



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 August 2016 (USD)

| | |
|----------------------|--------|
| 1 Month Performance: | 3.42% |
| 3 Month Performance: | 9.52% |
| 6 Month Performance: | 20.61% |
| 1 Year: | 20.42% |

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 August 2016 | USD 0.8959 |
| Launch date | 8th December 2006 |

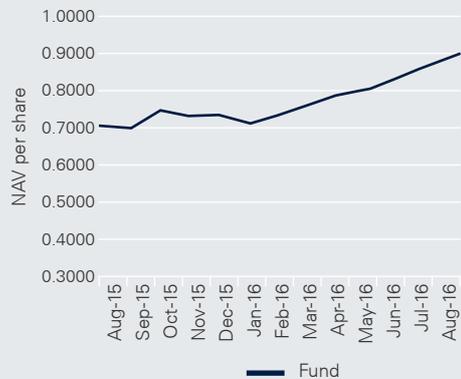
Market Maker

| | |
|---------------------------------------|--|
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| Tel: | +44 207 898 7127 |
| Numis Securities Bloomberg: | NUMI<GO> Dave Cumming dcumming5@bloomberg.net |
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Performance

Fund Performance



Assets Under Management



Performance Review

The NAV of DWS Vietnam Fund was up 3.56% in August 2016.

Cumulative Return

| USD | 1 m | YTD | 1 y | 3 y | 5 y | S. Launch |
|----------------------------------|------|-------|-------|-------|--------|-----------|
| NAV to NAV* | 3.56 | 21.12 | 26.36 | 48.45 | 103.66 | -10.41 |
| VNIndex (USD terms) ¹ | 3.42 | 17.48 | 20.42 | 35.10 | 48.36 | -30.19 |
| VHIndex (USD terms) ¹ | 0.80 | 6.18 | 10.53 | 30.34 | 7.69 | -72.98 |

Annualised Return

| 3 y | 5 y | S. Launch |
|-------|-------|-----------|
| 14.08 | 15.29 | -1.12 |
| 10.55 | 8.21 | -3.62 |
| 9.24 | 1.49 | -12.58 |

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 7.98% in August, achieving a year-to-date gross return of 37.46%. The performance was driven by blue-chip stocks such as **Vinamilk (VNM)**, **Hoa Phat Group (HPG)**, **FPT Corp (FPT)** and **Hoa Sen Group (HSG)**.

Vinamilk's share price rallied 18.48%¹ in August thanks to a series of favourable events. The stock paid out its first interim cash dividend as well as a 20% stock dividend. Vinamilk rose 3.05% on the day the MSCI announced that they were including the stock into their Frontier Markets Index². There were also speculations that the two Vietnam ETFs would include the stock on their next review, given the removal of its Foreign Ownership Limit (FOL). Investors are also looking as to when the State Capital Investment Corporation's (SCIC) decides to divest its 45.1% stake in the Company.

Steel manufacturers **Hoa Phat Group** and **Hoa Sen Group** were also positive contributors to the listed portfolio's performance with price increases of 10.61% and 10.15%, bringing YTD performance to 72.50% and 104.05%, respectively¹. Hoa Phat Group witnessed a 33% MoM rise in steel sales to 140k tons in July, bringing the total to 925,000 tons for the first 7 months of the year². Factors contributing to this growth were a rebound in steel prices, aided by the tariffs imposed on overseas long steel and billet, and contribution from Phase 3 of the Integrated Steel Complex which boosted capacity by 600k tons/year. The Company also paid out cash dividends and a 15% stock dividend in August. Meanwhile, Hoa Sen Group reported positive 3Q16 business results with revenue down -4.9% YoY but net profit up +85.6% YoY². Average selling prices fell by 10.2% YoY, however this was slightly offset by a 6% YoY increase in sales volume. The Company also recently announced an implementation plan for the Ca Na steel complex in Ninh Thuan province. This complex would increase HSG's annual capacity by 6 million tons and aims to be deployed from 2017 to 2022.²

FPT Corp (FPT) share price rose 7.07%¹ in August. FPT's 7M16 business results were mixed with its software outsourcing and education segments outperforming the same period last year, while its distribution segment continued to struggle with lost sales of Apple products to Mobile World. Despite strong growth in subscriber base, profit from telecom services declined due to higher fiberisation costs².

Detractors to the listed portfolio in August include **GTN Foods (GTN)** which lost 15.91%¹ after the release of audited 1H16 financial results, with revenue up 0.6% and net profit down 34.2% (pro forma). Operating expenses increased significantly as GTN recently acquired Vinatea and Vilico and is going through restructuring. The first half results are not reflective of either GTN's full-year results or its underlying business restructuring. On a standalone basis, Vinatea showed improvements with revenue up 17.4% compared to 1H15.²



The closed-end funds portfolio was up 4.41% in August 2016, mainly due to the contribution from Dragon Capital's **Vietnam Enterprise Investment Fund (VEIL)**. During the month, VEIL's price increased 6.40% while its discount to NAV widened from 15.62% to 17.26%. **DWS Vietnam Fund's** price increased 1.97% in August, making YTD gain 22.86%.³

The unlisted portfolio declined 0.76% in August 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 decrease this month was mainly due to a 7.58% decrease in share price for **An Phat Plastic and Green Environment JSC (AAA)**¹.

Note that for certain of the holdings within the unlisted portfolio, we have agreed with the issuers to extend the maturity dates of underlying protection mechanisms in order to allow for the extraction of greater value.

Current Positioning

97.50% of the Fund's NAV was invested at the end of August 2016. Cash including receivables and payables represented 2.50% of the Fund's NAV. Vinamilk replaced Greenfeed as the largest holding of the Fund (17.22% of NAV) thanks to its performance during the month. The remainder of the top 10 holdings stayed unchanged compared to the previous month, with **Vinamilk**, **GreenFeed** and **Vietnam Enterprise Investment Fund (VEIL)** each representing more than 10% of NAV. In total, the top ten holdings represent 70.33% of the Fund's NAV. During August, the Fund reduced its exposure to **PetroVietnam Drilling (PVD)**, **Fecon Corp (FCN)**, **Phuoc Hoa Rubber (PHR)** and **Saigon Securities Inc (SSI)**.

Market Update

Economic update

Vietnam's manufacturing sector continued to grow in August while inflation was kept at a low level.

Nikkei's Purchasing Manager Index (PMI) posted at 52.2 in August, a slight increase from 51.9 in July, on a strong improvement of business conditions in spite of weaker increases in both output and new orders during this month. Meanwhile, the Industrial Production Index increased by 6.9% YoY in August, lower comparing to the 9.9% growth in the same period last year due to a 3.8% contraction in mining output and a slightly slower growth in manufacturing⁴.

The Consumer Price Index (CPI) inched up marginally 0.10% MoM and 2.57% YoY in August on the back of decreases in prices of five categories including food and foodstuff, housing and construction materials, transportation, telecommunication, and culture, entertainment and tourism. This offset the price hikes of healthcare and education fees this month⁴. The real retail sales growth of 7.3% YoY in August indicated that domestic demand continued to expand but at a slower pace than over the same period last year⁴.

The country's trade balance remained in positive territory with a surplus of USD 200 million in August, widening YTD trade surplus to USD 2.45 billion⁴. Exports increased by 5.3% YoY, much lower than the growth in previous year, mainly due to the dramatic decline in exports of coal and crude oil⁴. Meanwhile, the drop of 4.2% YoY in machinery and equipment category was the main reason for negative growth of imports in August⁴.

Registered Foreign Direct Investment (FDI) rose 7.7% YoY to reach USD 14.4 billion by end of August⁴. Disbursed FDI, in contrast, stayed on track to USD 9.8 billion, up 8.9% YoY⁴. The manufacturing and processing sector attracted the largest FDI amount of USD 10.53 billion, representing 73% of the country's FDI in the first eight months⁴.

Banking Sector

According to the State Bank of Vietnam (SBV), credit growth settled at 9.09% YTD as of August 23rd 2016, lower than the growth of 10.21% of the first eight months in 2015. Loans to the agriculture sector inched up 6.64% YTD, comprising 18% of outstanding loans⁵.

In terms of state-owned enterprise (SOE) restructuring, the initial public offerings (IPO) of SOEs in August seemed to create an interest for investors. There were 6 SOEs which sold stakes on both stock exchanges with total collection amount of VND 2,830 billion⁶. Noticeably, Vietnam Engine and Agricultural Machinery Corporation (VEAM) successfully sold 167 million shares at price of VND 16,520 per share in its IPO and earned VND 2,136 billion, marking the biggest IPO in Vietnam this year⁶.



Stock market update

The VNIndex on the Ho Chi Minh Stock Exchange increased 3.42% (USD terms)¹ in August to end the month at 674.63. Both average daily trading volume and value saw a decline of 13.98% and 9.31% respectively¹, following Vin Group's announcement to delay the M&A deal between its subsidiary and TTF, and the government's investigation into Mobifone's acquisition of Audio Visual Global (AVG). Foreign investors turned to net sellers after 3 consecutive months of net buying, of which VIC topped the list with a total sell value of USD 24.9 million¹. On the other hand, the market was stimulated by the government's divestment plan from Vinamilk, Sabeco and Habeco, and strong performance of food and beverage stocks. At the end of August, the Vietnamese stock market traded at a 16.33x trailing P/E valuation, still below an average of 22.65x P/E for other emerging markets including Indonesia, Philippines, India and Thailand¹.

Economic Indicators

| | July 2016 | August 2016 |
|---|-----------|-------------|
| Real GDP growth (cumulative, YoY) | - | - |
| Industrial Production Index (cumulative, YoY) | 7.20% | 6.90% |
| Inventory Index (YoY) | 9.20% | 8.90% |
| Retail Sales and Services (cumulative, YoY) | 9.40% | 9.30% |
| Purchasing Manager Index (PMI) (*) | 51.9 | 52.2 |
| Credit growth (YTD) (**) | 8.54% | 9.09% |
| Inflation (YoY) | 2.39% | 2.57% |
| Import growth (cumulative, YoY) | -0.90% | -0.30% |
| Export growth (cumulative, YoY) | 5.30% | 5.50% |
| Trade balance (cumulative, USD million) | 1,798 | 2,454 |
| Registered FDI (YTD, USD billion) | 12.9 | 14.4 |
| Disbursed FDI (YTD, USD billion) | 8.6 | 9.8 |
| Exchange rate (per USD) (***) | 22,299 | 22,305 |

Source: General Statistics of Vietnam, except:

(*) Markit

(**) State Bank of Vietnam

(***) Bloomberg



Material Event Disclosure

The 2016 annual general meeting ("AGM") of the Fund will be held at the offices of Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland on Friday, 30 September 2016, commencing at 10.00 a.m. (Dublin time). A circular has been issued to shareholders including formal notice of the AGM, which contains further detailed information for shareholders, as well as a shareholder proxy form and voting instructions. If you have not received the AGM circular and notice, please contact dvf@duxtonam.com.

The Fund Manager would also like to announce that as of 15 September 2016, the Fund has cancelled all of its 14,550,000 own-shares which were previously held for investment. As a result of the cancellation, the number of shares outstanding has been reduced from 438,300,000 to 423,750,000 shares. The fund's ownership of own-shares has been reduced from 3.32% to zero.

Outlook

Vietnam's third quarter economic growth is likely to be affected by external uncertainties such as the Fed raising rates, the Yuan depreciation against the U.S. Dollar and a slim chance that the Trans Pacific Partnership (TPP) will be ratified this year, given opposition from both U.S presidential candidates⁷. However, given strong overseas remittance, strong FDI disbursement, the projected trade surplus for this year leading to improving foreign reserves, the Dong is also expected to remain quite stable against the U.S. Dollar. We continue to expect a strong domestic market, supported by low inflation and growing credit, to sustain Vietnam's growth for the next coming year.

Footnote

- 1 Source: Bloomberg
- 2 Source: Company announcements or data
- 3 Source: OTC market makers including Jefferies and Numis Securities
- 4 Source: The General Statistics Office of Vietnam
- 5 Source: The State Bank of Vietnam
- 6 Source: CafeF
- 7 Source: The Guardian



| Asset Class Performance | 1 mth% | 3 mth% |
|--------------------------------|--------|--------|
| Listed equities | 7.98 | 23.16 |
| Closed End Funds | 4.41 | 15.21 |
| Unlisted equities | -0.76% | 3.14 |

| Top 5 Onshore Listed Holdings | % |
|--------------------------------------|-------|
| Vinamilk | 17.22 |
| Hoa Phat Group | 5.34 |
| FPT Group | 4.37 |
| Hoa Sen Group | 3.84 |
| Bank For Foreign Trade JSC | 2.34 |

| Top 5 Other Holdings | % |
|-----------------------------|-------|
| Greenfeed | 15.34 |
| Vietnam Enterprise Fund | 10.36 |
| Corbyns International | 4.73 |
| Anova Corp | 4.04 |
| DWS Vietnam Fund | 2.63 |

| Asset Class Exposure | % |
|--------------------------------|--------|
| Listed Equities | 55.21 |
| Unlisted Equities ^a | 29.30 |
| Closed-End Funds | 12.99 |
| Cash and payables | 2.50 |
| Total | 100.00 |

| Currency Exposure | USD | VND | AUD |
|--------------------------|---------|---------|--------|
| Total Assets of which | 7.66% | 81.98% | 10.36% |
| Receivables | 100.00% | 0.00% | 0.00% |
| Cash and payables | -27.20% | 127.21% | 0.00% |

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

| Sector breakdown | % |
|----------------------------------|--------|
| Food Products | 41.14 |
| Building Materials | 13.19 |
| Real Estate Management and Devel | 11.53 |
| Metals and Mining | 6.59 |
| Consumer Discretionary | 6.55 |
| Information Technology | 6.05 |
| Banks | 4.41 |
| Containers and Packaging | 3.29 |
| Pharmaceuticals | 2.91 |
| Marine | 1.39 |
| Energy Equipment and Services | 1.08 |
| Diversified Financials | 0.99 |
| Chemicals | 0.86 |
| Total | 100.00 |



Important Information

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