VGF for approximately 6.48 shares of VEIL. This increased the fund's holdings in VEIL from 5.76% to 10.11% of NAV. **PXP Vietnam Emerging Equity Fund**'s price increased by 0.91%.

The Fund's fixed income portfolio was down 0.32% in December.

The unlisted portfolio gained 1.73% in December 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 re-valued quarterly.



The increase this month was mainly due to the re-valuation of the private equity holdings. **VTC Online** was up 9.58%. Net income has remained positive in 2015 and net revenue was up 55.77% QoQ due to restructuring efforts.

Corbyns increased by 4.77% QoQ. For Corbyns, the carry effect of 20% IRR to be received at maturity caused the increase in valuation. The financial performance for the two main subsidiaries, Vinasteel and Structure Steel Engineering, was good compared to last year and close to budget.

Current Positioning

97.64% of the Fund's NAV was invested at the end of December 2015. Cash including receivables and payables represented 2.36% of the Fund's NAV, of which receivables made up 0.75%. There was a minor change to the top 10 holdings compared to the previous month, with **DWS Vietnam Fund** moving up to 10th position after the merger of **Vietnam Growth Fund (VGF)** into **Vietnam Enterprise Investments Ltd (VEIL)**. **Greenfeed**, **Vinamilk** and **VEIL** now each represent more than 10% of NAV. In total, the top ten holdings represent 65.34% of the Fund's NAV. During December, the Fund continued to reduce its exposure to **PetroVietnam Drilling and Well Services (PVD)**, **PetroVietnam Technical Services (PVS)**, **PetroVietnam Gas (GAS)** and **Vietnam Sun Corp (VNS)**, using the proceeds to conduct its own share buybacks. The fund had also fully exited its position from **Hazelwood Resources Ltd (HAZ)** at the end of the month.

Market Update

Economic update

Vietnam's economy showed satisfying achievements in 2015 with high GDP growth and low inflation.

Vietnam's economy rose 7.01% in the fourth quarter of 2015, bringing full year growth to 6.68%¹. This growth was the fastest pace since 2007 and comfortably above the government's target of 6.2%¹. The industry and construction sector continued to be the main driver of economy by leaping to 9.64% compared to 6.42% in 2014¹. Of which, the manufacturing subsector surged up 10.60% on the Foreign Direct Investment (FDI) inflows into electronic and paper manufacture¹.

Nikkei's Purchasing Manager Index (PMI) rebounded to 51.3 in December, from 49.4 in November, driven by a rise in new orders since July, increasing new businesses and the return of employment growth. Meanwhile, the Industrial Production Index experienced a modest improvement to reach 9% YoY in December from 8.9% YoY in November, posting an expansion of 9.8% YoY in 2015, much higher than the growth of 7.6% in 2014¹.

The Consumer Price Index (CPI) rose 0.02% MoM in December and 0.6% YoY, marking the lowest level in 14 years¹. The low CPI this year was driven by the abundant domestic supply of foodstuff, the plunge in global oil price and smaller price adjustments of State services including education and healthcare services. Real retail sales growth picked up to 8.4% from 6.5% last year, signaling a firm recovery in domestic consumption and reaffirming this year's low inflation, which was driven mainly by the absence of cost-push effects¹.

This year's trade balance registered a deficit of USD 3.2 billion¹. Export growth slowed to 8.1% in 2015, lower than the target growth of 10% primarily due to the decrease in commodity prices, while imports recorded high growth pace of 12%¹. Vietnam's trade deficit with China increased to USD 32.3 billion in 2015, reaching an all time record high².

Registered Foreign Direct Investment (FDI) witnessed an upsurge to reach the 6-year high of USD 22.8 billion, up 12.5% YoY¹, on the approval of an additional USD 600 million investment into Samsung Electronics in Ho Chi Minh City³. Meanwhile, disbursed FDI continued to stay on track, increasing 17.4% YoY to USD 14.5 billion¹.

Banking sector

Given better economic growth and lower interest rates by 20-50 bps this year, credit rose by 17.17% as of Dec 21st, 2015, while deposits expanded 13.59% and total liquidity (M2) inched up 13.55%, according to the State Bank of Vietnam (SBV).

The SBV also took a step to curb dollarization of the economy and increase the value of the dong by decreasing the USD deposit rate by 25 bps to zero for individuals as of Dec 18th, 2015. The decision is also considered to shift from mobilizing deposits and advancing loans, to buying and selling in foreign currency.

Stock market update

The VNIndex on the Ho Chi Minh Stock Exchange increased 1.06% (USD terms)⁴ in December. This was driven mainly by gains on banking and consumer stocks. Banking stocks rallied after credit growth exceeded the SBV's target. The positive outlook towards retail sales in the lead up to the new-year resulted in strong consumer confidence numbers, pushing up consumer stocks. However, both average daily trading volume and value saw a slowdown of 25.3% and 26.0% respectively⁴. The Vietnamese stock market traded at 11.3x P/E, compared to an average of 20.9x P/E for other emerging markets including Indonesia, Philippines, India and Thailand⁴.



Economic Indicators

	November 2015	December 2015
Real GDP growth (cumulative, YoY)	-	6.68%
Industrial Production Index (cumulative, YoY)	9.70%	9.80%
Inventory Index (YoY)	9.70%	9.50%
Retail Sales and Services (cumulative, YoY)	9.40%	9.50%
Purchasing Manager Index (PMI) (*)	49.4	51.3
Credit growth (YTD) (**)	14.50%	17.17%
Inflation (YoY)	0.34%	0.60%
Import growth (cumulative, YoY)	13.70%	12.00%
Export growth (cumulative, YoY)	8.30%	8.10%
Trade balance (cumulative, USD million)	(3,779)	-3,170
Registered FDI (YTD, USD billion)	20.20	22.8
Disbursed FDI (YTD, USD billion)	13.20	14.5
Exchange rate (per USD) (***)	22,505	22,485

Source: General Statistics of Vietnam, except:

(*) Markit

(**) State Bank of Vietnam

(***) Bloomberg



Material Event Disclosure

The Fund's Annual General Meeting was held at 9.00am Cayman time on the 31st December 2015. Announcements on the results of the AGM have been published on the Irish Stock Exchange. Investors can consult the latest results using the following link:

<http://ise.ie/app/announcementDetails.aspx?ID=12661945>

The next quarterly conference call will be held in March 2015. Investors interested in participating in the conference calls should send an email to dvf@duxtonam.com to obtain details.

Outlook

Vietnam expects to maintain a growth momentum of 6.7% in 2016. Rising domestic consumption will be driven by low household debt penetration and improving NPL ratios in the banking system. Trade outlook is positive as trade liberalization effects from the TPP and other FTAs have incentivized another wave of overseas capital inflows into manufacturing, countering any foreseeable external headwinds in the coming year. We expect the government to continue the lengthy process of reforming State-owned Enterprises to boost growth; however we think the pace of the reforms will depend largely on the outcome of the upcoming 2016 general election which will decide the key leaders of the country for the next 5 years. The SBV will need to closely monitor exchange rate fluctuations from its neighboring countries and will likely take appropriate action in order to maintain export competitiveness.

Footnote

- 1 The General Statistic Office of Vietnam
- 2 SSI Securities Services
- 3 VCSC
- 4 Bloomberg



Asset Class Performance	1 mth%	3 mth%
Listed equities	0.41	7.02
Closed End Funds	-0.86	7.86
Fixed Income Securities	-0.32	1.18
Unlisted equities	1.73	1.88

Top 5 Onshore Listed Holdings	%
Vinamilk	12.44
FPT Corp	4.66
Hoa Phat Group	3.51
Hoa Sen Group	2.69
Bank For Foreign Trade JSC	1.96

Top 5 Other Holdings	%
Greenfeed	17.13
Vietnam Enterprise Fund	10.11
Corbyns International	5.64
Anova Corp	3.92
NBB Investment Corp	2.93

Asset Class Exposure	%
Listed Equities	52.06
Unlisted Equities ^a	31.63
Closed-End Funds	13.80
Receivables	0.75
Fixed Income Securities	0.15
Cash and payables	1.62
Total	100.00

Currency Exposure	USD	VND	AUD
Total Assets of which	20.93%	79.06%	0.00%
Receivables	100.00%	0.00%	0.00%
Cash and payables	2.86%	97.06%	0.08%

Sector breakdown	%
Food Products	40.28
Real Estate Management and Devel	12.70
Building Materials	12.64
Information Technology	7.16
Consumer Discretionary	5.13
Metals and Mining	4.78
Banks	4.53
Energy Equipment and Services	3.58
Pharmaceuticals	2.96
Diversified Financials	1.69
Chemicals	1.66
Marine	1.50
Containers and Packaging	1.38
Industrials	0.02
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