



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 January 2016 (USD)

1 Month Performance:	-4.74%
3 Month Performance:	-9.78%
6 Month Performance:	-13.84%
1 Year:	-9.38%

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 January 2016	USD 0.7171
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 down 3.06% in January 2016.

Cumulative Return

USD	1 m	YTD	1 y	3 y	5 y	S. Launch
NAV to NAV*	-3.05	-3.05	0.91	33.59	42.37	-28.29
VNIndex (USD terms) ¹	-4.74	-4.74	-9.38	6.42	-6.34	-43.39
VHIndex (USD terms) ¹	-2.81	-2.81	-13.93	14.95	-36.75	-75.27

Annualised Return

3 y	5 y	S. Launch
10.13	7.32	-3.27
2.10	-1.30	-6.03
4.75	-8.75	-14.16

Calendar Years Return

2015	2014	2013
4.55	10.46	26.58
0.90	6.60	20.48
-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 declined by 4.92% in January while the VNIndex fell 4.74%. **Vietnam Dairy Products JSC** (VNM) was the biggest detractor to performance with a price decline of 9.38%. The decline was mainly attributed to weak investor sentiment in the Vietnamese stock markets during the month, driven by China's economic slowdown and falling oil prices. Note that this is the first time in eight months that Vinamilk recorded a monthly decline in share price. Between May and December 2015, VNM share price had increased by 54.32%. Other large cap stocks such as **FPT Corp** (FPT, -3.93%) and **Bank for Foreign Trade of Vietnam JSC** (VCB, -5.69%) also contributed to the broad decline of the VNIndex this month.

Bank for Investment and Development of Vietnam (BID) share price fell 18.45% in January, driven by an announcement that the bank temporarily cut its housing loans as well as the arrests of two of its board members for embezzlement at Mekong Housing Bank. They were the former chairman and CEO of Mekong Housing Bank, before the central bank merged it with BID. In addition, there are concerns on the market about the prospects and solvency of Hoang Anh Gia Lai Group (HAG), to which BID is an important lender. **PetroVietnam Drilling and Well Services** (PVD) continued its downward trend with a decline of 13.21%. Global oil prices were extremely volatile with Brent Oil falling to a month low of \$27.88/barrel before recovering to \$34.74/barrel at the end of January.

On the other hand, **Hoa Binh Construction** (HBC) outperformed with a price gain of 14.21% in January. The Vietnamese residential construction and real estate company was awarded a VND470 billion contract by Song Mai Real Estate JSC to develop the E.Town Central Shopping Mall and Office Building (District 4, HCM City). This project is designed according to the LEED Gold standard with 5 basements and 27 floors and has an estimated construction period of 23 months. HBC also won a construction package worth approximately VND550 billion for the Imperia Garden project which is a complex building comprising office, luxury apartment, and commercial services (Thanh Xuan District, Hanoi). This project is invested by HBI Joint Stock Company and developed by M.I.K Land Corporation. HBC will be the main contractor for the construction of Block A (a 36-storey and 30-storey tower) and Block B (a 28-storey building).

The closed-end funds portfolio was down 3.92% in January 2016, mainly due to the price decline of **DWS Vietnam Fund** (-4.04%) and Dragon Capital's **Vietnam Enterprise Investment Fund** (VEIL) (-4.43%).

The Fund's fixed income portfolio was up 1.13% in January.

The unlisted portfolio gained 0.66% in January 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 the re-valuation of the private equity holdings. **Anphat Plastic & Green Environment JSC** (AAA) was up 11.84%. The company achieved its best quarter in 4Q 2015. Net income increased 6.7% QoQ as the company's efforts to be more responsive to the oil price volatility, was successful.

Current Positioning

97.69% of the Fund's NAV was invested at the end of January 2016. Cash including receivables and payables represented 2.31% of the Fund's NAV, of which receivables made up 0.82%. The top 10 holdings remained unchanged compared to the previous month, with **GreenFeed** and **Vinamilk** representing more than 10% of NAV. In total, the top ten holdings represent 65.38% of the Fund's NAV. During January, the Fund reduced its exposure to **PetroVietnam Drilling and Well Services (PVD)**, **PetroVietnam Gas (GAS)**, **Bank For Investment and Development (BID)** and **Military Commercial Joint Stock Bank (MBB)**, while increasing its investments in **Thong Nhat Production & Investment JSC (GTN)**, **Bank for Foreign Trade JSC (VCB)** and **Hoa Sen Group (HSG)**. The Fund also exited its position from **Vietnam Sun Corp (VNS)** at the end of the month.

Market Update

Economic update

January's economic indicators continued to be positive with consistent upbeat consumption and low inflation.

Nikkei's Purchasing Manager Index (PMI) inched up marginally to 51.5 in January from 51.3 in December, driven by the increase in new orders from both domestic and export clients as well as the fall of input costs. Meanwhile, the Industrial Production Index increased moderately by 5.9% YoY in January, of which manufacturing registered a growth of 8.2% YoY¹.

January's Consumer Price Index (CPI) remained unchanged from last month and the headline inflation settled at a record low of 0.8% YoY¹. The low inflation was attributed to a 2.82% MoM drop in the transportation segment thanks to drastic fuel price cuts, while foodstuff (+0.25% MoM), garment, hats and footwear (+0.37% MoM) segments increased¹. Real retail sales growth reached 11.0% in January as domestic consumption strengthened ahead of the Lunar New Year holiday while consumer confidence gained more momentum¹.

The country's trade balance witnessed a deficit of USD 200 million in January¹. Exports rose 2.2% YoY, of which exports of rice claimed a strong growth of 62.2%¹. Meanwhile, imports decreased 0.8% YoY, of which imports of other vehicles and spare parts and petroleum showed a decline of 80.8% and 17.6% respectively¹. Vietnam's trade deficit with China was valued at USD 4.4 billion in January¹.

Registered Foreign Direct Investment (FDI) reached USD 1.3 billion in January, up 101% YoY¹, fueled by Singapore's Maple Co Ltd, which received an investment license to build a USD 110 million garment factory and Interconnect Technology Bac Giang's USD 100 million earphone and connecting wire factory². Meanwhile, disbursed FDI was on the right track with a growth of 23.1% totaling at USD 800 million¹.

Banking sector

The State Bank of Vietnam (SBV) has issued Decision No 2730/QĐ-NHNN on announcing a new exchange rate mechanism in the hope of providing more flexibility to the foreign exchange rate. In this decision, a "central exchange rate" would be released on daily basis and calculated based on:

- i. a weighted average of interbank exchange rates
- ii. price of foreign currencies including USD, EUR, CNY, JPY, SGD, KRW, TWD and GBP
- iii. the macroeconomic balance as well as monetary policy target.

The trading band of the new rate will remain at +/-3%.

Stock market update

The VNIndex on the Ho Chi Minh Stock Exchange decreased 4.74% (USD terms)³ in January to end the month at 545.25. The fears of China's economic slowdown and the fall of crude oil prices below the USD 30/bbl level dragged down the Vietnamese stock market this month. However, the market staged a late partial recovery aided by the release of positive corporate earnings results. Oil and gas stocks bounced back on an imminent recovery in oil price and the government's announcement of a new price floor on gas sales. Both average daily trading volume and value saw an increase of 30.49% and 10.67% respectively³. Foreigners turned to a net selling position with total amount of USD 54 million in January⁴. The Vietnamese stock market traded at the lowest valuation of 10.7x P/E, far below an average of 20.0x P/E for other emerging markets including Indonesia, Philippines, India and Thailand³.



Economic Indicators

	December 2015	January 2016
Real GDP growth (cumulative, YoY)	6.68%	-
Industrial Production Index (cumulative, YoY)	9.80%	5.90%
Inventory Index (YoY)	9.50%	9.20%
Retail Sales and Services (cumulative, YoY)	9.50%	11.70%
Purchasing Manager Index (PMI) (*)	51.3	51.5
Credit growth (YTD) (**)	17.17%	-0.21%
Inflation (YoY)	0.60%	0.80%
Import growth (cumulative, YoY)	12.00%	-0.80%
Export growth (cumulative, YoY)	8.10%	2.20%
Trade balance (cumulative, USD million)	-3,170	(200)
Registered FDI (YTD, USD billion)	22.8	1.3
Disbursed FDI (YTD, USD billion)	14.5	0.8
Exchange rate (per USD) (***)	22,485	22,230

Source: General Statistics of Vietnam, except:

(*) Markit

(**) State Bank of Vietnam

(***) Bloomberg



Material Event Disclosure

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

The success of the Trans Pacific Partnership (TPP) and other Free Trade Agreements (FTAs) should bring greater opportunities to Vietnamese enterprises, especially the textile and garment enterprises. Moreover, the utilities sector is expected to be the next driver for FDI growth in 2016. Foreign investors including Japan's Sumitomo, South Korea's Samsung C&T, Malaysia's Toyo-Ink and India's Tata Power have sought for joint ventures to construct thermal power plants and reached agreements with the government to invest in Vietnam. 2016 will also be the first year in implementing the Resolution of the 12th National Party Congress and the socio-economic development plan for the 2016-2020 period. Measures and policies to support small- and medium-sized enterprises (SMEs) should drive greater growth in the private business sector.

Footnote

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



Asset Class Performance	1 mth%	3 mth%
Listed equities	-4.92	-7.97
Closed End Funds	-3.92	-3.16
Fixed Income Securities	1.13	1.05
Unlisted equities	0.66	1.52

Top 5 Onshore Listed Holdings	%
Vinamilk	11.76
FPT Corp	4.67
Hoa Phat Group	3.45
Hoa Sen Group	2.67
Bank For Foreign Trade JSC	2.03

Top 5 Other Holdings	%
Greenfeed	17.87
Vietnam Enterprise Fund	9.96
Corbyns International	5.82
Anova Corp	4.09
NBB Investment Corp	2.78

Asset Class Exposure	%
Listed Equities	51.06
Unlisted Equities ^a	32.79
Closed-End Funds	13.68
Receivables	0.82
Fixed Income Securities	0.15
Cash and payables	1.50
Total	100.00

Currency Exposure	USD	VND	AUD
Total Assets of which	21.21%	78.79%	0.00%
Receivables	100.00%	0.00%	0.00%
Cash and payables	22.80%	77.20%	0.00%

Sector breakdown	%
Food Products	40.08
Real Estate Management and Devel	12.68
Building Materials	12.17
Information Technology	7.16
Consumer Discretionary	7.10
Metals and Mining	4.67
Banks	3.98
Energy Equipment and Services	3.70
Pharmaceuticals	2.08
Diversified Financials	1.72
Chemicals	1.64
Marine	1.61
Containers and Packaging	1.40
Industrials	0.00
Total	100.00

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



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