



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 July 2015 (USD)

1 Month Performance:	4.29%
3 Month Performance:	9.29%
6 Month Performance:	5.17%
1 Year:	1.35%

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 31 July 2015	USD 0.7534
Launch date	8th December 2006

Market Maker

LCF Rothschild Securities Bloomberg:	LCFR <GO> Johnny Hewiston funds@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 2.32% in July 2015.

Cumulative Return

USD	1 m	YTD	1 y	3 y	5 y	S. Launch
NAV to NAV*	2.32	6.49	6.01	60.61	35.58	-24.66
VNIndex (USD terms) ¹	4.29	11.56	1.35	43.28	10.09	-34.29
VHIndex (USD terms) ¹	-0.26	0.78	4.56	17.47	-51.43	-72.12

Annualised Return

3 y	5 y	S. Launch
17.11	6.28	-3.22
12.74	1.94	-4.74
5.51	-13.45	-13.73

Calendar Years Return

2014	2013	2012
10.46	26.58	26.06
6.60	20.48	18.91
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 July 2015 breaks down as: listed equity 4.84%, closed-end funds 3.58%, unlisted equity 0.32% and fixed income 1.25%.

The listed equity portfolio returned 4.84% in July. **Vinamilk (VNM)**, the Fund's largest listed holding, continued to drive the performance with 6.19% return¹. The stock hit a new all-time high in July as investors anticipated collapsing powder milk prices to have a positive impact on Vinamilk's future margin and earnings. In July, the company's Board of Directors announced a major decision to segregate the Chairwoman and CEO positions. Ms. Le Thi Bang Tam replaces Ms. Mai Kieu Lien as the company's chairwoman. This is seen as a positive move on corporate governance structure, since Ms. Bang Tam was nominated by a group of minority shareholders. Ms. Lien, having undertaken both roles for 12 years, remains in control of the company's operations. In our view, as both women are above retirement age, this is the first move in Vinamilk's leadership transition, which should follow with Ms. Lien stepping down as CEO in two years or so, having spent the past few years preparing for the next generation of management.

Other important contributors to the performance of the Fund's listed portfolio include **Hoa Phat Group (HPG)**, which returned 12.46%, adding on to last month's performance of 8.65%. **Binh Chanh Construction (BCI)**, +19.76%¹ shares appreciated after HFIC, Ho Chi Minh's City investment arm, declared a sale of 27.9% stake in the real estate developer, which would trigger a change in the composition of the board. Rumours are on the market that another real estate developer is bidding for BCI shares. BCI has a good land bank in strategic locations on the outskirts of Ho Chi Minh City, focusing on low and mid-end segments.

Detractors of the listed portfolio in July include Oil & Gas companies **PetroVietnam Gas (GAS)**, -4.84% and **PetroVietnam Drilling (PVD)**, -1.17% due to a 12% decline in oil prices.¹

The closed-end funds portfolio was up 3.58% in July 2015 thanks to the performance of **Vietnam Growth Fund** (+2.67% in price) and **Vietnam Enterprise Investment Fund** (+5.08% in price).²

The Fund's fixed income portfolio was up 1.25% in July.

The unlisted portfolio returned 0.32% in July 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 the increase in share price of **An Phat (AAA)**, +3.85%¹.



Current Positioning

97.43% of the Fund's NAV was invested at the end of July 2015. Cash including receivables and payables represented 2.57% of the Fund's NAV, of which receivables made up 0.90%. At the end of the month, the top ten holdings remains unchanged compared to the previous month and represents 60.93% of the Fund's NAV. During July, the Fund increased its exposure to the real estate sector by adding **Ha Do Group** (HDG) into its portfolio and increased its holdings in **Nhon Trach 2 Power** (NT2), while gradually divesting from **Japan Vietnam Medical Instruments** (JVC).

Market Update

Economic update

Vietnam's manufacturing sector maintained growth momentum amid rising domestic consumption.

Vietnam's manufacturing sector continued to improve solidly as Nikkei's Purchasing Manager Index posted 52.6 in July, a slight increase from 52.2 in June, on the back of sharper expansion in output, new orders and employment. The Industrial Production Index also exhibited a consistent signal with an expansion of 9.9% YoY, much higher than the growth of 6.2% during the same period last year³.

Consumer Price Index (CPI) inched up marginally 0.13% MoM or 0.9% YoY in July on the slight increase in prices of most categories, which offset against further pump price cuts³. The headline inflation is expected to be lower next month due to the likelihood of more pump price cuts, coupled with the slow season of consumption and construction during the seventh month of the lunar calendar as well as the coming of the rainy season. Domestic consumption, on the other hand, has pointed out a clear recovery to mark the seventh consecutive month of growth, standing at 9.9% YoY³.

Trade balance recorded a deficit of USD 300 million in July, widening YTD trade deficit to USD 3.4 billion³. Export growth was spearheaded by mobile phones and attributed mainly to foreign-invested enterprises, while imports of machinery and equipment made up 17% of total imports turnover³. Despite a rising trade deficit in the second quarter of the year, the national foreign reserve continued to expand from USD 36 billion by end of 2014 to USD 37 billion in cash as of end of July 2015⁴.

Registered Foreign Direct Investment (FDI) climbed to USD 8.8 billion in July, fueled by the USD 1.2 billion Empire City project in District 2, HCMC and the USD 274 million textile project by Far Eastern New Century³. Meanwhile, disbursed FDI remained on track at USD 7.4 billion³.

Banking sector

As of July 20th, credit saw a significant increase of 7.32% YTD, much higher than the growth of 3.15% during the first seven months in 2014, while deposits expanded 6.04% YTD, down slightly from 6.95% of the same period last year⁴. Although the State Bank of Vietnam (SBV) reaffirmed its target to continue lowering medium and long-term lending rates to support economic recovery and facilitate the issuance of government bonds, the deposit and lending interest rates in VND have been kept stable compared to the previous month.

With regard to bad debt resolution, the Vietnam Asset Management Company (VAMC) has agreed to purchase VND 59 trillion worth of bad debt until July 2015⁴. The VAMC might therefore fulfil this year's target by the end of Sep 2015. Furthermore, VAMC has resolved around VND 6,513 billion worth of bad debt as of July 2015, much higher than the figure of VND 4,800 billion for the whole of last year⁴.

Stock market update

The VN-Index on Ho Chi Minh Stock Exchange increased 4.29% (USD terms)⁵ in July. Both average daily trading volume and value saw a decline of 25.8% and 17.4% respectively⁵. Retail investors seemed to be more active than foreign investors as there has been no clear guidance on how to implement Decree 60 to raise the foreign ownership limit (FOL). Throughout the month, the market was mainly driven by the rally of insurance stocks on rising merger and acquisitions talks and the likelihood of insurance companies increasing their FOL to 100%. Strong performance of TPP-related stocks including textile and garment manufacturers and agricultural exporters also contributed to the rally. At the end of July, the Vietnamese stock market traded at a valuation of 12.66x P/E, compared to 21.97x P/E for other emerging markets including Indonesia, Philippines, India and Thailand⁵.



Economic Indicators

	June 2015	July 2015
Real GDP growth (cumulative, YoY)	6.28%	-
Industrial Production Index (cumulative, YoY)	9.60%	9.90%
Inventory Index (YoY)	11.80%	10.30%
Retail Sales and Services (cumulative, YoY)	9.80%	9.90%
Purchasing Manager Index (PMI) (*)	52.2	52.6
Credit growth (YTD) (**)	6.28%	7.32%
Inflation (YoY)	1.00%	0.90%
Import growth (cumulative, YoY)	17.70%	16.40%
Export growth (cumulative, YoY)	9.30%	9.50%
Trade balance (YTD, USD million)	(3,753)	(3,373)
Registered FDI (YTD, USD billion)	5.49	8.80
Disbursed FDI (YTD, USD billion)	6.30	7.40
Exchange rate (per USD) (***)	21,839	21,818

Source: General Statistics of Vietnam, except:

(*) HSBC

(**) State Bank of Vietnam

(***) Bloomberg



Material Event Disclosure

In order to increase transparency and communication to investors, the Fund manager plans to hold quarterly conference calls, open to all registered shareholders. The first call was held on May 28th, 2015, and a transcript is published on the Fund's website. The next call remains to be scheduled but is expected to be held in September. Investors interested in participating in the conference calls should contact scott.weldon@duxtonam.com to obtain the dial-in details.

Outlook

We expect the domestic economy to continue to grow and the real estate sector recovery to carry on with improved liquidity. The failure to finalise the Trans Pacific Partnership in July despite Obama's Fast Track Authority created disappointment among domestic investors who took profits in export-related stocks in garment/textile, fisheries and other sectors. At the moment we have no clear visibility on the timing of the TPP, but we have little optimism that it will be finalised before the end of the year. However, we believe the TPP deal is still on the table and will be signed at some point next year. Other Free Trade Agreements with South Korea and the Eurasian Economic Community have already been signed and the positive impacts are to come. Despite the devaluation of the Chinese Yuan, which induced a slight panic in markets around the world, we think the Vietnamese export business will not be adversely impacted as the SBV widened the trading band to allow a comparable depreciation of the Vietnam Dong against the US Dollar, and as Vietnamese products traditionally compete with Chinese products in terms of quality rather than price. From a foreign investor's point of view, we remain optimistic as the government is taking steps to implement the foreign ownership limit expansion, providing upside to blue chips and foreign limited stocks.

Footnote

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



Asset Class Performance	1 mth%	3 mth%
Listed equities	4.84	8.07
Closed End Funds	3.58	4.36
Fixed Income Securities	1.25	0.20
Unlisted equities	0.32	0.45

Top 5 Onshore Listed Holdings	%
Vinamilk	9.83
FPT Corp	4.62
Hoa Phat Group	4.04
PetroVietnam Drilling and Well	2.29
Hoa Sen Group	1.99

Top 5 Other Holdings	%
Greenfeed	16.86
Vietnam Enterprise Fund	6.66
Vietnam Growth Fund	5.36
Corbyns International	5.08
Anova Corp	3.64

Asset Class Exposure	%
Listed Equities	53.74
Unlisted Equities ^a	30.06
Closed-End Funds	13.34
Receivables	0.90
Fixed Income Securities	0.29
Cash and payables	1.67
Total	100.00

Currency Exposure	USD	VND	AUD
Total Assets of which	20.58%	79.34%	0.07%
Receivables	100.00%	0.00%	0.00%
Cash and payables	0.15%	99.06%	0.79%

Sector breakdown	%
Food Products	38.68
Real Estate Management and Devel	12.76
Building Materials	10.77
Information Technology	7.21
Energy Equipment and Services	5.89
Metals and Mining	5.61
Banks	4.76
Consumer Discretionary	4.33
Pharmaceuticals	4.07
Diversified Financials	1.90
Containers and Packaging	1.34
Marine	1.16
Chemicals	0.75
Industrials	0.42
Health Care Providers and Services	0.35
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