

## Factsheet

### Investment Policy

The primary investment objective of DVF is to seek long-term capital appreciation of its assets by investing in a diversified portfolio of Vietnamese-related securities (onshore and offshore), such as equity, fixed-income and money market instruments and closed end fund vehicles which may or may not be listed. In addition, DVF may invest in private equity securities and real estate funds and through structured notes, leveraged notes or any other derivative instruments which provide Vietnam exposure.

### VN Index Performance as at 31 December 2009 (USD)

1 Month Performance:	-1.8%
3 Month Performance:	-17.8%
6 Month Performance:	6.1%
Year to Date:	48.3%

### Fund Information

Bloomberg Ticker	<b>DWSVIET KY EQUITY</b>
Authorised share capital	<b>500,000,000 shares</b>
Issued Share Capital	<b>486,931,392 shares</b>
Par Value Per Share	<b>USD 1.0000</b>
Nav per share as at 31 December 2009	<b>USD 0.5509</b>
Launch date	<b>8th December 2006</b>

### Market Maker

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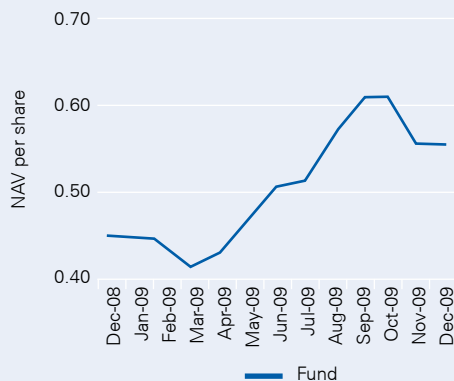
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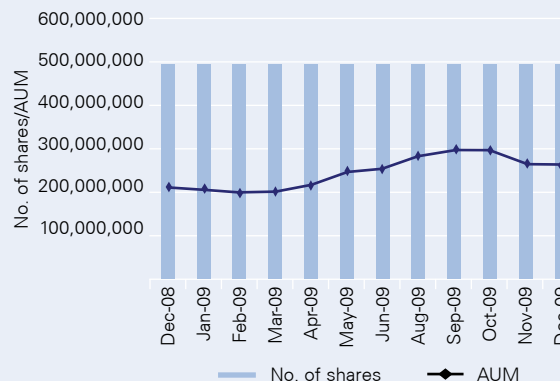
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## Performance

### Fund Performance



### Assets Under Management



## Status Update

The NAV at the end of December for the DWS Vietnam Fund ("Fund") was 0.5509 (USD), which was down 0.52% (USD) for the month.

## Portfolio Management Comments

In December, with the rest of the world winding down for the Christmas and calendar New Year holidays, the Vietnamese equity markets were less sanguine, leading investors on a volatile ride during the month. In the early part of the month, the markets continued their downward trend from November, with the VNINDEX reaching a five month low of 434 on 17 December<sup>1</sup>. Investors' main concerns during the early part of the month continued to be the risk of further monetary tightening from the State Bank of Vietnam, which had been under pressure to reign in credit growth coming into the year end<sup>2</sup>. The authorities refrained from further tightening during the month, but they did reign in credit growth towards the end of the year, which was held at 37.7%, up only slightly from 36% at the end of November<sup>3</sup>. Many of the commercial banks in Vietnam were restrictive in their lending policies during December due to capital shortages and higher than planned credit growth for the year to November<sup>4</sup>. During the first half of the month there was also a noticeable fall off in daily trading volume on the Ho Chi Minh Stock Exchange compared to November numbers, with average daily volumes down by up to 30% on certain days.

During the second half of the month, sentiment and trading volumes picked up. The markets rebounded on higher than expected GDP numbers with solid corporate earnings announcements from the property and industrial sectors helping to bolster sentiment. GDP growth for Q4 2009 of 6.9% bounced back strongly from a low of 3.1% in Q1 2009. This leaves full year GDP growth of 5.3% for 2009<sup>5</sup>, with some analysts now predicting a return to growth in excess of 6.5% for 2010<sup>6</sup>. This places the Vietnamese economy on a strong growth trajectory coming into the New Year even relative to larger regional players such as China and India.

With the economy returning to strong growth in the fourth quarter, inflation concerns are also beginning to pick up, creating a potential cloud on the horizon. December CPI numbers rose by 1.38% mom, the highest monthly rise for 2009. This is a trend that we may see continue into the first quarter, as the "Tet" (lunar New Year) holidays approach and consumers splurge out for the celebrations. The main drivers of the strong CPI numbers during December came from increases in the price of construction materials (+1.4% mom) and transportation (+2.47% mom). Transportation prices were also affected by the petrol price increases in late November. We will potentially see the drivers of inflation change in the first quarter of 2010, as construction slows down during the holidays and demand for food and services increase.

Many analysts are predicting a return to double-digit inflation during 2010 as the global and regional economy returns to growth. If inflation does start to spike during the early half of 2010, we may see further tightening of monetary policy by the government and a slow, controlled devaluation of the currency, similar to what had happened at the end of November.

So how do we see all this affecting the domestic equities markets in the New Year? According to Saigon Securities Inc. ("SSI"), a local securities house, Vietnamese equity markets are currently trading on approx. 11.7 x 2010 (F) earnings<sup>7</sup>. This relatively attractive valuation, when coupled with strong economic growth forecast of 6.5% for 2010, will be a compelling story to attract new domestic and foreign investors into the Vietnamese equity markets. Investors of course will only consider a larger allocation to Vietnamese equities if the authorities can successfully manage to keep inflation under control, while also ensuring that the currency remains relatively stable against the greenback.

Another factor that may have an effect on the equity markets in the short term is the recent announcement by the authorities of their intention to close many of the unregulated gold trading floors. This should have a positive effect on liquidity in the short term as investors switch into equities out of gold.

## Portfolio Analysis

The Fund continued to outperform the equity markets during December, with the NAV returning -0.52% compared to the VNINDEX returning -1.8% (USD). The listed equities portfolio returned -0.7%, outperforming the VNDINDEX by over 1%. Although the portfolio of Closed End Funds fell by -3.03% during the month, its performance over the previous 3 months paints a much better picture, with the Closed End Funds portfolio down 8.3% compared to the VNINDEX's 17.8% decline.

The Fund's fixed income portfolio returned +0.7% for the month. The Fund Manager sold out of most VND-denominated bonds during the early part of November. This proved to be well-timed as yields in the secondary market for VND-denominated bonds rose considerably after the announcement of the interest rate hike at the end of November.

During December, the regular quarterly independent valuation review of the Private Equity holdings took place<sup>8</sup>. As a result of this valuation review, the valuations of the Private Equity holdings in the Fund were collectively written down by 1.4%.

Asset Class Performance	1 mth%	3 mth%	Asset Class Exposure	%
Listed equities	-0.70	-16.80	Listed Equities	51.90
Fixed Income Securities <sup>c</sup>	0.70	-2.10	Unlisted Equities <sup>b</sup>	20.30
Closed End Funds	-3.00	-8.30	Fixed Income Securities	3.30
Unlisted equities	1.20	-2.40	Closed-End Funds	11.50
			Credit Linked Note <sup>a</sup>	6.20
			Cash	6.80
<b>Top 10 Holdings</b>			<b>Cash Exposure</b>	<b>%</b>
Credit Linked Note <sup>a</sup>		6.16	USD	63.00
Vinamilk		6.02	VND	37.00
Prime Group		5.19		
Vicostone		4.42		
PetroVietnam Drilling Company		4.37		
Vietnam Enterprise Fund		4.18		
Hoan My Hospital Group		3.69		
Vietcombank		3.28		
An Giang Plant Protection JSC		3.09		
Vietnam Growth Fund		2.84		

(a Credit Linked Note is linked to Vietnam Government bond)

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

(c The asset class performance for Fixed Income securities includes the Credit Linked Note)

## Outlook & Strategy

Despite recent events, our medium term outlook does not change from that expressed in our recent reports. Going forward, investors can continue to expect a higher allocation of the Fund to equities, as the market matures and the breadth and depth of the markets improve and quality companies seek investment at reasonable valuations. The Fund Manager remains optimistic on the medium to long term structural story of Vietnam. Over the coming months, the Fund Manager will be looking to increase the Fund's exposure to direct investments and the domestic listed equity market when value opportunities arise.

### Footnote

- 1 Bloomberg Data 31/12/2009
- 2 JP Morgan Vietnam Vista 21/12/2009
- 3 SSI 2009 Year-end Newsletter 31/12/2009
- 4 JP Morgan Vietnam Vista 21/12/2009
- 5 Vietnam Statistics Office "VSO"
- 6 JP Morgan Vietnam Vista 31/12/2009
- 7 SSI 2009 Year-end Newsletter 31/12/2009
- 8 Valuations of the Fund's Private Equity holdings are carried out quarterly by a specialised control function within Deutsche Bank and independent of Deutsche Asset Management.

### Important Information

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