

# DWS Vietnam Fund Limited

## Condensed Interim Unaudited Report for the six months ended 30 June 2015

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# DWS VIETNAM FUND LIMITED

<b><u>CONTENTS</u></b>	<b>Page</b>
General Information	2
Statement of Directors' Responsibilities	4
Investment Manager's Report	5
Financial Statements:	
Statement of Comprehensive Income	19
Statement of Financial Position	20
Statement of Changes in Equity	21
Statement of Cash Flows	22
Notes to the Financial Statements	23
Other Information	40
Supplemental Information	42

# **DWS VIETNAM FUND LIMITED**

## **GENERAL INFORMATION**

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus dated 17 November 2006.

DWS Vietnam Fund Limited (the “Company”) was incorporated in the Cayman Islands on 13 September 2006 under the Companies Law, Cap. 22 (Revised) of the Cayman Islands as an exempted company with limited liability.

The Company is a closed-end investment company, with an authorised share capital of US\$10,000,000 consisting of 1,000,000,000 shares of par value of US\$0.01 each. The Company is listed on the Irish Stock Exchange.

The Company’s assets are managed by the Investment Manager and its Sub-Investment Manager as detailed below and are subject to the supervision of the Board. The Investment Manager may, in its discretion, appoint any number of Sub-Investment Advisors and Segregated Fund Managers. All investments made on behalf of the Company, whether by the Investment Manager or by a Segregated Fund Manager, comply with all investment objectives, policies and restrictions of the Company.

## **INVESTMENT MANAGEMENT ARRANGEMENTS**

The Company is managed by Deutsche Asset Management (Asia) Ltd. (“DeAM Asia” or the “Investment Manager”) pursuant to the Investment Management Agreement (IMA), dated 15 November 2006. The Investment Manager makes investment decisions based on its knowledge of the Vietnamese securities and investment market in accordance with the investment policies, objectives and restrictions of the Company.

With effect from 30 April 2009 (“the effective date”), DeAM Asia the appointed discretionary investment manager of the DWS Vietnam Fund Limited, pursuant to its authority and discretion under the terms of the amended and restated IMA between DeAM Asia and the Company dated 14 February 2007, delegated certain of its investment management duties under this agreement to Duxton Asset Management Pte. Ltd (“Duxton” or the “sub-Investment Manager”), a related party as detailed in Note 14.

Duxton is a specialist asset manager based in Singapore. There is no material change in the personnel responsible for the management of assets of the Company as the key staff of Duxton who carry out the investment management duties are former employees of DeAM Asia, including the core team previously responsible for the management of the Company. This delegation does not change the investment objectives of the Company. After the effective date, Duxton is entitled to appoint Segregated Fund Managers and Investment Advisors (as defined in the IMA and the Prospectus of the Company dated 20 February 2007). Consequently, PXP Vietnam Asset Management Limited has been appointed by Duxton to manage a portion of the investment cash.

Ultimate discretion over the assets of the Company remains with the Board of Directors who have delegated this function to DeAM Asia as the appointed discretionary investment manager under the terms of the IMA. There is no increment in the management fees payable by the Company and any fees due and payable to Duxton are paid by DeAM Asia. However, as disclosed in the Prospectus, the Company will be responsible for all out of pocket costs and expenses incurred by its manager, sub-managers and investment advisers, including Duxton.

# **DWS VIETNAM FUND LIMITED**

## **GENERAL INFORMATION CONT/D**

### **CUSTODIAN**

The Company has appointed State Street Custodial Services (Ireland) Limited as Custodian of its assets. Assets located in Vietnam or assets located in any other jurisdictions which require assets to be held by a local custodian are held within the State Street sub-custodian network pursuant to the Custodian Agreement. The assets located in Vietnam and the other jurisdictions are held with a sub-Custodian in the local market. The Custodian and any sub Custodian appointed by the Custodian provides safe custody for the Company's assets that can be legally held outside of Vietnam. The Investment Manager ensures that adequate custody arrangements have been entered into by any fund in which the assets of the Company are invested.

The Custodian and any other duly appointed sub-custodian holds all assets of the Company received by the Custodian in accordance with the terms of the Custodian Agreement. Under the Custodian Agreement, the Custodian acknowledges that investments of the Company made in markets where custodial and/or settlement systems are not fully developed, such as Vietnam, and that the assets of the Company and its subsidiaries which are traded in such markets are required to be held by local sub-custodians operating and established in such jurisdictions.

### **ADMINISTRATOR**

The Group has appointed State Street Fund Services (Ireland) Limited as Administrator pursuant to an agreement dated 10 November 2006.

### **DIVIDENDS**

It is not the current intention of the Directors to pay dividends to the Shareholders.

### **SHARES**

The Shares constitute the only class of shares in the Company. All Shares have the same rights, in relation to voting, dividends, return of share capital and other matters as set out in the Articles of Association.

### **AIFMD**

The Board confirms that it has considered the implications of the European Union Directive on Alternative Investment Fund Managers 2011/61/EU ("AIFMD") and it is satisfied that because the Company is not marketed in Europe and has been closed to new applications since 2007 there is no impact to the Company as a consequence of AIFMD and therefore there is no impact on the financial statements.

## **DWS VIETNAM FUND LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Each of the directors, whose names and functions are listed on page 40 in the 'Other Information' section of this report confirm that, to the best of each person's knowledge and belief:

- The condensed financial statements are prepared in accordance with the international accounting standards applicable to the interim financial reporting adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (i.e. IAS 34).
- The condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Investment Manager's report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.
- The related party transactions are as disclosed in Note 14 of these financial statements.

**On behalf of the Board of Directors**

**Director**

**Date: 27 August 2015**

# DWS VIETNAM FUND LIMITED

## Investment Manager’s Report for the six months ended 30 June 2015

The Net Asset Value (“NAV”)<sup>1</sup> per share of the DWS Vietnam Fund (“Fund”) as of 30 June 2015 was USD 0.7363, up 4.07% from USD 0.7075 as of 31 December 2014.

The NAV per these financial statements has been calculated in accordance with IFRS whilst the NAV per this Investment Manager’s Report has been calculated in accordance with the pricing and valuation policy of the Fund for the entire investment portfolio. Consequently, the NAV per share and the investment holdings analysis in this Investment Manager’s Report may differ marginally to the NAV per share in these financial statements.

### ***Fund Exposure and Performance***

The gross returns of each asset class are summarized in the table below and discussed in detail in the following sections.

Asset Class	Exposure on 30 June 2015	H1-2015 Performance
Listed Equities	51.49%	-0.77%
Unlisted Equities	30.75%	8.66%
Offshore Collective Investment Schemes	13.18%	8.02%
Fixed Income	0.29%	-0.11%
Cash and Others	4.29%	
<b>Fund</b>	<b>100.00%</b>	<b>4.07%</b>

Sector exposure – 30 June 2015 <sup>2</sup>	Total
Food Products	39.16%
Real Estate Management and Development	11.23%
Building Materials	11.05%
Information Technology	7.39%
Energy Equipment and Services	6.25%
Metals and Mining	5.49%
Banks	4.67%
Consumer Discretionary	4.59%
Pharmaceuticals	4.23%
Diversified Financials	1.77%
Containers and Packaging	1.35%
Marine	1.10%
Chemicals	0.80%
Health Care Providers and Services	0.48%
Industrials	0.44%
<b>Total</b>	<b>100.00%</b>

<sup>1</sup>NAV figures are based on the dealing net asset value as at 30 June 2015 which was based on mid prices for securities and will be different to the percentage figures as calculated using the net asset values in the Consolidated Portfolio of Investments which are based on bid prices.

<sup>2</sup> Excluding Fixed Income, Offshore Collective Investment Schemes and Cash.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

### **Peer Group Analysis\*\***

As of 30 June 2015, the Fund's indicative share price was at USD 0.5725, up 12.48% from 31 December 2014<sup>3</sup>. In terms of price change, the Fund significantly outperformed all peers including VinaCapital's Vietnam Opportunity Fund, the closest peer based on strategy.

In terms of NAV change over the first six months of the year, the Fund (+4.07%) outperformed the peer group average (+1.03%) as well as Vietnam Opportunity Fund which made a negative return of 2.13%. Vietnam Equity Holdings also reported a negative return in USD terms due to its denomination in euro which depreciated 8.6% against the USD during the first half of 2015. Both the Van Eck and the DB x-trackers ETFs lost ground due to their underweighting of outperforming stocks in the banking sector as well as foreign limited stocks such as Vinamilk. Dragon Capital's Vietnam Enterprise Investment Fund was an outperformer with a NAV increase of 8.46% during the period thanks to its holding in Asia Commercial Bank, which returned 38.9%.

The discount of the secondary market share price to the NAV for the Fund narrowed to 22% as of 30 June 2015 compared to 28% at the end of December 2014 after the share repurchases during the period. The average discount to NAV of the peer group also narrowed from 15% to 13% over the same period. We remain confident that the price discount to NAV will continue to narrow over the coming year towards the Fund's maturity. It is the intent of the Fund manager to continue to make share repurchases from time to time if shares can be obtained in the market at a significant discount to NAV.

Peer group ^ **	Fund size USD mn	Fund Strategy	NAV Jun 2015	NAV Change YTD	NAV Change 1Y	Discount to NAV Jun 2015	Mid Price (Indicative) 31-Dec-2014	Mid Price (Indicative) 30-Jun-2015	Price Change H1-2015
<b>DWS Vietnam Fund</b>	<b>322.7</b>	<b>Multi asset class balanced fund</b>	<b>0.7363</b>	<b>4.07%</b>	<b>6.71%</b>	<b>-22%</b>	<b>0.51</b>	<b>0.57</b>	<b>12.48%</b>
VOF VinaCapital	785.0	Multi asset class balanced fund	3.21	-2.13%	-2.43%	-20%	2.50	2.57	2.91%
PXP Vietnam Emerging Equity	117.5	Primarily listed equity	6.34	4.04%	1.88%	-1%	5.83	6.26	7.47%
VEIL Dragon Capital	522.3	Primarily listed equity, small allocation to OTC equity	3.59	8.46%	9.45%	-19%	2.77	2.89	4.33%
Vietnam Equity Holdings	77.8	Primarily listed equity, small allocation to OTC equity	4.05	-3.57%	4.65%	-28%	2.82	2.93	4.08%
Vietnam Holding Ltd	132.0	Primarily listed equity, small allocation to OTC equity	2.09	1.65%	8.95%	-14%	1.70	1.80	6.34%
VGF Dragon Capital	276.5	Primarily listed equity & OTC equity, small allocation to private equity	22.70	4.31%	-0.26%	-17%	18.20	18.75	3.02%
Market Vectors Vietnam	507.1	ETF	18.11	-3.88%	-12.40%	3%	19.19	18.63	-2.94%
DB x-trackers Vietnam	359.4	ETF	25.68	-3.70%	-5.55%	2%	26.01	26.16	0.57%
<b>AVERAGE</b>				<b>1.03%</b>	<b>1.22%</b>	<b>-13%</b>			<b>4.25%</b>
VNINDEX (USD)			0.02730	6.97%	0.70%				
VHINDEX (USD)			0.00391	1.03%	7.12%				

^ NAV quoted from Fund website/Bloomberg  
 \*\* Mid price averaged between JCEF, LFCR and Bloomberg

\*\* - The peer group analysis was performed using the information received from multiple sources; mainly from the member fund's published data. Quotes from LCFR (LCF Rothschild Emerging Markets Funds) and JCEF (Jefferies Funds) were used when public prices were not available. However, investors should note that the secondary markets for closed-end funds, such as this Fund, are not very transparent. There may be several market makers for each fund, but price quotes from these market makers may not be publicly recorded or available. Therefore, the analysis presented in this section is only indicative. Also, when analysing the performance of a fund relative to its peers, one needs to be mindful of the different fund strategies across the funds. The DWS Vietnam Fund is a multi asset class fund where we look to find opportunities across the economic landscape of Vietnam rather than limiting ourselves solely to the listed equities. Also, this universe of peers may not be complete due to insufficient data of other funds.

<sup>3</sup> Source: Quotes from OTC market makers including Jefferies, Rothschild and Numis.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

### *Market Overview*

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#### ECONOMIC OVERVIEW

**Accelerated GDP growth on manufacturing expansion** – Vietnam's GDP rose 6.44% YoY in the second quarter of 2015, marking the highest rate since 2011 and bringing GDP growth in the first half of the year to 6.28%<sup>4</sup>. The Industry and Construction sector registered the highest growth of 9.09% YoY on the solid expansion of manufacturing sub-sector (+9.95% YoY). The Purchasing Managers' Index (PMI) remained above the 50 point mark for the 20<sup>th</sup> consecutive month, and the Industrial Production Index (IIP) continued to climb throughout the first six months of the year<sup>4</sup>. However, despite the sharp increase of 9.8% YoY in retail sales, the Services sector only grew 5.9% YoY due to a struggling hospitality and tourism sub-sector<sup>4</sup>. Meanwhile, Agriculture-Forestry-Aquaculture slowed modestly to 2.36% YoY from 2.96% YoY for the same period last year due to unfavorable weather conditions and difficulties in export markets<sup>4</sup>.

**Inflation eased due to low oil prices** – Inflation edged up marginally during the first half of the year with 0.55% YTD and 1.00% YoY on drastic fuel price cuts and stable food prices<sup>4</sup>. Low inflation boosted consumer confidence and purchasing power, reflecting growth of 8.3% YoY in real retail sales over the first six months of the year. Given the current low inflation environment and no significant risk of inflationary pressure in the next few months, the World Bank forecasts headline inflation of 2.5% for Vietnam in 2015.

**Banking sector showed signs of resurgence, albeit at a slower pace than expected** – Credit rose 6.28% as of June 19<sup>th</sup>, 2015, much higher than the growth of 2.03% over the same period last year<sup>5</sup>. Meanwhile, deposit growth eased to 4.58% from 5.26% in the first half of 2015<sup>5</sup>. As a result, the State Bank of Vietnam (SBV) has lifted the 2015 credit growth ceiling for some banks to boost economic growth and help stabilize the money market. Interest rates seem to be bottoming out with a decline of 0.2-0.5% per annum in deposit rates and 0.2-0.3% per annum in lending rates over the past six months<sup>5</sup>. Although the SBV targets to cut lending rates by another 1-1.5% in the second half of this year, there is little likelihood of further reduction in rates, given increased credit demand for the on-going economic recovery and the slower growth of money supply as compared to the same period last year. In terms of bad debt resolution, the Vietnam Asset Management Company (VAMC) has purchased VND 42 trillion worth of bad debts in the first half of 2015, achieving around 50% of this year's target<sup>5</sup>. In addition, the SBV also announced that banks are not allowed to expand their network until they complete their bad debt resolution plan. A series of merger and acquisition (M&A) transactions has occurred, including the merger between Mekong Housing Bank and Bank of Investment and Development, PG Bank and Vietin Bank, and more M&A deals are expected to happen in the next few months, given that this year is the final year for the SBV to complete the target of bank restructuring during the term 2011-2015. Furthermore, the SBV has also attempted to tackle bad debts and strengthen the banking system by acquiring weak banks, including Vietnam Construction Bank, Ocean Bank and GP Bank, at zero dong and bringing in top banks to manage the restructuring process.

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<sup>4</sup> Source: The General Statistics Office of Vietnam

<sup>5</sup> Source: The State Bank of Vietnam

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

**Trade deficit signals more export growth** – Trade balance recorded a deficit of USD 3.75 billion for the end of June, compared to a trade surplus of USD 1.32 billion in the same period last year<sup>4</sup>. Export picked up 9.3% YoY during H1-2015, of which foreign-invested enterprises maintained strong growth momentum amid the contraction of domestic exporters<sup>4</sup>. Noticeably, Vietnam has emerged as a big electronics exporter with electronics exports soaring 60.4% YoY<sup>4</sup> in the first half of 2015 as the country has become a new production hub for global high-tech giants such as Samsung, Intel and Microsoft. At the same time, labor-intensive manufacturing exports such as garments and textiles, footwear also sustained high growth of 9% YoY and 21.9% YoY respectively<sup>4</sup>. Meanwhile, growth in imports was mainly attributable to raw materials and machinery to keep pace with the expansion of industrial production.

Registered Foreign Direct Investment (FDI) stood at USD 5.5 billion as of 20 June, 2015, down 20% YoY due to the high base effect from the absence of large-scale projects so far this year<sup>4</sup>. It was noted that most of FDI's biggest projects were in the garment industry including Worldon (USD 30 million), Taekwang (USD 43.2 million) and Regina Miracle International Vietnam (USD 90 million). Disbursed FDI, on the other hand, was still on track with a growth of 9.6% YoY to USD 6.3 billion<sup>4</sup>.

In terms of foreign exchange, the Dong has been devalued 2% so far in an attempt to strengthen exports. Although the SBV reaffirmed to strictly follow its guidance of no more than 2% devaluation in 2015, the continued widening of the trade deficit, no significant breakthrough on foreign capital disbursement and strong devaluation of other currencies against the US dollar may impose considerable concern on this guidance.

**Overall** – Vietnam's economy is growing apace on the solid expansion of manufacturing sector and the gradual recovery of domestic demand. Low inflation stimulated consumer spending with ANZ-Roy Morgan Vietnam Consumer Confidence increasing 2.9 to 143.1 points in June, a new record high, as well as enabling the SBV to maintain an expansionary monetary policy, lower lending rates and thereby encourage credit growth. The trade balance fell into a deficit on the increased import of raw materials and machinery for industrial expansion and obviously indicating higher export growth in the future. However, the continued widening of the trade deficit may increase pressure to devalue the domestic currency.

### ***Performance Commentary***

The largest holdings of the Fund as of 30 June 2015 are listed below:

<b>Top 5 Onshore Listed Holdings</b>			
<b>Rank</b>	<b>Security Name</b>	<b>Market Value (USD)</b>	<b>% of Fund</b>
1	Vinamilk	30,549,392	9.47%
2	FPT Corp	14,940,530	4.63%
3	Hoa Phat Group	12,707,407	3.94%
4	PetroVietnam Drilling	7,850,688	2.43%
5	Kinh Bac City Development	6,387,801	1.98%
	<b>Total</b>	<b>72,435,818</b>	<b>22.45%</b>

<sup>4</sup> Source: The General Statistics Office of Vietnam

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

Top 5 Other Holdings				
Rank	Security Name	Asset Class	Market Value (USD)	% of Fund
1	Greenfeed	Unlisted	55,607,379	17.23%
2	Vietnam Enterprise Fund	OCIS <sup>1</sup>	20,940,414	6.49%
3	Vietnam Growth Fund	OCIS <sup>6</sup>	17,250,000	5.35%
4	Corbyns International	Unlisted	16,777,621	5.20%
5	Anova Corp	Unlisted	12,018,297	3.72%
	<b>Total</b>		<b>122,593,711</b>	<b>37.99%</b>

### **1. Listed Equities (Onshore and Offshore) performance**

The Fund's exposure to listed equities was 51.49% as of 30 June 2015, representing the largest asset class of the Fund. The listed portfolio returned -0.77% in H1-2015, underperforming the VNIndex by 7.74 absolute percentage points (in USD terms). The key philosophy of the Fund Manager is to seek long-term gains for investors. Therefore the Fund is well-diversified across the key driving industries of the Vietnamese economy.

#### **1.1. Vietnam Dairy Products JSC (VNM, +20.56%<sup>2</sup>)**

Vinamilk is Vietnam's leading dairy producer. The company has a strong market position with an estimated market share of 53% for drinking milk as of June 2015. It has a well-known brand name for good quality products, among which liquid milk is the biggest segment in terms of both revenue and profits, followed by yoghurt (84% market share), powdered milk (17.8% market share) and condensed milk (80% market share). Compared to December 2014, the company increased its market share in drinking milk by 2% and in powder milk by 1%, thanks to aggressive marketing activities.<sup>3</sup>

Vinamilk possesses a modern production line with 12 factories and 5 cow farms around the country, containing nearly 10,000 cows. Cattle development is the Company's focus, ensuring a certain supply of fresh milk material for production. The Company operates an extensive distribution system with 266 exclusive distributors, 224,000 points of sale and 60 self-branded shops. VNM targets revenue of \$3 billion and figures among the 50 leading dairy firms in the world.

In the first half of 2015, VNM achieved VND 19,212 billion in sales and VND 3,757 billion in net profit, equivalent to growth rates of 11.2% YoY and 26.4% YoY, respectively<sup>4</sup>. Profit grew faster than sales as a result of a prolonged downtrend of milk powder prices, which declined 20% YTD to 15 Jul to be at the lowest level since Feb 2009<sup>5</sup>. The downtrend is caused by robust production in the major producing countries, namely New Zealand, Australia, the European Union and the United States, while global demand remains flat as China import demand is weak due to domestic inventory and Russia's import embargo remains in place.

<sup>1</sup> Offshore Collective Investment Schemes

<sup>2</sup> Source: Bloomberg

<sup>3</sup> Source: Company data or announcements

<sup>4</sup> Source: Company data or announcements

<sup>10</sup> Source: Global Dairy Trade

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

Given that Vinamilk purchases milk powder a couple of quarters ahead of production, margin expansion is expected to continue in 2016.

At the end of June 2015, Vinamilk traded at a 2015 P/E of 16.37x.<sup>6</sup>

### **1.2. FPT Corporation (FPT, +13.33%<sup>6</sup>)**

FPT is Vietnam's leading Information and Communication Technology (ICT) company with market-leading positions in its three main services: 1) Technology, 2) Telecom and 3) Distribution and Retailing. In June 2014, Forbes magazine named FPT the best listed tech company in Vietnam based on criteria including outstanding business result in the industry, key position in the market and high profit for investors.

At the time of writing this report, FPT's earnings for the first half of 2015 have not been released. During the first quarter of the year, revenue and net profit surged by 29.9% and 17.5% YoY, respectively. The strongest growth in revenue stemmed from the Software segment; profit margin declined as the consolidation of FPT Slovakia created restructuring costs. The Distribution/Retail segment also grew strongly thanks to IT distribution, phone sales (mostly iPhone 6) and an expansion of the retail chain. Telecom segment continued to post high revenue growth as the number of subscribers increased by more than 20%. However, profit before tax declined by 5% due to high cost of fibre optics. Furthermore, Digital Content revenue declined by 77% YoY as FPT closed the gaming and payment businesses.

We continue to believe the ongoing economic recovery in Vietnam will support FPT's earnings growth outlook. At the end of June 2015, FPT traded at a 2015 P/E of 10.32x<sup>7</sup>, which is rather attractive.

### **1.3. Hoa Phat Group (HPG, -16.30%<sup>6</sup>)**

Hoa Phat Group is one of the leading private industrial production groups and in the first half of 2015 has become the largest steel manufacturer in Vietnam with an estimated market share of 22.1% compared to 19.1% in 2014<sup>8</sup>. The company sells its products nationwide with steel products contributing to more than 80% of its total revenue. HPG's strengths lie in 1) its integrated production system, which allows it to produce at a lower cost and sell at a competitive price and, 2) widely recognized brand name as well as being the market leader for construction steel in Vietnam.

According to management, H1-2015 revenue is estimated to reach VND 13.58 trillion, a 2.88% increase over H1-2014, and surpassing management's target by 20.7%. Net income reached approximately VND 1.84 trillion, a 1.54% increase over H1-2014, and surpassing management's target by 60.0%. Hoa Phat steel sales volume reached 675,710 tons, an increase of more than 52% over the same period last year, including 24,000 tons exported to Cambodia and Laos markets. In June alone, Hoa Phat sold more than 100,000 tons of steel products, up 54.5% compared to last year, with exports totalling 5,100 tons. The Mandarin project contributed only VND 34.8 billion in Q1-2015 vs. VND 1,583 billion in Q1-2014, hence real estate revenue fell to VND 204 billion, an 87% YoY decline.

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<sup>6</sup> Source: Bloomberg

<sup>7</sup> Source: Bloomberg

<sup>8</sup> Source: Company announcements according to the Vietnam Steel Association

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

Thanks to Phase 2 of the Integrated Steel Complex, construction steel sales volume advanced by 35% over the same period last year, reaching 675,000 tons. Final and consolidated earnings details have not been released at the time of writing this report. Construction progress of Phase 3 of the Integrated Steel Complex has been on track and will be completed within the first quarter of 2016. Phase 3 will be invested with VND 4,000 billion and will increase construction steel production capacity from 1.25 million tons to 2 million tons.

Hoa Phat is also in the early stages of expanding into animal feed production. The factory is scheduled to start operation in early 2016 with an annual capacity of 300,000 tons. The company targets revenue of VND 3,000 billion in the next three years when more factories of the chain are inaugurated. Total market size for animal feed in Vietnam is estimated at 14.5 million tons in 2014.

Among the major concerns for HPG's business prospects is the behemoth Formosa Ha Tinh steel project (FHS), which will commence operation in early 2016. HPG has to compete with FHS in terms of production cost as well as iron ore sourcing. FHS produces Terapascal (TPA) flat steel with an output of 7.5 million tons of steel per annum and is aiming for production to commence in Q1-2016. It also produces TPA long steel with an output of 1.2 million tons, but will only commence operations in 2017. However this might not be a big cause for concern as FHS is likely to export its long steel products, driven by strong demand from ASEAN countries. Currently, ASEAN imports a third of its long steel demand and steel imports within ASEAN are also exempt from import tariffs. In the case that FHS decides to sell in Vietnam, it is more likely to impact smaller producers who incur higher costs of production rather than HPG which has the advantage of a strong established distribution network.

For the second half of 2015, HPG expects the steel industry to maintain an encouraging growth rate of over 10%. Having mostly cleared inventory, HPG expects construction steel sales volume to reach 600,000 tons in H2-2015, a 20% growth over the same period last year. The steel business may face difficulties from foreign competitors such as China and Russia, following the signing of more bilateral and multilateral free trade agreements. This excess supply from foreign and domestic producers threatens to push steel prices even lower. However, we believe the top line growth will be maintained thanks to a recovery in the domestic construction sector and developments in the export business.

### **1.4. PetroVietnam Drilling and Well (PVD, -18.60%<sup>9</sup>)**

PVD is a dominant player in Vietnam's upstream petroleum market, with drilling related services, well services and other support mechanisms. Drilling revenue generally accounts for circa 50-55% of total revenues, with circa 35% derived from drilling related services and trading operations 10-15%.

PVD's management released preliminary revenue of VND 8,000 billion (down 19% YoY) and net profit of VND 1,100 billion (down 17% YoY). The negative growth was expected given the weak oil prices over the past year. During our recent visit to the Company, management disclosed that the Company's owned rigs' average day rate decreased 7% YoY in the first half of 2015 to circa \$135,000-145,000 currently, after a decline of more than 50% in the oil price last year. It usually takes 4 to 6 months for drilling rig day rates to decline after a fall in oil price.

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<sup>9</sup> Source: Bloomberg

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

Earnings were also impacted by a maintenance for jack up rigs PVD I in March and PVD III in May. In terms of efficiency rate for its owned rigs, PVD maintained a high efficiency rate of 99%.

For the remainder of the year, while it is all but straightforward to predict the direction of oil prices, we think the situation is set to improve for PVD. Average oil rig day rates could continue to remain weak as the supply of rigs in the South-East Asia region is abundant. However, PVD will be able to maintain its business with the continuance of contract signing for its owned rigs, renewed contracts for hired rigs, and the upcoming new rigs PVD VII in 2016 and PVD VIII in 2017 (for Block B O Mon field). As at the end of June 2015, we think PVD stock has been oversold and is undervalued with a 2015 P/E of 7.71x.<sup>14</sup>

### **1.5. Kinh Bac City Development (KBC, -2.52%<sup>14</sup>)**

At the end of June 2015, Kinh Bac City Development has replaced PetroVietnam Gas to be in the top 5 listed holdings of the Fund. Kinh Bac is a leading industrial park (IP) developer in Vietnam. KBC's main business is leasing and selling land, warehouses, factories, and offices to foreign direct investors. KBC has 7 IPs available for inbound FDI investment with a total area of 3,000 hectares, of which 70% is free and clear, with land compensation fully paid up. KBC believes this land bank ensures its IP business will be sustainable over the next 10-20 years (a potential revenue pool USD 800million on current land lease price of US\$60-70/sqm). Most of these IPs are strategically located in Bac Ninh and Bac Giang provinces (neighbouring Hanoi) and Hai Phong City in what appears to be a 'golden manufacturing triangle'.

At the time of writing this report, the Company's earnings results for Q2-2015 have not been released. In the first quarter of the year, net sales jumped 254% to VND 545 billion and net profit increased 20 times compared to the same period last year. IP land represented more than 80% of net sales, the remaining came from warehouses. Specifically, KBC was able to book contracts for 20 ha from MOUs carried over from 2014 and 10 ha from one lease contract in Quang Chau, the IP that houses LG factories, which has just been signed in March 2015. KBC also sold 3 out of 9 warehouses built in Que Vo IP in Q1-2015. As a result of the increasing FDI flows into Vietnam, the rents in Que Vo Expansion and Trang Due, the two flagship IPs of KBC, have increased to a range of \$71-\$75 per sqm from the \$60-\$63 per sqm last year, the strongest rental growth in KBC's IPs over the past five years.

The outlook for the second half of the year for KBC remains bright. The company is negotiating a contract for up to 100 ha site with Chicony and a 20 ha contract with Flat Glass in Quang Chau IP. For Nam Son Hap Linh IP in Bac Ninh, KBC is in talks with Korea Circuit for a 20 ha lease. These contracts are expected to be booked in 2015. Moreover, Trang Due IP is expanding with additional 800 ha to be completed towards the end of 2015. At the end of June 2015, KBC traded at a P/B ratio of 1.08x<sup>15</sup> (based on end of March book value), which is quite attractive for an industrial real estate player.

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<sup>14</sup> Source: Bloomberg

<sup>15</sup> Source: Bloomberg

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

### **Outlook for Listed Equities**

Over the next six months we expect the Vietnamese listed equity markets to continue the uptrend driven by the strong economic growth and developments in the area of foreign ownership expansion and international trade. First, while corporate earnings improved during the past twelve months thanks to declining interest rates, we expect future earnings to be supported by a strong rebound from the consumer sector and growth in the manufacturing sector, as interest rates seem to have come to a low. Second, market sentiment is poised to improve further as the likelihood of the Trans Pacific Partnership being finalised before the year end is now much higher than at the beginning of the year. The markets are also expecting the release of an implementation guideline for Decree 60 on foreign ownership expansion which would allow investors to own more than the current 49% of Vietnamese companies, perhaps even 100% in certain sectors.

In terms of sectors, we remain positive on large cap, foreign limited stocks such as VNM and FPT. We expect the continued recovery of the real estate sector to spread out strongly to the high end segment. This recovery will also benefit construction companies and companies in the steel and cement industries. The manufacturing sector will continue their expansion to prepare for greater trade flows brought about by new Free Trade Agreements. Difficulties in the oil and gas sector are likely to persist as the oil price remains low, while the M&A series in the banking sector might continue to allow bigger banks to absorb smaller, weaker banks.

### **2. Fixed Income**

During the first 6 months of 2015, the yield on the benchmark 3 year Government bond inched up from 5.45% at the end of December 2014 to 5.85% at the end of June 2015<sup>10</sup>.

At the end of June 2015 only 0.29% of the Fund's NAV remained in the Fixed Income portfolio which contained a Vietnamese government sinking bond. The Fund will continue to hold this position until the bond's maturity in March 2016.

### **3. Unlisted Equities Investments**

As of 30 June 2015, unlisted investments constituted 30.75% of the Fund's Net Asset Value.

In June 2015, the Fund sold its entire position in Sabeco via a secondary block sale to Swiftcurrent Offshore Ltd. and Swiftcurrent Partners L.P. The overall return achieved is 10.3% Internal Rate of Return ("IRR") and 1.9x (cash multiple) in USD terms.

The unlisted equities portfolio returned 8.66% during the first 6 months of 2015, positively impacted by the exits and quarterly revaluation of private equity (PE) investments. The fund's PE investments are revalued by the Global Valuation Group (GVG) of Deutsche Bank AG Singapore Branch, on quarterly basis. The unlisted portfolio also includes holdings in instruments which were unlisted at the point of investment but subsequently became listed instruments due to certain events, for example, conversion. Some holdings are in OTC stocks.

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<sup>10</sup> Source: Bloomberg

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

### **3.1. GreenFeed Vietnam Corporation**

In May 2010, the Fund made an USD 9.5 million investment in GreenFeed Vietnam Corporation (GFVN), a leading producer of animal feed. The investment was made via USD 4.0 million in secondary shares and USD 5.5 million in a convertible instrument, for a fully diluted 17.2% stake in the company. In June 2014, the Fund invested USD 0.7 million to purchase additional secondary shares and converted the existing convertible instrument into shares. This increased the Fund's fully diluted stake in the company to 17.9%.

GFVN is the second largest domestic player in animal feed competing against large foreign companies like Charoen Pokphand of Thailand and Cargill of US. The company has 5 feed mills, 9 depots and has an extensive network of more than 1,000 distributors to cover the whole country. GFVN is among the top five players (including foreign companies) who collectively account for approximately 60% of total market share. Given the highly fragmented nature of the market, GFVN is gearing up to capture a larger share in the next few years. The company is looking to expand capacity further given that their existing factories are operating at close to 100% utilization.

For H1-2015, net sales were flat YoY despite an increase in sales volume as average selling prices were lower because of increased competition. Gross margins increased to 16% as raw materials prices remained subdued. As such, net income increased 23.3% YoY.

There is currently no trading market for this investment in GreenFeed, this position is valued by GVG on a quarterly basis. As of 30 June 2015, the valuation of the Fund's position stood at USD 55.61 million.

### **3.2. Corbyns International Limited**

In February 2013, the Fund invested USD 12.2 million via a convertible loan in Corbyns International Limited (Corbyns), which owns Vietnam Industrial Investments (VII). Listed on the ASX, VII is a leading steel manufacturer, primarily manufacturing wire rods and rebars used in construction and infrastructure projects. The Fund indirectly owns 24.4% of Corbyns.

This investment is a special situation opportunity which resulted in favourable terms for the Fund. Corbyns is amongst the top four steel manufacturers in Vietnam which control about 50% of the market. VII's key brands are well recognized in the marketplace and they remain the leading brand in their own product segments. VII maintains a robust distribution platform that includes 30 tier I distributors and 100 tier 2 distributors across all regions of Vietnam; they are, however, particularly strong in Northern Vietnam.

There is currently no trading market for the convertible loan, this position is valued by GVG on a quarterly basis. As of 30 June 2015, the Fund's position was valued at USD 16.78 million.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

### **3.3. Anova Corporation**

In May 2011, the Fund made a USD 8.7 million investment in Anova Corporation (“Anova”) via 3-year convertible bonds, extended for another two-year period through 2015. In June 2012, the Fund invested USD 1.7 million, exercising its pre-emptive right to subscribe to ordinary shares via a rights issue for Anova to acquire an animal feed company. The synergies available between feed, feed additives and animal health products will create opportunities over the next few years for Anova to gain market share and penetrate new markets. The Fund’s total fully diluted stake in Anova is 20.5%.

Anova is the leading manufacturer of veterinary health products in Vietnam as well as the leading importer and distributor of raw materials for the animal health and feed sectors. Anova maintains a market share of 17% in the manufacturing and sale of finished veterinary products with the next closest competitor, Vemedin, at 12% of the total market.

For H1-2015, net sales increased 42.5% YoY and net income increased 54.1% YoY. All businesses did better than the previous year due to the improving Vietnam business sentiment as well as the continued improvement in the Feed and Veterinary Health segments of the market as consumers demanded higher quality products.

There is currently no trading market for the convertible bonds or ordinary shares, this position is valued by GVG on a quarterly basis. As of 30 June 2015, the Fund’s position was valued at USD 12.02 million.

### **3.4. NBB Investment Corporation JSC**

In December 2010, the Fund invested USD 10.7 million in redeemable convertible preference shares (RCPS) issued in a private placement by NBB Investment Corporation JSC (NBB). In August 2013, the Fund invested USD 1.2 million in the company’s rights issue to subscribe to additional ordinary listed shares. In October and November 2013, the Fund received the first instalment of USD 1.48 million from the company as compensation for financial underperformance. In December 2013, the Fund’s RCPS were converted into ordinary listed shares. In July 2014, the Fund invested USD 1.2 million in NBB via a rights issue. In December 2014, the Fund received USD 0.5 million from NBB for financial underperformance. The Fund’s fully diluted stake in NBB is 13.4% and is entirely held in listed shares.

Listed on the Ho Chi Minh City Stock Exchange (HOSE), NBB is an investment holding company focused on developing Grade C residential property that is typically priced at USD 700-1,000/sqm. NBB is a play on fundamental trends such as rising urbanization and a growing middle class that are stimulating demand for affordable housing in Vietnam, particularly in Ho Chi Minh City. The company’s large, low-cost land bank and a pipeline of projects, make it well-positioned to become a direct beneficiary of these trends.

For 2014, net sales increased 14.1% YoY to VND 231.4 billion and net income increased 40.6% YoY to VND 35.5 billion due to divestment of non-core assets and sale of apartments at City Gate Towers.

As of 30 June 2015, the investment was valued at USD 9.56 million.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

### **3.5. An Phat Plastics and Green Environment JSC**

At the end of 2007, the Fund made a USD 2.0 million equity investment in An Phat Plastics and Green Environment JSC (An Phat). In April 2009, the Fund made a follow-on investment of USD 2.8 million via a convertible bond to fund the company's expansion plans.

An Phat is the largest plastic recycler in North Vietnam. The recycled plastic is manufactured into bio-degradable plastic bags and re-usable plastic bags for both the domestic and international markets.

An Phat was listed on the Hanoi stock exchange in 2010, the Fund exited its equity portion by selling the shares in the open market. In December 2012, the convertible bond of An Phat was partially redeemed and the balance was favourably restructured into ordinary listed shares of An Phat. In February 2014, the Fund sold 10,000 listed shares of An Phat in the open market. In September 2014, the Fund invested USD 1.4 million in An Phat via a rights issue for the company to set up a factory in Laos. The Fund currently owns 13.2% in An Phat.

For 2014, An Phat's net sales increased 34.8% YoY to VND 1,561 billion due to volume growth but net income decreased 14.5% YoY to VND 47.0 billion as the company had to keep selling prices low to meet customers' expectations given the fall in oil prices.

As of 30 June 2015, the Fund's position was valued at USD 3.1 million based on the stock price. The overall IRR including the sale of the equity portion, partial redemption of the convertible bond and existing unrealized position is 8%, or a 1.2x cash multiple, in USD terms.

### **3.6. VTC Online**

In July 2012, the Fund made a USD 10.0 million investment via subscription of ordinary shares, in VTC Online, an online games publisher in Vietnam. The Fund owns 19.5% of VTC Online.

For 2014, net sales decreased 44.0% YoY and the company incurred losses due to the lack of a blockbuster game. The company underwent a cost rationalisation exercise last year and now is re-focusing its resources to the mobile space namely in three areas; i) games, ii) education, and iii) ecosystem platform.

There is currently no trading market for the ordinary shares, this position is valued by GVG on a quarterly basis. As of 30 June 2015, the Fund's position was valued at USD 2.15 million.

### **3.7. Saigon Beer Alcohol and Beverage JSC**

In July 2008, the Fund invested USD 2.5 million in Sabeco, the largest domestic brewer in Vietnam with approximately 47% share of the beer market. This is 2.6 times larger than its closest competitor. Sabeco has one of the best known brands in Vietnam and is in a leading position to capitalize on the expected growth in this market. The Fund owned 0.16% of Sabeco via ordinary shares. Sabeco shares are traded on the OTC market.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

For 2014, gross sales increased 3.8% YoY to VND 29,788 billion due to increased sales of the premium brand Saigon Special and profit before tax increased 9.4% YoY to VND 3,914 billion.

In June 2015, the Fund sold its entire position in Sabeco via a secondary block sale to Swiftcurrent Offshore Ltd. and Swiftcurrent Partners L.P. The overall return achieved is 10.3% (IRR) and 1.9x (cash multiple) in USD terms.

### **Outlook for Unlisted Equities**

In the next 12-18 months, we anticipate that some of the investee companies could seek to Initial Public Offering ("IPO"), list on one of Vietnam's two stock exchanges or be acquired by a corporate or strategic investor. Such events will give the Fund Manager an opportunity to consider exiting the investments.

### **4. Offshore Collective Investment Schemes (OCIS)**

As of 30 June 2015, the OCIS portfolio constituted 13.18% of the Fund's Net Asset Value, compared to 17.71% at the end of December 2014. There were three funds within the portfolio:

- PXP Vietnam Emerging Equity Fund (open-ended fund)
- Dragon Capital's Vietnam Enterprise Investments (closed-end fund)
- Dragon Capital's Vietnam Growth Fund (closed-end fund)

The OCIS portfolio earned a return of 8.02% during the first six months of 2015. This return is calculated using price collected from a number of OTC brokers including Jefferies, Rothschild and Numis. During the period, PXP Vietnam Fund, which the Fund held at the beginning of the period, merged with its open-ended sister fund PXP Vietnam Emerging Equity Fund. The Fund no longer held any own-shares at the end of June 2015 after having cancelled a total of 48,631,392 own-shares which were previously held for investment.

In terms of NAV, Dragon Capital's Vietnam Enterprise Investment Fund was an outperformer with a NAV increase of 8.46% during the period thanks to its holding in Asia Commercial Bank, which returned 38.9%. The average discount these funds are trading at is 16% as of 30 June 2015, compared to 22% at the end of December 2014.

Going forward, the Investment Manager will continue to maintain an allocation to closed-end funds given the targeted exposure to specific sectors that some of these funds provide and their attractive discount to NAV.

### **5. Share Buy-back and Cancellation**

During the six month period ended 30 June 2015, the Fund repurchased a total of 7,962,477 shares through Beira Limited and 568,915 shares through Teignmouth Limited, both wholly owned subsidiaries of the Fund.

During this period, the Fund cancelled a total of 48,631,392 own-shares which were previously held for investment. As a result, the number of shares outstanding has been reduced from 486,931,392 to 438,300,000. The fund's ownership of own-shares has been reduced from 9.99% to zero.

# DWS VIETNAM FUND LIMITED

## Investment Manager's Report for the six months ended 30 June 2015 cont/d

### **Risk in the second half of 2015**

Whilst the Fund Manager is fully aware of the inherent risks of investing in an emerging market such as Vietnam, additional attentions should be drawn to the following uncertainties and principal risks which could adversely impact the Fund's performance over the next six-month period:

*Widening fiscal imbalance* – The country's budget deficit stayed at nearly USD 3.5 billion in the first five months of 2015 as public debt has increased significantly in recent years, from 50% of GDP in 2011 to 59.6% of GDP in 2014<sup>16</sup>. Rising public debt undoubtedly resulted in a growing burden of interest expenses on the State budget. A slowdown in export growth coupled with an acceleration in import growth resulted in a current account deficit for the first half of 2015, which imposed pressure on the Vietnam Dong. Moreover, the high dependence on domestic debt via issuance of Government bonds may pose rollover and maturity risks, as well as increases in the average interest rate.

*Slow progress on structural reforms* – The privatisation progress of state-owned enterprises (SOEs) has slowed down more than expected, with only 61 out of 289 SOEs equitized in the first half of this year due to the lack of investor interest and the inefficiencies of government agencies<sup>17</sup>. Banking reform has been accelerated with a series of M&A transactions occurring, though measures on how to handle bad debts effectively remains a concern. Furthermore, according to the World Bank, it is likely that contingent liabilities from SOEs and the banking sector could introduce risks to public debt and thus threaten fiscal stability.

*Downside risk due to uncertainties of global economic outlook* – Mounting threats from China's recent stock-market turbulence and Greece's financial turmoil have weighed down the global economic outlook. As global growth is subject to many uncertainties, weak external demand and spill-over effects may therefore adversely impact Vietnam's economy.

### **General Outlook**

The World Bank forecasts that Vietnam's economic activities will continue to firm up in 2015, supported by expansion in the manufacturing sector, strong performance of foreign-invested sector and rising domestic demand. Accordingly, full year's GDP growth is expected to reach 6-6.5% while headline inflation is expected to come in at 2.5%. The signing of a Trade Promotion Authority by US President presaged the finalization of Trans-Pacific Partnership negotiations in the months ahead, which has the potential to enhance the competitive advantages of Vietnam's labour-intensive manufacturing and agricultural sectors. Moreover, the release of Decree 60 to lift foreign ownership limits has paved the way for Vietnam to upgrade its classification from 'MSCI's Frontier Market Index' to 'MSCI's Emerging Market Index', making Vietnam one of the most attractive Asian markets for foreign investors and thus speeding up the privatisation progress of state-owned enterprises.

**Deutsche Asset Management (Asia) Ltd.,  
July 2015**

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<sup>16</sup> Source: World Bank, Taking Stock Report, July 2015

<sup>17</sup> Source: The State Securities Commission

## DWS VIETNAM FUND LIMITED

### Statement of Comprehensive Income for the six months ended 30 June 2015

	Notes	30/06/2015 US\$	30/06/2014 (Restated) US\$
<b>Income</b>			
Net gain on investments at fair value through profit & loss		2,660,195	34,276,720
<b>Total revenue</b>		<u>2,660,195</u>	<u>34,276,720</u>
Operating expenses	3	<u>(4,218,198)</u>	<u>(9,737,405)</u>
<b>(Loss)/Profit for the period before taxation</b>		<b>(1,558,003)</b>	<b>24,539,315</b>
<b>Total Comprehensive (loss)/income for the period</b>		<u><b>(1,558,003)</b></u>	<u><b>24,539,315</b></u>
<b>(Loss)/Earnings per Share</b>			
Basic and diluted	11	US\$ (0.35)c	US\$ 5.49c
<b>Weighted average shares outstanding</b>			
Basic and diluted	11	Shares 441,522,909	Shares 446,831,392

The accompanying notes form an integral part of these financial statements.

## DWS VIETNAM FUND LIMITED

### Statement of Financial Position as at 30 June 2015

	Notes	30/06/2015 US\$	31/12/2014 US\$
<b>Assets</b>			
Cash and cash equivalents	6	1,541,096	1,301,462
Accounts receivable	5	981,548	2,681,548
Financial assets at fair value through profit or loss		314,652,753	312,208,617
<b>Total Assets</b>		<b>317,175,397</b>	<b>316,191,627</b>
 <b>Liabilities</b>			
Accounts Payable	7	(1,151,623)	(1,218,115)
<b>Total Liabilities</b>		<b>(1,151,623)</b>	<b>(1,218,115)</b>
 <b>Net Assets</b>			
		<b>316,023,774</b>	<b>314,973,512</b>
 <b>Shareholder's equity</b>			
Share capital		4,383,000	4,869,314
Share premium	10	466,524,420	471,302,202
Retained losses		(154,883,646)	(161,198,004)
<b>Total shareholder's equity</b>		<b>316,023,774</b>	<b>314,973,512</b>

The accompanying notes form an integral part of these financial statements.

## DWS VIETNAM FUND LIMITED

### Statement of Changes in Equity for the six months ended 30 June 2015

	Share Capital US\$	Share Premium US\$	Retained Gains/(Losses) US\$	Total Equity US\$
<b>Balance at 1 January 2015</b>	<b>4,869,314</b>	<b>471,302,202</b>	<b>(161,198,004)</b>	<b>314,973,512</b>
Repurchase of share capital*	-	(4,777,782)	-	(4,777,782)
Cancellation of share capital**	(486,314)	-	7,872,361	7,386,047
Total comprehensive loss	-	-	(1,558,003)	(1,558,003)
<b>Balance at 30 June 2015</b>	<b>4,383,000</b>	<b>466,524,420</b>	<b>(154,883,646)</b>	<b>316,023,774</b>

### For the six months ended 30 June 2014

	Share Capital US\$	Share Premium US\$	Retained Gains/(Losses) US\$	Total Equity US\$
<b>Balance at 1 January 2014</b>	<b>4,869,314</b>	<b>471,302,202</b>	<b>(190,462,122)</b>	<b>285,709,394</b>
Total comprehensive income	-	-	24,539,315	24,539,315
<b>Balance at 30 June 2014</b>	<b>4,869,314</b>	<b>471,302,202</b>	<b>(165,922,807)</b>	<b>310,248,709</b>

\*The Fund repurchased a total of 7,962,477 own company shares through Beira Limited and 568,915 shares through Teignmouth Limited, both wholly owned subsidiaries of the Company. Following these transactions the total shares repurchased through the Company's wholly owned subsidiaries totalled 448,631,392 (December 2014: 40,100,000).

\*\*The Fund cancelled a total of 48,631,392 own-shares. As a result, the issued share capital of the Company was reduced from 486,931,392 shares to 438,300,000 shares.

The accompanying notes form an integral part of these financial statements.

## DWS VIETNAM FUND LIMITED

### Statement of Cash Flows for the six months ended 30 June 2015

	<b>30/06/2015</b>	<b>30/06/2014</b>
	<b>US\$</b>	<b>(Restated)</b>
		<b>US\$</b>
<b>Cash flows from operating activities</b>		
<b>(Loss)/Profit for the period</b>	(1,558,003)	24,539,315
<i>Adjustment for non-cash items:</i>		
Increase in investments at fair value through profit or loss	(2,444,136)	(19,043,260)
<i>Changes in operating assets and liabilities</i>		
Decrease in accounts receivable	1,700,000	56,814
(Decrease)/Increase in accounts payable	(66,492)	1,818,656
	<hr/>	<hr/>
Total cash (outflow)/inflow from operating activities	(2,368,631)	7,371,525
<b>Cash flows from financing activities</b>		
Repurchase of Share Capital	(4,777,782)	-
Redemption of Share Capital	7,386,047	-
	<hr/>	<hr/>
Total cash-inflow from financing activities	2,608,265	-
Net increase in cash and cash equivalents	239,634	7,371,525
Cash and cash equivalents at the beginning of the period	1,301,462	787,545
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<u>1,541,096</u>	<u>8,159,070</u>

The accompanying notes form an integral part of these financial statements.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

### **1 Incorporation and principal activity**

The DWS Vietnam Fund (the “Company”) is a closed ended exempted company with limited liability formed under the laws of the Cayman Islands on 13 September 2006.

The Company’s investment objective is to achieve long-term capital appreciation of its assets by investing directly or indirectly in a diversified portfolio of securities such as equity and debt instruments of entities that do some or all of their business in Vietnam.

The Company seeks to achieve its investment objective through investing primarily in securities of listed and unlisted entities, including Vietnamese-listed companies, overseas companies and unlisted companies. Such entities include listed and unlisted closed-end fund vehicles. It also invests in securities issued by governmental agencies.

The Company holds all of its investments through wholly owned subsidiary companies which are special purpose holding companies incorporated outside of Vietnam. The Company has 10 wholly-owned special purpose companies, incorporated as exempted companies with limited liability in the Cayman Islands having the purpose of acting as trading conduits of the Company for the sole purpose of opening and operating trading accounts with brokers in Vietnam. These special purpose companies have the following names:

1. Epsom Limited
2. Lionel Hill Limited
3. Beira Limited
4. Prime Limited
5. Greystanes Limited
6. Siglap Limited
7. Teignmouth Limited
8. Tewkesbury Limited
9. Kallang Limited
10. Hephaestus Limited

As at the period end all of these special purpose Companies were in operation, with the exception of Kallang Limited and Tewkesbury Limited.

As at 30 June 2015 and 31 December 2014, the Company and its subsidiaries (the “Group”) had no employees. The investment activities of the Group are managed by Deutsche Asset Management (Asia) Limited (the “Investment Manager”) and the administration of the Company is delegated to State Street Fund Services (Ireland) Limited. The registered office of the Company is located at: Second Floor Zephyr House, 122 Mary Street, PO Box 709, George Town, Grand Cayman KY1-1107, Cayman Islands.

### **2 Significant accounting policies**

#### **Statement of Compliance**

These condensed interim unaudited financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34, “Interim Financial Reporting” issued by the Financial Reporting Council, which are adopted pursuant to the procedure provided for under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. They have also been prepared in accordance with the reporting requirements of the Irish Stock Exchange for closed-ended funds.

The condensed interim financial statements do not contain all of the information and disclosures required in the full annual audited financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 2 Significant accounting policies cont/d

#### Statement of Compliance cont/d

The accounting policies, presentation and methods of calculation applied by the Company in these condensed interim unaudited financial statements are consistent with those applied by the Company in its financial statements for the year ended 31 December 2014.

The amendment to IFRS 10 “Consolidated Financial Statements” became effective for accounting periods beginning on or after 1 January 2014 and resulted in the Company changing its accounting policy with respect to its investments in the subsidiaries. These investments are now accounted for at fair value through profit or loss and consolidation is no longer required. In the preparation of these financial statements for the period ended 30 June 2015, certain comparative figures have been restated. The following tables provide a reconciliation of the 30 June 2014 amounts as previously reported and the restated amounts included in these financial statements. The restatement of the comparatives did not give rise to a change in the total comprehensive income or the total shareholders’ equity as previously reported. The restatement merely resulted in a change in the classification and categorisation of certain line items within the financial statements as follows:

#### Statement of Comprehensive Income Reconciliation

	<b>30/06/2014</b>		<b>30/06/2014</b>
	<b>as previously</b>	<b>Adjustment</b>	<b>as restated</b>
	<b>reported</b>	<b>US\$</b>	<b>US\$</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Income</b>			
Investment income	5,957,783	(5,957,783)	-
Net gain on investments at fair value through profit or loss	26,909,262	7,367,458	34,276,720
Other gains	11,040	(11,040)	-
Total revenue	32,878,085	1,398,635	34,276,720
Operating expenses	(9,746,999)	9,594	(9,737,405)
Profit for the year before taxation	23,131,086	1,408,229	24,539,315
Taxation			
Non-reclaimable withholding tax	(16,057)	16,057	-
Reduction in deferred taxation provision	1,424,286	(1,424,286)	-
<b>Total comprehensive income for the period</b>	<b>24,539,315</b>	<b>-</b>	<b>24,539,315</b>

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 2 Significant accounting policies cont/d Statement of Compliance cont/d

#### Statement of Cash Flows Reconciliation

	30/06/2014 as previously reported US\$	Adjustment US\$	30/06/2014 as restated US\$
<b>Cash flows from operating activities</b>			
<b>Profit for the year after taxation</b>	24,539,315	-	24,539,315
<i>Adjustment for non-cash items:</i>			
Increase in investments at fair value through profit or loss	(21,020,648)	1,977,388	(19,043,260)
 <i>Changes in operating assets and liabilities</i>			
Decrease in accounts receivable	2,217,592	(2,160,778)	56,814
Increase in accounts payable	603,609	1,215,047	1,818,656
 Total cash inflow from operating activities	6,339,868	1,031,657	7,371,525
 Net increase in cash and cash equivalents	6,339,868	1,031,657	7,371,525
 Cash and cash equivalents at the beginning of the year	8,745,519	(7,957,974)	787,545
 <b>Cash and cash equivalents at the end of the year</b>	15,085,387	(6,926,317)	8,159,070

#### a) Basis of preparation

The financial statements are presented in US Dollars. The functional currency of the Company and its subsidiaries is the US Dollar, reflecting the fact that all subscriptions received were denominated in US Dollars. The financial statements are prepared on a fair value basis for financial assets designated at fair value through profit or loss and for derivative financial instruments which are held for trading. Other financial assets and liabilities are stated at amortised cost.

#### Accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at year ended 31 December 2014.

#### b) New accounting standards

##### **New standards, amendments and interpretations issued and effective 1 January 2015**

IAS 24, "Related Party Disclosures" amendment adds an entity to the definition of key management personnel when that entity or any member of a group of which it is a part provides key management personnel services to the reporting entity or to the parent of the reporting entity and is effective for annual periods beginning on or after 1 July 2014. Amounts incurred by the Company for the provision of key management personnel services by a separate management entity shall be disclosed. The amendment has not had any impact on the Company's financial position or performance.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 2 Significant accounting policies cont/d

#### b) New accounting standards cont/d

IFRS 13 “Fair Value Measurement” amendment clarifies that the portfolio exception allowed in IFRS 13 (an entity may account for assets and liabilities on a net basis if it is consistent with how market participants would price the net risk exposure at the measurement date) applies to all contracts within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” or IFRS 9 “Financial Instruments”, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 “Financial Instruments: Presentation”. This amendment is effective for annual periods beginning on or after 1 July 2014. The amendment has not had any impact on the Company’s financial position or performance.

#### **New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2015 and not early adopted**

IFRS 7 “Financial Instruments: Disclosures” amendment was issued in September 2014 and will become effective for periods beginning on or after 1 January 2016. Disclosure requirements regarding the offsetting of financial assets and financial liabilities are not specifically required in condensed interim financial statements that are prepared in accordance with IAS 34 “Interim Financial Reporting” for all interim periods. However, the additional disclosure is given when its inclusion would be required in accordance with the general principles of IAS 34. This amendment is not expected to have any impact on the Company’s financial position or performance and will not result in extra disclosures.

IAS 1 “Presentation of Financial Statements” amendment was issued in December 2014 and will become effective for period beginning on or after 1 January 2016. The amendment introduces five narrow-focus improvements to the disclosure requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendment is not expected to have any impact on the Company’s financial position, performance but may result in a variation of disclosures in its financial statements.

IAS 34 “Interim Financial Reporting” amendment was issued in September 2014 and will become effective for periods beginning on or after 1 January 2016. The amendment clarifies the meaning of “elsewhere in the interim financial report” and states that information not included in the financial statements must be cross referenced from the interim financial statements to the location of this information within the interim financial report e.g. the Investment Manager Report. This amendment is not expected to have any impact on the Company’s financial position or performance and will not result in extra disclosures.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

#### c) Purchase of own shares in DWS Vietnam Fund

As at 1 January 2015, the Company held 40,100,000 (2014: 40,100,000) of the Company’s own equity shares as part of its investment portfolio, purchased by Siglap Ltd., Beira Ltd. and Epsom Ltd., three wholly owned subsidiary companies and held by Teignmouth Limited, another wholly owned subsidiary. Between February and May 2015, a further 7,962,477 of DWS Vietnam Ltd. own shares were purchased by Beira Ltd, which were subsequently transferred to Teignmouth Limited in May 2015. Additionally a further 568,915 of DWS Vietnam Ltd. own shares were purchased by Teignmouth Ltd in May 2015, bringing the total of own shares held by Teignmouth Ltd. to 48,631,392 (31 December 2014: 40,100,000). In compliance with International Financial Reporting Standards, such investments are excluded from the Group’s financial assets, as calculated for IFRS financial statement reporting purposes and are instead treated as treasury shares. The cost of Company shares purchased by Group Companies is shown as a movement through the share premium account as disclosed in the Statement of Changes in Equity in the period the buyback occurs.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 2 Significant accounting policies cont/d

#### c) Purchase of own shares in DWS Vietnam Fund cont/d

As own shares are not included as a financial asset on the Statement of Financial Position, any unrealised gain / loss on the purchase of its own shares held is excluded from the net gain / loss on investments at fair value through profit or loss and shareholders' equity.

On 30 June 2015 the 48,631,392 own Company shares held by Teignmouth Ltd. were cancelled. The cancellation of the shares is shown as a movement through the share premium account as disclosed in the Statement of Changes in Equity.

### 3 Expenses

	Note	30/06/2015 US\$	30/06/2014 US\$
<b>Investment Manager</b>			
Investment Manager fee	14	(2,910,320)	(2,902,523)
Investment Advisor fee	14	(208,679)	(194,974)
Performance fee	14	(427,044)	(6,022,695)
		(3,546,043)	(9,120,192)
<b>Custodian</b>			
Custody fees	12	(193,378)	(188,555)
<b>Administrator</b>			
Administration fees	12	(203,719)	(203,114)
Transfer Agency fees		(3,000)	(3,000)
		(206,719)	(206,114)
<b>Other expenses</b>			
Directors fees	4,14	(2,500)	(2,500)
Directors Insurance		(30,000)	(30,000)
Professional fees		(14,018)	(44,141)
Miscellaneous expenses		(205,704)	(126,067)
Audit fee		(19,836)	(19,836)
		(272,058)	(222,544)
<b>Total Expenses</b>		(4,218,198)	(9,737,405)

### 4 Directors Remuneration

The Board determines the fees payable to each Director subject to a maximum aggregate amount of US\$75,000 per annum for the Board.

### 5 Accounts Receivable

	30/06/2015 US\$	31/12/2014 US\$
Retention fee receivable	981,548	2,681,548
	981,548	2,681,548

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 6 Cash and cash equivalents

	30/06/2015	31/12/2014
	US\$	US\$
Cash and bank balances	1,541,096	1,301,462

All cash and bank balances are held with State Street Bank & Trust Company, which is rated AA- by Standard & Poor's (31 December 2014: AA-).

### 7 Accounts Payable

	30/06/2015	31/12/2014
	US\$	US\$
Accrued expenses	(1,151,623)	(1,218,115)
	<u>(1,151,623)</u>	<u>(1,218,115)</u>

Purchases awaiting settlement are paid on agreed settlement date and expenses are paid within 1 month.

### 8 Explanatory note on significant movements during the period

#### Statement of Comprehensive Income:

#### Expenses: US\$4,218,198 (June 2014: US\$9,737,405)

A performance fee, of US\$427,044 was charged for the period ended 30 June 2015 (June 2014: US\$6,022,695), as detailed in Note 3. The performance fee is linked to the return generated by the Fund for the period.

### 9 Share capital

#### Shares - Equity

On incorporation of the Company on 13 September 2006, the authorised share capital was US\$500,000,000 made up of 500,000,000 shares of a par value of US\$1.00 each, having the rights set out in the Articles. By virtue of an Ordinary Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the authorised share capital was amended to US\$10,000,000 made up of 1,000,000,000 shares of a par value of US\$0.01 each. Consequently, and by virtue of a Special Resolution of the Company passed on 19 December 2008 and with the sanction of an Order of the Grand Court of the Cayman Islands dated 31 July 2009, the issued share capital of the Company was reduced from US\$486,931,392 made up of 486,931,392 shares of US\$ 1.00 each, to US\$4,869,314 made up of 486,931,392 shares of US\$0.01 each. Therefore, the number of shares in issue has not changed since the incorporation of the Company.

The Shares constitute the only class of shares in the Company. The Company has originally issued one subscriber share which was subsequently repurchased by the Company at par. All Shares have the same rights, whether in regard to voting, dividends, return of share capital and otherwise.

The objectives of the subsidiary special purpose companies are outlined in the Investment Manager's Report. The Company strives to invest the subscriptions into the Company shares or into the subsidiaries to purchase investments that meet the Company's investment objectives while maintaining sufficient liquidity.

At a general meeting on a show of hands every shareholder of record present in person (or, in the case of a shareholder being a corporation by its duly authorised representative) shall have one vote and on a poll every shareholder of record present in person (or, in the case of a shareholder being a corporation by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the Register.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 9 Share capital cont/d

#### Shares - Equity cont/d

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify as such in the notice calling it. The Directors may convene general meetings. Extraordinary general meetings may also be convened on such requisition. Upon a winding up of the Company, the shares carry a right to a return of the nominal capital paid up in respect of such shares, and the right to share in the surplus assets. There are no pre-emptive rights in connection with the shares.

Subject to the approval of the Irish Stock Exchange, the Company may hold shares through one of its 10 wholly-owned special purpose vehicles as listed in Note 1, by way of a re-purchase of any issued shares.

The Investment Manager shall have the sole discretion to direct the purchase or sale of such shares of the Company so as to facilitate a market in the shares where, in its discretion, it considers that there is a significant difference between the net asset value per share and the trading price per share on the Irish Stock Exchange, but subject to certain conditions as detailed in the Prospectus to the fund.

The Company had issued share capital of 486,931,392 shares of which a total of 48,631,392 (31 December 2014: 40,100,000) shares were purchased by wholly-owned subsidiaries as detailed in note 2(c). On 30 June 2015 the 48,631,392 own Company shares held by Teignmouth Ltd. were cancelled. Following the cancellation of shares, the issued share capital of the Company as at period end 30 June 2015 is 438,300,000 shares. The cancellation of the shares is shown as a movement through the share premium account as disclosed in the Statement of Changes in Equity.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as results from operating activities divided by total shareholders' equity.

### 10 Share premium

	30/06/2015	31/12/2014
	US\$	US\$
Balance at start of period	471,302,202	471,302,202
Balance at end of period	<u>466,524,420</u>	<u>471,302,202</u>

### 11 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	30/06/2015	30/06/2014
	US\$	US\$
(Loss)/Earnings for the purpose of the basic and diluted earnings	(1,558,003)	24,539,315
Weighted average number of shares for the basic and diluted earnings per share	441,522,909	446,831,392
Basic and diluted (loss)/earnings per share	(0.35)c	5.49c

Basic earnings per share is calculated by dividing the earnings attributable to shareholders by the weighted average number of shares in issue during the period.

Diluted earnings per share is calculated by adjusting the earnings attributable to shareholders and the weighted average number of shares outstanding (excluding those purchased by wholly owned subsidiary companies) for the effects of dilutive potential shares. No dilutive potential shares existed at the period end or at the prior period end.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 12 Significant Agreements

#### **Custodian**

State Street Custodial Services (Ireland) Limited acts as Custodian to the Company and Group, pursuant to the Custodian Agreement dated 10 November 2006. The Custodian fees are charged based on the Net Asset Value of the Company (not to exceed 18 basis points) on a monthly basis in arrears as defined in the prospectus. Additionally, sub-custodians' transaction fees are charged to the Fund.

#### **Administrator**

The Company and the Manager have appointed State Street Fund Services (Ireland) Limited pursuant to an agreement dated 10 November 2006. The Administration fee is billed and payable monthly based on the average monthly assets. The current rates for the Administration fee are 9 basis points for the first US\$100 million net assets, 8 basis points for net assets between US\$100 to US\$300 million and 6 basis points for net assets in excess of US\$300 million subject to a minimum monthly charge of US\$8,000 per special purpose company and a maximum fee of 12 bps of the Net Asset Value of the fund.

#### **Discretionary Investment Adviser**

Pursuant to an agreement dated 15 November 2006, the Company has delegated its discretionary investment management function to Deutsche Asset Management (Asia) Limited (DeAM). The Investment Manager fees are charged based on the Net Asset Value of the Company on a monthly basis as defined in the Prospectus. The current rate for the Investment Manager Fee is 170 basis points.

In addition to the Investment Manager's fee a performance fee is payable on the achievement of a performance target as set out in the Company's prospectus. All assets of the Company are divided into Sub-Portfolios. There are separate Sub-Portfolios for (i) assets under management by the sub-Investment Manager (Duxton Asset Management Pte Ltd.), comprising the Investment Manager's Sub-Portfolio and (ii) assets under management by each Segregated Fund Manager (PXP Vietnam Asset Management Ltd.) Performance fees are calculated and payable separately for each such Sub-Portfolio.

#### **Sub Investment Manager**

With effect from 30 April 2009 ("the effective date"), DeAM Asia, the appointed discretionary investment manager of the DWS Vietnam Fund Limited, pursuant to its authority and discretion under the terms of the amended and restated Investment Manager Agreement (IMA) between DeAM Asia and the Company dated 14 February 2007, delegated certain of its investment management duties under this agreement to Duxton Asset Management Pte. Ltd, who have been appointed as Sub Investment Manager.

#### **Performance Fees**

For the purpose of calculating performance fees, the Investment Manager's Sub-Portfolio excludes any Segregated Funds managed by Segregated Fund Managers. The performance fee earned for the period by DeAM Asia was US\$106,761 (June 2014: US\$5,439,062) of which US\$106,761 was outstanding at period end (Dec 2014: US\$Nil). The performance fee earned for the period by PXP Vietnam Asset Management Ltd was US\$320,283 (June 2014: US\$583,633) of which US\$320,283 was outstanding at period end (Dec 2014: US\$Nil).

Duxton was paid a performance fee directly by DeAM Asia, from the performance fee paid to DeAM Asia detailed above. The performance fee paid by DeAM Asia to Duxton for the period ended 30 June 2015 was US\$53,381 (June 2014: US\$2,719,531) of which US\$53,381 was outstanding at the period end (Dec 2014: US\$Nil).

The Company shall pay performance fees to the Investment Manager in arrears within 30 days from the end of each calculation period and shall be calculated by reference to the unaudited accounts of the Company. The calculation periods are between 1 January and the last valuation date in June and between 1 July and 31 December each year. The performance fee is not based on a high water mark. Each calculation period is independent of previous calculation periods i.e. a decline in the Net Asset Value of a sub-fund in one calculation period will not affect the payment of performance fees for this sub-fund in future calculation periods.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 12 Significant Agreements cont/d

#### **Performance Fees cont/d**

The Company shall pay a performance fee on the Investment Manager's Sub Portfolio if the Investment Manager's Sub-Portfolio generates a return greater than 8% on an annualized basis during a calculation period.

An enhanced performance fee is payable if the Investment Manager's Sub-Portfolio generates a return greater than 10% on an annualised basis during a calculation period. Fees payable to the Investment Manager on termination of the Investment Management Agreement are detailed in the Prospectus.

### 13 Taxation

There are no taxes on income or gains in the Cayman Islands and the Company has received an undertaking from the Governor in Council of the Cayman Islands, under the Tax Concessions Law (1999 Revision), exempting it from all local income, profits and capital taxes until 26 September 2026. Accordingly, no provision for Cayman income taxes is included in these financial statements.

Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognized in the tax line as 'Non-reclaimable withholding tax' in the Statement of Comprehensive Income.

The Company anticipates that the tax consequences for the Company of its investments in Vietnam will be as follows:

#### **Dividends**

The Company will not be subject to any additional corporate income tax in Vietnam on dividends the Company receives from the tax-paid profits of Vietnamese companies. Remittance of the dividends outside of Vietnam is also free of tax as there is no longer any profit remittance tax applicable to foreign investors in Vietnam.

#### **Interest**

Effective March 1, 2012, non-resident institutional investors are subject to a 5% withholding tax rate on interest income received from corporate and government bonds and certificates of deposit (CDs). Non-resident institutional investors were previously subject to a 10% withholding tax rate on such interest income.

#### **Disposals**

The Company will be subject to a "deemed profits" tax in Vietnam when the Company disposes of any public company securities, bonds or fund certificates of its Investee Companies. This tax is equivalent to 0.1% of the proceeds received from the transfer. No relief is allowed for transaction costs and no allowance is taken for the cost of investments (i.e. the existence of actual profits is irrelevant). The tax is netted against the realised gains / (losses) as part of the 'Net gain / (loss) on investments at fair value through profit or loss' within the consolidated statement of comprehensive income.

For Investee Companies where the Company invests in the legal / charter capital of limited liability companies or shares in private companies (e.g. certain private equity transactions), the Company will be subject to a "capital assignment" tax on any gain made when the Company sells or transfers this ownership interest or shares to another party. This tax will be charged at a rate of 25% on the difference between the assignment proceeds and the original value of the assigned capital, less the transaction costs. The original value of the assigned capital is the actual capital amount which has been contributed by the transferor as at the assignment date, as supported by and based on accounting books and documents.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 13 Taxation cont/d

#### **Deferred Tax**

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the temporary differences reverse.

Temporary differences are differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The deferred tax relates to the subsidiaries and is therefore disclosed in the Consolidated Statement of Comprehensive Income in the net gain on investments at fair value through profit or loss and disclosed in the Consolidated Statement of Financial Position in financial assets at fair value through profit and loss.

### 14 Related Party Transactions

In accordance with IAS 24 'Related Party Disclosures', the following are the related parties and associated related party transactions of the Company for the period ended 30 June 2015.

#### **Transactions with entities with significant influence;**

Deutsche Asset Management (Asia) Limited (a subsidiary of Deutsche Bank AG) has been appointed as Investment Manager to the Company. For these services in the period, Deutsche Asset Management (Asia) Limited earned a fee of US\$2,910,320 (June 2014: US\$2,902,523) of which US\$458,589 was outstanding at the period end (Dec 2014: US\$995,913). As detailed in Note 12, the performance fee earned for the period by DeAM Asia was US\$106,761 (June 2014: US\$5,439,062) of which US\$106,761 was outstanding at period end (Dec 2014: US\$Nil).

The Investment Manager may execute trades on behalf of the Company with Deutsche Bank London broking division, a member of the Deutsche Bank AG Group of which the Investment Manager is also a member. There were no trades executed on behalf of the Company with Deutsche Bank London for the periods ended 30 June 2015 and 30 June 2014.

As at period end the Company held an investment in the collective investment schemes, PXP Vietnam Fund Limited and PXP Vietnam Emerging Equity Fund which are managed by PXP Vietnam Asset Management Limited and are therefore related parties, as PXP Vietnam Asset Management Limited has been appointed by Duxton Asset Management to manage a portion of the investment cash during the period. PXP Vietnam Asset Management Limited earned a management fee for the period of US\$208,679 (June 2014: US\$194,974) of which US\$106,191 was outstanding at period end (Dec 2014: US\$107,145). In addition, PXP Vietnam Asset Management Limited earned a performance fee for the period of US\$320,283 (June 2014: US\$583,633) of which US\$320,283 was outstanding at period end (Dec 2014: US\$Nil).

As detailed in Note 12, with effect from 30 April 2009, Deutsche Asset Management (Asia) Limited delegated certain of its investment management duties to Duxton Asset Management Pte. Ltd, who have been appointed as sub Investment Manager to the Company. For these services in the period, Duxton Asset Management Pte Ltd. earned a performance fee of US\$53,381 (June 2014: US\$2,719,531) of which US\$53,381 was outstanding at the period end (Dec 2014: US\$Nil). The performance fee is paid to Duxton Asset Management Pte Ltd. by DeAM directly.

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 14 Related Party Transactions cont/d

#### **Transactions with key management personnel;**

The total fees earned by the independent Director in the period was US\$3,000 (June 2014: US\$3,000).

#### **Transactions with subsidiaries;**

In accordance with the Offer Memorandum and the Articles and Memorandum of Association of the Company, the Company may structure any or all of its investments through wholly-owned subsidiaries which act as special purpose holding companies incorporated outside Vietnam.

The subsidiaries currently in operation as listed in Note 1 are being managed by Deutsche Asset Management (Asia) Limited.

### 15 Fair Value Information and hierarchy

IFRS 13, "Fair value measurement", requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices for identical or similar instruments in markets that are considered less than active including securities priced using quotations received from brokers, whenever available and considered reliable; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company.

The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

## DWS VIETNAM FUND LIMITED

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

#### 15 Fair Value Information and hierarchy cont/d

The following table analyses within the fair value hierarchy the Company's financial instruments measured at fair value at 30 June 2015 and 31 December 2014:

##### As at 30 June 2015:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial instruments at fair value through profit or loss</b>				
Collective Investment Schemes	3,246,715	43,521,333	-	46,768,048
Listed Equities	172,309,968	-	-	172,309,968
Unlisted Equities	-	-	62,893,956	62,893,956
Long Term Bonds	-	944,566	7,530,447	8,475,013
Convertible Loan	-	-	16,777,621	16,777,621
<b>Total</b>	<b>175,556,683</b>	<b>44,465,899</b>	<b>87,202,024</b>	<b>307,224,606</b>
Cash and bank balances	10,915,960	-	-	10,915,960
Other assets	-	3,205,092	-	3,205,092
Other liabilities	-	(2,574)	-	(2,574)
Deferred tax	-	(6,690,331)	-	(6,690,331)
<b>Net financial assets at fair value through profit or loss</b>	<b>186,472,643</b>	<b>40,978,086</b>	<b>87,202,024</b>	<b>314,652,753</b>
<b>Financial assets and liabilities at amortised cost</b>				
Cash and bank balances	1,541,096	-	-	1,541,096
Other assets	-	981,548	-	981,548
Other liabilities	-	(1,151,623)	-	(1,151,623)
<b>Net financial assets at amortised cost</b>	<b>1,541,096</b>	<b>(170,075)</b>	<b>-</b>	<b>1,371,021</b>
<b>Total net assets</b>	<b>188,013,739</b>	<b>40,808,011</b>	<b>87,202,024</b>	<b>316,023,774</b>

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 15 Fair Value Information and hierarchy cont/d

As at 31 December 2014:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial instruments at fair value through profit or loss</b>				
Collective Investment Schemes	6,193,110	37,552,186	-	43,745,296
Listed Equities	175,895,245	-	570,785	176,466,030
Unlisted Equities	-	3,559,322	60,535,201	64,094,523
Long Term Bonds	-	1,431,197	8,033,717	9,464,914
Convertible Loan	-	-	15,329,917	15,329,917
<b>Total</b>	<b>182,088,355</b>	<b>42,542,705</b>	<b>84,469,620</b>	<b>309,100,680</b>
Cash and bank balances	11,708,641	-	-	11,708,641
Other assets	-	2,688,695	-	2,688,695
Other liabilities	-	(2,205,036)	-	(2,205,036)
Deferred tax	-	(9,084,363)	-	(9,084,363)
<b>Net financial assets at fair value through profit or loss</b>	<b>193,796,996</b>	<b>33,942,001</b>	<b>84,469,620</b>	<b>312,208,617</b>
<b>Financial assets and liabilities at amortised cost</b>				
Cash and bank balances	1,301,462	-	-	1,301,462
Other assets	-	2,681,548	-	2,681,548
Other liabilities	-	(1,218,115)	-	(1,218,115)
<b>Net financial liabilities at amortised cost</b>	<b>1,301,462</b>	<b>1,463,433</b>	<b>-</b>	<b>2,764,895</b>
<b>Total net assets</b>	<b>195,098,458</b>	<b>35,405,434</b>	<b>84,469,620</b>	<b>314,973,512</b>

The Company's unconsolidated subsidiary undertakings are categorized as Level 3 as their prices are not quoted but their values are measured on the fair value of the underlying investments and other assets and liabilities including the deferred tax provision, held by these subsidiaries.

There were no transfers between levels for the period ended 30 June 2015 (Dec 2014: None).

#### Level 3 Reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 from the start of the period to the end of period 30 June 2015:

	Listed and Unlisted Equities US\$	Long Term Bonds US\$	Convertible Loans US\$	Total US\$
Opening Balance	61,105,986	8,033,717	15,329,917	84,469,620
Unrealised gains/(losses)	1,787,970	(503,270)	1,447,704	2,732,404
<b>Closing Balance</b>	<b>62,893,956</b>	<b>7,530,447</b>	<b>16,777,621</b>	<b>87,202,024</b>

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 15 Fair Value Information and hierarchy cont/d

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 from the start of the year to the end of year 31 December 2014:

	<b>Unlisted Equities US\$</b>	<b>Long Term Bonds US\$</b>	<b>Convertible Loans US\$</b>	<b>Total US\$</b>
Opening Balance	39,770,037	28,473,483	12,810,000	81,053,520
Realised gains/(losses)	4,119,019	13,410,273	-	17,529,292
Unrealised gains/(losses)	2,382,738	(14,641,158)	2,519,917	(9,738,503)
Purchases	1,921,992	-	-	1,921,992
Sales	(6,030,940)	(265,741)	-	(6,296,681)
Conversion of convertible bond	18,943,140	(18,943,140)	-	-
<b>Closing Balance</b>	<b>61,105,986</b>	<b>8,033,717</b>	<b>15,329,917</b>	<b>84,469,620</b>

As at 30 June 2015, the Company held investments in 5 private companies in the form of a combination of illiquid common stock, a convertible bond and a convertible loan which are categorized as level 3 investments under IFRS 13. The companies, listed hereunder are valued by Deutsche Bank's Global Valuations Group (GVG).

Anova Corp	– Convertible Bond & Equity Position
Corbyns	– Convertible Loan
Greenfeed	– Equity Position
SSGA	– Equity Position
VTC Online	– Equity Position

As required under IFRS 13, the valuation spread for the purpose of presenting sensitivity analysis for each level 3 security has been determined based on what management consider are the reasonable possible alternative assumptions used as part of each valuation.

#### **Portfolio Values**

Base Case: USD 87,202,024  
 Best Case: USD 110,512,295  
 Worst Case: USD 66,691,819

#### **Equity Positions Valuation Synopsis**

Base value of assets represent the equity value and was valued using the average of the P/E or P/S multiple approach and the DCF model. In the base case of the multiples approach, a basket of market comparables was selected and the mean of their multiples calculated. The mean multiple was then used to calculate the equity value of each investment. In the DCF forecast model, the key unobservable inputs are the discount rate, the terminal growth rate and/or NAV discount.

The range of assumptions used for the base case valuations are as follows:

- Discount rate: 12.32% to 17.70%
- Growth rate: 3.00% to 4.00%
- P/E multiple: 13.43x to 18.52x
- P/S multiple: 1.98x
- NAV discount: 65%

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 15 Fair Value Information and hierarchy cont/d

#### **Equity Positions Valuation Synopsis cont/d**

In the sensitivity analysis, to calculate the equity value in the best/worst case scenario, the following variances to the input variables have been applied where applicable to each position:

- Changes in the discount rate: +/- 2%
- Changes in the growth rate : +/- 1%
- Changes in the P/E multiple: +/- 5x
- Changes in the P/S multiple: +/- 1.5x
- Changes in the NAV discount: +/- 15%

#### **Convertible Bond Valuation Synopsis**

The Convertible Bond positions are valued using the internal DB pricing library, DB Analytics. Inputs into the Convertible Bond model include credit spreads, implied volatility of conversion, the spot value of asset (the stock value), recovery rates and/or credit volatility for both day one and the current valuation dates.

Credit spreads represents the pure credit risk of the company. As the availability of credit spreads are harder to quantify due to a lack of observable points, we estimated the credit spreads based on the relative change in the macroeconomic conditions by using the change in CDS spreads on 10 year Vietnam sovereign curve.

Changes in credit spreads: +/- 150bps

Implied volatility of conversion represents the implied volatility of the embedded optionality in the structure. This is based on the historical variance in the market comparables' equity volatilities. A study on the market comparables' equity volatility has been done and the result shows that the gap between the highest/ lowest volatility and the mean volatility is ~10%. This represents our best estimates of the variation in implied volatility.

Changes in the implied volatility: +/- 10%

### 16 Segmental Reporting

IFRS 8 'Operating Segments' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board of Directors is charged with the overall governance of the Company in accordance with the Prospectus and the Company's Articles of Association and Memorandum of Association. The Board has appointed Deutsche Asset Management (Asia) Ltd as the Fund Manager. Under the terms of this appointment, Deutsche Asset Management (Asia) Ltd has delegated the fund management activities to Duxton Asset Management Pte Ltd. The Board of Directors, Deutsche Asset Management (Asia) Ltd and Duxton Asset Management Pte Ltd are considered the Chief Operating Decision Maker (CODM) for the purposes of IFRS 8.

Duxton Asset Management Pte Ltd is responsible for decisions in relation to both asset allocation, asset selection and any sub manager delegation. Duxton Asset Management Pte Ltd has been given authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto. Any changes to the investment strategy outside of the Company prospectus must be approved by the Board and then the Company's shareholders in accordance with the terms of the Prospectus and the Company's Articles.

The Company operates a single operating segment under IFRS 8 with all investment cash and investment holdings being managed at a Company level. Investment cash is allocated to Duxton Asset Management Pte Ltd who has full responsibility for the investment of cash for the Company. There are four separate asset classes namely listed securities, unlisted securities, fixed income securities and collective investment schemes. However, the allocation of resources is based on an analysis of future market expectations by Duxton Asset Management Pte Ltd rather than the past performance of the asset classes. Duxton Asset

# DWS VIETNAM FUND LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D

### 16 Segmental Reporting cont/d

Management Pte Ltd can further delegate the investment management responsibility for an amount of investment cash to a sub investment manager if required.

As at 30 June 2015, the Company had investments managed by Duxton Asset Management Pte Ltd and PXP Vietnam Asset Management Limited. PXP Vietnam Asset Management Limited was appointed by Duxton Asset Management Pte Ltd to manage a portion of investment cash during the period. Notwithstanding the fact that a performance fee is payable separately to Duxton Asset Management Pte Ltd and PXP Vietnam Asset Management Limited, the decision on the allocation of resources is not based on their individual performance.

The Company is incorporated in the Cayman Islands and its primary objective is to invest directly or in directly in companies that do some or all of their business in Vietnam. Some of the Company's investments are held in countries other than Vietnam such as United Kingdom, Germany, Hong Kong, Netherlands and the United States of America which give exposure to Vietnam. All of the Company's income is from investments in these entities.

The investments are allocated across four separate asset types namely collective investment schemes, listed securities, unlisted securities and fixed income securities and the income earned from these investments is reflected in the Consolidated Statement of Comprehensive Income. The Company has a highly diversified portfolio of underlying investments and no single investment accounts for more than 17.60% of the Company's net assets.

### 17 Exchange rates to USD

	30/06/2015	31/12/2014	30/06/2014
AUD Australian Dollar	1.3011	1.2219	1.05949
EUR Euro	0.8975	0.8228	0.7304
HKD Hong Kong Dollar	7.7525	7.7562	7.7504
SGD Singapore Dollar	1.3465	1.3215	1.2466
TWD Taiwan Dollar	30.8545	31.6020	29.8580
VND Vietnam Dong	21,838.50	21,387.5000	21,330.0000

### 18 Committed Deals at 30 June 2015

There were no commitments as at 30 June 2015 or as at 31 December 2014.

### 19 Seasonal or cyclical changes

The Company is not subject to seasonal or cyclical changes.

### 20 Significant events during the period

Between February and May 2015, 7,962,477 of DWS Vietnam Fund Ltd. own shares were purchased by Beira Ltd, which were subsequently transferred to Teignmouth Limited in May 2015. Additionally a further 568,915 of DWS Vietnam Fund Ltd. own shares were purchased by Teignmouth Ltd in May 2015, bringing the total of own shares held by Teignmouth Ltd. to 48,631,392. On 30 June 2015 the 48,631,392 own Company shares held by Teignmouth Ltd. were cancelled. Following the cancellation of shares, the issued share capital of the Company as at period end 30 June 2015 is 438,300,000 shares.

In June 2015, DWS Vietnam Fund Limited sold its entire position in Saigon Beer – Alcohol – Beverage Corporation via a secondary block sale to Swiftcurrent Offshore Ltd. and Swiftcurrent Partners L.P. The overall return achieved is 10.3% (IRR) and 1.9x (cash multiple) in USD terms.

# **DWS VIETNAM FUND LIMITED**

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015 CONT/D**

### **20 Significant events during the period cont/d**

Lynden John resigned as Director on 15th March 2015 for business reasons and was replaced as Director by Ronan Guilfoyle.

### **21 Significant events after the period end**

There have been no significant events to disclose since the period end date.

### **22 Approval of the financial statements**

The accounts were approved by the Board of Directors on 27 August 2015.

# DWS VIETNAM FUND LIMITED

## OTHER INFORMATION

### **Registered Office**

Second Floor Zephyr House  
122 Mary Street,  
PO Box 709,  
George Town,  
Grand Cayman KY1-1107,  
Cayman Islands

### **Directors**

Wade Kenny (independent)  
Lynden John (appointed 10 September 2014) (resigned 15 March 2015)  
Ronan Guilfoyle (independent) (appointed 15 March 2015)  
*All Directors are non-executive.*

### **Investment Manager**

Deutsche Asset Management (Asia) Ltd.,  
One Raffles Quay,  
#17-10,  
Singapore 048583

### **Sub-Investment Manager**

Duxton Asset Management Pte Ltd.,  
40 Duxton Hill Level 4,  
Singapore 089618

### **Custodian**

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay,  
Dublin 2  
Ireland

### **Administrator, Registrar and Transfer Agent**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay,  
Dublin 2  
Ireland

### **Placing Agent**

Deutsche Asset Management (Asia) Limited  
One Raffles Quay,  
#17-10,  
Singapore 048583

### **Legal Advisor to the Company on Vietnamese Law**

Freshfields Bruckhaus Deringer  
Saigon Tower, Suite 1108,  
29 Le Duan Boulevard,  
District 1, Ho Chi Minh City,  
Vietnam

# DWS VIETNAM FUND LIMITED

## OTHER INFORMATION CONT/D

### **Legal Advisor to the Company on Cayman Islands Law**

Charles Adams Ritchie & Duckworth  
Attorneys-at-Law  
Zephyr House  
122 Mary Street,  
PO Box 709,  
Grand Cayman KY1-1107,  
Cayman Islands,  
British West Indies

### **Corporate Secretary**

CARD Corporate Services Limited  
Zephyr House,  
122 Mary Street,  
PO Box 709,  
George Town,  
Grand Cayman KY1-1107,  
Cayman Islands

### **Auditors**

KPMG  
Chartered Accountants  
1 Harbourmaster Place,  
International Financial Services Centre,  
Dublin 1,  
Ireland

### **Irish Listing Agent and Irish Paying Agent**

Matheson  
70 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland

### **Dealing Enquiries**

Deutsche Asset Management (Asia) Limited  
One Raffles Quay,  
#17-10,  
Singapore 048583

## DWS VIETNAM FUND LIMITED

### Supplemental Information to the Condensed Interim Unaudited Report

<b>Reconciliation to dealing net asset value</b>	<b>30/06/2015</b>	<b>31/12/2014</b>	<b>30/06/2014</b>
Net asset value per IFRS financial statements	US\$316,023,774	US\$314,973,512	US\$310,248,709
Adjustments:			
Value of shares invested in DWS Vietnam Fund	-	US\$20,424,253	US\$19,689,100
Deferred taxation	US\$6,690,331	US\$9,084,363	US\$6,043,445
Unrealised currency loss *	-	US\$25,719	-
Net asset value per dealing NAV	<u>US\$322,714,105</u>	<u>US\$344,507,847</u>	<u>US\$335,981,254</u>

\*Unrealised currency loss of previous year not reflected in dealing NAV as at current period.

