

## **Minutes of DWS Vietnam Fund - Investor Conference call held September 28, 2015**

### **Introductory comments from the Board of Directors**

Thank you for taking the time to submit the questions to either the board or managers to discuss in this conference call. I would encourage you to continue doing so. To the format or frequency of this conference call, if there are any suggestions or comments on how they can improve, we would be delighted to hear and consider them. The board is committed to providing as much transparency possible to investors, as well as improving communication.

The board has decided to move forward with the calling of an EGM. The EGM will be called to consider additional directors to the fund. These would be directors with very specific knowledge of funds of this nature and the Vietnam industry. There are a number of individuals that the board has been considering and had discussions with. We will provide their details and biographies in a circular to shareholders, along with the proposed terms of their appointment. This said, the appointment does not come without a cost. One of the resolutions to be considered in the EGM is an amendment to the articles, to remove the cap on director's compensation. Again, all these will be outlined on the circular, which has been prepared and is close to be ready to be distributed to shareholders.

In order to improve transparency of communications to investors, the Board of Directors asked the Fund Manager to set up periodic conference calls to discuss the fund, and to open these calls to all shareholders. Today is the second of these investor calls. Minutes of the prior investor call, held on May 28, 2015, can be found on the fund website.

Investors have submitted questions to the manager and to the board, replies to which are discussed below.

### **Comments from the Board of Directors**

Before addressing the questions directly, we wish to make the following introductory comments.

#### Preparation for increasing fund liquidity

- Cognisant of the 2016 special resolution vote which could require full fund liquidity, we are managing the fund with the objective that there be no illiquid positions owned by the fund by the end of 2016.
- For the private equity holdings which are currently illiquid today, several options for exit are being pursued.
- No new private equity positions will be taken unless there is an associated exit mechanism (such as a put option).
- We note, for example, that in early September the fund did subscribe to additional shares in Anova Corporation, the privately held animal health company already in the portfolio. This transaction, discussed in more detail below, contains an attached put option ensuring that this private equity investment will be fully liquid by the end of 2016.

Recent fund performance and outlook:

- The NAV per share of the fund stood at \$0.7090 as of the end of August 2015, up +0.2% YTD. The VN Index was down -1.6% over the same period. Month to date September the index has recovered only slightly.
- The share price discount to NAV stood at -19% at the end of August 2015, a large improvement from -28% one year earlier, but still unreasonably large in our view.
- We remind investors that on 30 June 2015, the Fund cancelled all shares held by the fund that had previously been repurchased for investment
- The manager has continued to repurchase shares in August and September 2015.

Market outlook

- Since our last conference call in May, prevailing investor sentiment for Vietnamese equities, indeed for markets globally, has become more pessimistic. As seen in the movements of the Vietnam Index, the 1 month movement in August of -12% completely reversed all the gains that it had made in the prior seven months. We attribute this movement primarily to fears around emerging markets generally, triggered by the recent Chinese Yuan devaluation.
- On the positive side, however, indications from both the Purchasing Manager index and Industrial Production index for Vietnam continue to remain bullish. In addition, domestic consumption points to clear recovery, recording a 9.9% YoY increase, with August representing the seventh consecutive month of growth.
- The implementation of Decree 60 to raise the foreign ownership limit is also expected to drive the Vietnamese economy considerably. (more on this subject below).
- A detailed market update and outlook can be found in the monthly factsheets published on the fund website ([dwsvietnamfund.com](http://dwsvietnamfund.com)).

<b>Questions from investors</b>	<b>Response from the manager</b>
Please provide an update on the Special Resolution to be voted upon in 2016.	This has been commented upon in the introductory remarks.  We can repeat, as stated in our prior conference call, that we expect the Board to present various options to shareholders for consideration in advance of the 2016 AGM, including an option to open-end the fund.
In June 2015, the Fund sold its position Sabeco.  What was the uplift over carrying value achieved on the sale?	Sabeco is an unlisted company which trades OTC. This means that even though the share is not listed on the main exchange and may have limited liquidity, there are available indicative broker quotations at any moment. The carrying value in the fund NAV for OTC quoted stocks is based on an average of broker quotations.

	<p>In June 2015, the Fund sold its entire position in Sabeco via a secondary block sale. We exited the position at a price in excess of its carrying value at the time. The details of the transaction are subject to a confidentiality clause.</p> <p>We are able to disclose that the overall return since investment in 2011 in USD terms was 10.3% (IRR) and a 1.9x cash multiple on investments.</p> <p>For reference, the VN index increased by 30% in USD over the same period, while our position increased 3 times that rate.</p>
<p>What is the likelihood of follow-on investments being required at any of the unlisted holdings?</p>	<p>In early September, the fund subscribed to a (1 for 6) rights issue for ANOVA, maintaining its pro-rata ownership in the company.</p> <p>Our investment in Anova, including the new shares acquired, has a put option attached, such that if there is not an IPO or listing of the company by 2016, the fund will be able to put shares back to the sponsor at a guaranteed minimum return.</p> <p>As of today, we do not anticipate any further follow-on investments into any of the unlisted holdings</p>
<p>Any update on the sales process for Greenfeed?</p>	<p>Exit strategies have been formulated and shared with the board.</p> <p>As stated in the prior call, we cannot discuss specific exit strategies in a public forum such as this one, as this could be detrimental to our ability to obtain an optimal exit price.</p> <p>There are currently a number of rumours regarding Greenfeed in the market and in the local press on which we cannot comment. The rumours on</p>

	<p>Greenfeed being that the company has been sold at a significantly higher value than our carrying value – i.e. not a negative rumour.</p>
<p>The manager has often referred to downside protection in several of the unlisted investments (often put rights, or "ratchets" where the stake is automatically increased if certain targets are not met). Can you please comment whether any such protections are in place on Greenfeed?</p>	<p>As of 2015, the fund no longer has any protections in place on its investment in Greenfeed.</p> <p>Protections were in place when the position was first entered, but we chose not to exercise the put options as the market value of the company had since significantly exceeded the minimum profit guarantee.</p>
<p>Both Corbyns and Anova seem to have maturity dates in 2016. Can you be specific in what your rights at maturity are for these securities? I.e, cash redemption, conversion into traded shares (or private shares).</p> <p>In addition, are there any specific concerns about the ability of these companies to pay-off your instruments as contractually mandated?</p>	<p>Our investment in Corbyns is structured as a convertible loan, which can be redeemed for cash in 2016.</p> <p>Our investment into Anova is partially structured as a convertible bond, which is redeemable in 2016. We also own equity shares in Anova on which we have put options attached.</p> <p>We believe both companies have the necessary financial ability to respect the contractual conditions.</p>
<p>Based on the holdings data as at 31-Dec-14, the company seems to have c23% of its portfolio in stocks at their Foreign Ownership Limit. Can an updated figure be provided, and can the manager please give their views on the impact of removing FOLs on the company's portfolio and the broader market?</p>	<p>As of the end of August, the fund held 26% of its portfolio in stocks which are at the Foreign Ownership Limit.</p> <p>The removal of FOLs would mean higher prices and greater liquidity for the foreign limited shares. Brokerage companies could be expected to benefit from greater trading volumes.</p> <p>When a share is at the FOL limit, it means there are international investors who would be willing to</p>

	<p>purchase more shares at the currently listed price, but are unable to do so in the open market. These shares can be sold in a transaction between foreign owners a premium to the currently listed market price.</p> <p>Should the FOL rules be loosened, as per Decree 60, we would expect an immediate increase in the market prices for these shares. Moreover, on a longer time scale, we believe Vietnamese companies would have more flexibility for raising additional foreign capital, which could add stimulus to the market, and in the event of international partnerships, bring knowledge transfers in terms of expertise, management and business development.</p>
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