



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 2016 (USD)

1 Month Performance:	3.17%
3 Month Performance:	8.98%
6 Month Performance:	19.24%
1 Year:	2.74%

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 July 2016	USD 0.8651
Launch date	8th December 2006

Market Maker

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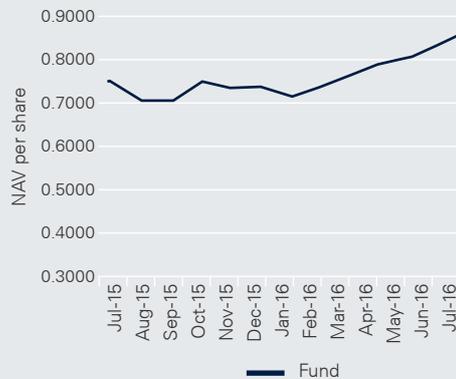
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Performance

Fund Performance



Assets Under Management



Performance Review

The NAV of DWS Vietnam Fund was up 3.54% in July 2016.

Cumulative Return

USD	1 m	YTD	1 y	3 y	5 y	S. Launch
NAV to NAV*	3.54	16.96	14.83	42.47	106.17	-13.49
VNIndex (USD terms) ¹	3.17	13.59	2.74	25.75	48.40	-32.49
VHIndex (USD terms) ¹	-1.32	5.34	-3.85	28.87	10.95	-73.20

Annualised Return

3 y	5 y	S. Launch
12.52	15.57	-1.49
7.94	8.22	-3.99
8.82	2.10	-12.75

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 5.88% in July, achieving a year-to-date gross return of 27.30%. The performance was driven by blue-chip stocks such as **Vinamilk (VNM)**, **Hoa Phat Group (HPG)**, **Vietcombank (VCB)** and **Kinh Bac City Development (KBC)**.

Vinamilk was the highlight of the month, or perhaps even the year, when its foreign ownership limit was removed on 22 July 2016. The share price increased 12.06% during July¹. However, as the share price had been running in anticipation of this long-awaited event, foreign investors were conscious of the current elevated valuation and cautious about increasing exposure to VNM. Meanwhile, the Company released H1-2016 earnings with net sales growth of 18.6% on the back of a strong domestic market, increasing market share, growing subsidiaries' businesses and margin improvement.² Vinamilk will pay the first interim cash dividend as well as 5:1 stock dividends in August.²

Vietcombank also showed impressive performance in July, up 14.16%¹, thanks to good H1-2016 earnings results and strong interest from foreign investors. Profit before taxes and net profit grew 35.6% and 39.2% YoY, respectively, on the back of strong loan growth (10.4% YTD) and lower provision expense (down 10.2% YoY).² The Bank has issued guidance that it will increase its Tier 1 capital by 10% this year to fund its expansion; while its senior management has been meeting investors in Singapore, Hong Kong, London and New York.

In the industrial real estate space, **Kinh Bac City's** share price continued its uptrend since January this year. YTD it has returned 40.46%¹. Management announced H1-2016 financial results, with revenue and profit growth of 72% and 67% YoY, respectively.² The performance of the share price reflects investors' confidence on KBC's business prospects in the light of the signing of various free trade agreements and increasing Foreign Direct Investments into Vietnam. In July, KBC announced that it signed a contract with China's JA Solar Group, the world's largest solar energy battery producer, to lease 88ha of industrial park space in its Quang Chau industrial park in the north of Vietnam. The transaction would generate VND 1,000bn of industrial park leasing revenue, most likely starting from 2017.

Detractors to the listed portfolio in July include **PetroVietnam Drilling (PVD)** which lost 17.42%¹ due to sliding oil prices.

The closed-end funds portfolio was up 8.32% in July 2016, mainly due to the contribution from Dragon Capital's **Vietnam Enterprise Investment Fund (VEIL)**. In July, VEIL was delisted from the Irish Stock Exchange and listed instead on the main board of the London Stock Exchange under the ticker VEIL LN. The move aims to promote liquidity and transparency for the shares, compared to an OTC trading mechanism which was previously used. **DWS Vietnam Fund's** price increased 6.20% in July, making YTD gain 20.48%.³



The unlisted portfolio gained 1.36% in July 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 18.67% increase in share price for **An Phat Plastic and Green Environment JSC**¹. The Company has performed well in Q2-2016 as net sales grew 40.1% YoY, driven by an increase in orders for their plastic bags¹. An Phat will be moving listing of the Company's shares from Hanoi to Ho Chi Minh stock exchange.

Current Positioning

98.85% of the Fund's NAV was invested at the end of July 2016. Cash including receivables and payables represented 1.15% of the Fund's NAV. The performance of **An Phat Plastics** (AAA), an investment in the unlisted portfolio, introduced it to the top ten holdings to replace **NBB Investment Corp** (NBB). The remainder of the top 10 holdings stayed the same compared to the previous month, with **GreenFeed**, **Vinamilk** and **Vietnam Enterprise Investment Fund** each representing more than 10% of NAV. In total, the top ten holdings represent 68.96% of the Fund's NAV. During July, the Fund increased its exposure in **Bank for Investment and Development of Vietnam** (BID) and **Tien Phong Plastics** (NTP), while reducing its exposure to **Development Investment Construction Corp** (DIG).

Market Update

Economic update

Economic indicators in July remained on track, showing a resilient growth in consumption and production as well as an increase in trade surplus.

Nikkei's Purchasing Manager Index (PMI) edged down to 51.9 in July from 52.6 in June, on a weaker growth in new orders and outputs, while input cost picked up and firms lowered their selling prices. Meanwhile, the Industrial Production Index increased by 7.2% YoY in July, lower than 10.0% YoY during the same period last year due to a reduction in mining output and a lower growth in the manufacturing sector⁴.

July's Consumer Price Index (CPI) rose a modest 0.13% MoM, the lowest MoM increase since January 2016, and 2.39% compared to the same period last year⁴. The moderate growth was anchored by a 0.05% MoM decline in food and food-stuff prices and stable prices of other goods, while the transportation basket witnessed an increase of 1.19% MoM on a sharp rising in pump prices⁴. The real retail sales growth of 7.4% YoY in July indicated that domestic consumer demand continued to increase but at a slower pace than over the same period last year⁴.

The country's trade balance recorded a surplus of USD 100 million in July, widening YTD trade surplus to USD 1.8 billion and thus continually strengthening the Dong against the US dollar. Exports rose 5.3% YoY, much lower than the growth in previous year. This was mainly due to the decline in exports of coal and crude oil⁴. Meanwhile, the drop of 5.8% YoY in machinery and equipment category was main reason for the lower import numbers in July⁴. Vietnam's trade deficit with China increased to USD 16.7 billion by end of July⁴.

Positive changes in the investment environment, improvements in legal and administration procedures, and infrastructure upgrades helped to boost registered Foreign Direct Investment (FDI) to USD 12.9 billion by end of July, up 46.9% YoY, of which 70.5% was channeled to the manufacturing sector⁴. Disbursed FDI, in contrast, was still on good track to USD 8.6 billion, an increase of 15.5% YoY⁴.

Banking Sector

According to the State Bank of Vietnam (SBV), credit growth registered 8.54% YTD as of July 29th 2016, while customer deposits expanded 9.94% YTD and total liquidity (M2) inched up 9.45% YTD.

In terms of bad debt settlement, the non-performing loan (NPL) ratio of the entire banking system stood at 2.58% by the end of June, down from 2.78% in May⁵. Moreover, total resolved bad debt was VND 59.71 trillion in the first half of 2016, of which VND 8.88 trillion of bad debts was sold to the Vietnam Asset Management Company (VAMC), VND 30.98 trillion was repaid by borrowers and VND 7.24 trillion was charged as provision expenses⁵.



Stock market update

The VNIndex on the Ho Chi Minh Stock Exchange increased 3.17% (USD terms) in July¹. Both average daily trading volume and value witnessed an increase of 6.09% and 17.60%, respectively¹. The market this month was mainly driven by three positive developments. First, the updated trading rule of Circular 203 that allows investors to place buy and sell orders of any stock in a continuous trading session. Second, the positive expectation on the Hague court's ruling in favor of the Philippines in its territorial dispute against China. And lastly, the positive earnings results from H1-2016 driving the outperformance of blue chips such as Vinamilk, Vietcombank, PetroVietnam Gas and Vin Group. At the end of July, the Vietnamese stock market traded at a 15.00x trailing P/E valuation, far below an average of 22.98x for other emerging markets including Indonesia, Philippines, India and Thailand¹.

Economic Indicators

	June 2016	July 2016
Real GDP growth (cumulative, YoY)	5.52%	-
Industrial Production Index (cumulative, YoY)	7.50%	7.20%
Inventory Index (YoY)	9.00%	9.20%
Retail Sales and Services (cumulative, YoY)	9.50%	9.40%
Purchasing Manager Index (PMI) (*)	52.60	51.9
Credit growth (YTD) (**)	6.82%	8.54%
Inflation (YoY)	2.40%	2.39%
Import growth (cumulative, YoY)	-0.50%	-0.90%
Export growth (cumulative, YoY)	5.90%	5.30%
Trade balance (cumulative, USD million)	1,538	1,798
Registered FDI (YTD, USD billion)	11.30	12.9
Disbursed FDI (YTD, USD billion)	7.30	8.6
Exchange rate (per USD) (***)	22,304	22,299

Source: General Statistics of Vietnam, except:

(*) Markit

(**) State Bank of Vietnam

(***) Bloomberg



Material Event Disclosure

The last quarterly conference call was held on 30th June 2016.

The Board intends to convene an annual general meeting of the Fund ("AGM") to take place no later than 30 September 2016. The Board will issue a circular to shareholders including formal notice of the AGM in advance of the meeting, which will contain further detailed information for shareholders. This will include instructions to investors as to how they may vote at the AGM with respect to shares held through Euroclear and Clearstream.

Outlook

According to HSBC's report, Vietnam's export volume of FDI enterprises is expected to increase further as disbursed FDI reached USD 8.6 billion, up 15.5% YoY in the first seven months of this year. This will provide a boost to the Vietnamese sea freight and logistic sectors despite a slowing global economy. Additionally, the Vietnamese manufacturing sector is likely to benefit from China's shift within the supply chain from low cost, labour intensive to higher tech jobs. According to Capital Economics, Vietnam offers the best advantages in terms of labour source and cost, tax treatments, economic prospects, proximity to customers and free trade agreements, compared to other competing countries such as Cambodia, Myanmar, Bangladesh and Thailand. We expect the government to continue to control inflation, reduce lending interest rates, guarantee credit for the economy, especially in priority areas, and manage foreign exchange rates to achieve the government's targets for the whole year.

Footnote

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



Asset Class Performance	1 mth%	3 mth%
Listed equities	5.88	17.59
Closed End Funds	8.32	14.04
Unlisted equities	1.36	5.56

Top 5 Onshore Listed Holdings	%
Vinamilk	15.21
Hoa Phat Group	4.86
FPT Group	4.14
Hoa Sen Group	3.61
Bank For Foreign Trade JSC	2.43

Top 5 Other Holdings	%
Greenfeed	15.89
Vietnam Enterprise Fund	10.73
Corbyns International	4.90
Anova Corp	4.19
An Phat Plastic and Green Environment	2.75

Asset Class Exposure	%
Listed Equities	54.86
Unlisted Equities ^a	30.59
Closed-End Funds	13.40
Cash and payables	1.15
Total	100.00

Currency Exposure	USD	VND
Total Assets of which	18.85%	81.15%
Receivables	100.00%	0.00%
Cash and payables	-160.29%	260.29%

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

Sector breakdown	%
Food Products	39.06
Building Materials	12.74
Real Estate Management and Devel	12.15
Consumer Discretionary	7.08
Metals and Mining	6.10
Information Technology	5.83
Banks	4.59
Containers and Packaging	3.64
Pharmaceuticals	2.98
Energy Equipment and Services	1.76
Diversified Financials	1.46
Marine	1.35
Chemicals	1.26
Total	100.00



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