



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 May 2016 (USD)

1 Month Performance:	2.91%
3 Month Performance:	10.13%
6 Month Performance:	8.40%
1 Year:	5.78%

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 May 2016	USD 0.8051
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 1.86% in May 2016.

Cumulative Return

USD	1 m	YTD	1 y	3 y	5 y	S. Launch
NAV to NAV*	1.86	8.84	13.67	33.14	86.02	-19.49
VNIndex (USD terms) ¹	2.91	7.26	5.78	11.73	34.80	-36.26
VHIndex (USD terms) ¹	1.10	2.81	-4.19	18.83	8.28	-73.84

Annualised Return

3 y	5 y	S. Launch
10.01	13.22	-2.26
3.77	6.15	-4.64
5.92	1.60	-13.18

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 rose by 3.10% in May while the VNIndex returned 2.91% (in USD terms)¹. Investor sentiment was good during the month thanks to the performance of oil and gas stocks on the recovery of Brent Oil prices, as well as the U.S. President Obama's visit to Vietnam.

Steel manufacturer **Hoa Sen Group (HSG)** was the main contributor to the listed portfolio's performance with a price increase of 12.66%¹, bringing YTD performance to 68.09%. Investor sentiment on HSG remained bullish even after the Company paid out a 50% stock dividend at the end of the month. On top of the favourable steel market that persisted in May, the Company also announced several new projects such as a USD 54 million hotel-shopping mall complex in Yen Bai province, as well as a property complex in Binh Dinh province.

PetroVietnam Drilling and Well Svcs (PVD) surged 29.51%¹ in May, driven by the recovery of oil prices. During the month, the average monthly spot price of Brent crude oil climbed by USD5/barrel to USD47/barrel, the highest monthly average for Brent since October 2015. This comes after the OPEC meeting in which Saudi Arabia pledged not to flood the market with more oil. However, members were unable to agree on a new production ceiling.

Vietnam Dairy Products JSC (VNM) also contributed to the listed portfolio's performance with a price increase of 2.16%¹ in May. During the month, the Company released series of positive announcements such as the removal of the 49% limit for foreign ownership (FOL), a decision to purchase the remaining 30% stake in U.S. subsidiary Driftwood Dairy, as well as the approval of 2016's business plan during the Annual General Meeting. Target revenue and profit after tax for FY2016 were VND44.56 trillion and VND8.27 trillion respectively, up 11% and 6% compared to 2015.

On the other hand, **FPT Corp (FPT)** was the main detractor the portfolio's performance with a price decline of 3.46%¹. FPT's stock price fell after the release of weak Q1-2016 results with a 10.4% and 12.8% decline in revenue and profit before tax, respectively. Its distribution segment struggled due to lost iPhone sales as retailers purchase directly from Apple since September 2015 instead of going through wholesalers. **DHG Pharmaceutical JSC (DHG)** share price also fell 10.06%¹ in May, after the company decided to keep the foreign ownership limit (FOL) at 49% during its Annual General Meeting. The stock had rallied 46% between February and April on speculation that Vietnamese pharmaceutical firms may lift their FOLs. DHG also recorded strong Q1-2016 revenue growth of 27.4% YoY and net profit growth of 35.3% YoY. The increase in revenue was driven by higher volume of in-house product sales as well as a low base effect in Q1-2015.



The closed-end funds portfolio was up 3.35% in May 2016, mainly due to the price increase of Dragon Capital's **Vietnam Enterprise Investment Fund (VEIL)** (+3.56%) and **DWS Vietnam Fund** (+2.58%).

The unlisted portfolio gained 1.56% in May 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 **Anphat Plastic and Green Environment JSC**. Share price of Anphat was up 29.4%¹ during May 2016. 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

97.18% of the Fund's NAV was invested at the end of May 2016. Cash including receivables and payables represented 2.82% of the Fund's NAV, of which receivables made up 0.91%. 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 68.40% of the Fund's NAV. During May, the Fund increased its exposure in **PetroVietnam Drilling & Well Services (PVD)** and **Dat Xanh Real Estate Service JSC (DXG)**, while taking profits in **Hoa Sen Group (HSG)**. The Fund also conducted share buybacks during the month.

Market Update

Economic update

Construction and FDI manufacturing sectors performed remarkably well in May.

Nikkei's Purchasing Manager Index (PMI) rose slightly to 52.7 in May from 52.3 in April, fueled by the growth of new orders, though at a slower pace than seen in the last month. Meanwhile, the Industrial Production Index grew at 7.5% YoY in May, much lower than the growth of 9.2% YoY during the same period last year due to declines in the mining and quarrying sectors².

Consumer Price Index (CPI) continued to increase 0.54% MoM in May and the headline inflation settled at 2.28% YoY². Much of the increase was attributed to the pickup of 2.39% MoM in transportation and 0.88% MoM in housing and construction material prices. On the consumption front, real retail sales growth stood at 7.8% YoY in May, lower than the growth of 8.2% YoY in the same period last year partly due to negative effects of the mass fish deaths in Central Vietnam on the accommodation & catering services and travel service sectors².

Trade balance in May posted an estimated deficit of USD 400 million, narrowing YTD trade surplus to USD 1.36 billion from USD 1.76 billion in the first four months of 2016². Export growth reached 6.6% in May, mainly driven by strong exports of telephone and spare parts, while import growth remained negative². China remained the biggest import market of Vietnam with a value of USD 19.2 billion².

Registered Foreign Direct Investment (FDI) climbed to USD 10.2 billion in May, up 136.4% compared to the same period last year². Disbursed FDI, in contrast, was still on track to reach USD 5.8 billion, up 17.2% YoY².

Banking Sector

Credit growth reached 5.48% in 5M2016, modestly higher than 5.22% over the same period last year, according to the State Bank of Vietnam (SBV).

On May 27th, the SBV issued Circulars 06 and 07 on asset-liability management and real estate loans. Accordingly, Circular 06 contains some major changes, among which is the central bank's approval for banks to use a maximum ratio of 50% of short-term funding for loans with terms extending beyond 12 months by the end of 2016, down from the current 60%. This ratio will then be reduced to 40% by the end of 2017. Meanwhile, Circular 07 will focus on providing short-term foreign currency loans for export firms. Moody's later praised these regulatory changes and noted that the new rules, while milder than those proposed in February, are credit positive for Vietnamese banks, as they will support liquidity and limit the banks' exposure to the higher-risk real estate sector.



Stock market update

The VNIndex on Ho Chi Minh Stock Exchange increased 2.91% (USD terms)³ in May to end the month at 618.44. Both average daily trading volume and value decreased by 13.11% and 8.33% respectively³. The market this month was mainly driven by the strong performance of oil and gas stocks on the recovery of Brent oil prices, positive sentiment on the economy as US President Obama visited Vietnam, and issuance of Circular 06 to relieve the real estate and banking sectors. Foreign investors were active buyers this month, mostly focusing on MBB, GAS and PVD tickers. At the end of May, the VNIndex traded at 13.64x P/E, far below an average of 21.31x P/E for other emerging markets including Indonesia, Philippines, India and Thailand³.

Economic Indicators

	April 2016	May 2016
Real GDP growth (cumulative, YoY)	-	-
Industrial Production Index (cumulative, YoY)	7.30%	7.50%
Inventory Index (YoY)	8.90%	8.70%
Retail Sales and Services (cumulative, YoY)	8.80%	9.10%
Purchasing Manager Index (PMI) (*)	52.3	52.7
Credit growth (YTD) (**)	NA	5.48%
Inflation (YoY)	1.89%	2.28%
Import growth (cumulative, YoY)	-1.20%	-0.90%
Export growth (cumulative, YoY)	6.00%	6.60%
Trade balance (cumulative, USD million)	1,464	1,361
Registered FDI (YTD, USD billion)	6.9	10.2
Disbursed FDI (YTD, USD billion)	4.7	5.8
Exchange rate (per USD) (***)	22,303	22,390

Source: General Statistics of Vietnam, except:

(*) Markit

(**) State Bank of Vietnam

(***) Bloomberg



Material Event Disclosure

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

Outlook

According to the Organization for Economic Co-operation and Development (OECD), Vietnam's real GDP growth is expected to stay robust at 6.3% in 2016. This figure, although lower compared to 2015, remains top among its ASEAN 5 neighbors (Indonesia, Malaysia, the Philippines, Singapore and Thailand). The drivers for growth will continue to come from the manufacturing and services industry, as well as strong FDI inflows from South Korea and Singapore. The U.S, currently ranked 8th in the amount of investment capital in Vietnam, will likely contribute more given improving bilateral relations and provided the U.S ratifies the Trans-Pacific Partnership (TPP). Current account balance is also set to run a surplus this year, thanks to strong export demand and low prices across commodity imports.

Footnote

- 1 Bloomberg
- 2 The General Statistic Office of Vietnam
- 3 Bloomberg



Asset Class Performance	1 mth%	3 mth%
Listed equities	3.10	11.50
Closed End Funds	3.35	9.97
Fixed Income Securities	N.A.	0.07
Unlisted equities	1.56	14.22

Top 5 Onshore Listed Holdings	%
Vinamilk	14.27
FPT Corp	4.49
Hoa Phat Group	3.82
Hoa Sen Group	3.44
Bank For Foreign Trade JSC	2.24

Top 5 Other Holdings	%
Greenfeed	17.42
Vietnam Enterprise Fund	10.39
Corbyns International	4.92
Anova Corp	4.46
DWS Vietnam Fund Ltd	2.66

Asset Class Exposure	%
Listed Equities	52.27
Unlisted Equities ^(a)	31.86
Closed-End Funds	13.05
Receivables	0.91
Fixed Income Securities	0.00
Cash and payables	1.91
Total	100.00

Currency Exposure	USD	VND	AUD
Total Assets of which	19.33%	80.67%	0.00%
Receivables	100.00%	0.00%	0.00%
Cash and payables	4.11%	95.89%	0.00%

Sector breakdown	%
Food Products	39.13
Building Materials	12.89
Real Estate Management and Devel	11.68
Consumer Discretionary	7.42
Information Technology	6.16
Metals and Mining	5.40
Banks	4.24
Pharmaceuticals	3.83
Containers and Packaging	3.09
Energy Equipment and Services	2.11
Diversified Financials	1.49
Chemicals	1.33
Marine	1.21
Industrials	0.00
Total	100.00

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



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