

PXP Vietnam Fund Limited

A Cayman-domiciled closed-end fund listed on the Main Market of the London Stock Exchange. The investment objective of the Company is to seek long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies.

Summary

- I• Fund details
- II• Top 10 holdings
- III• Investment comment
- IV• PXPVF Portfolio

Portfolio Manager
Kevin Snowball

Bloomberg Ticker
VNF LN <Equity>

ISIN
KYG7301W1033

Market Makers
HSBC:

Hugh Harvey-Kelly
+44 207 991 5241

Jeffries International:

Mark Mulholland
+44 207 898 7106

Bloomberg JJFD

LCF Rothschild:

Johnny Hewitson
+ 44 207 845 5960

Bloomberg LCFR

NUMIS:

David Cumming
+44 207 260 1376

Bloomberg NUMS

Seymour Pierce

Jacqui Briscoe
+44 207 107 8329

PXP VIETNAM ASSET MANAGEMENT

PXP Vietnam Asset Management
Vietnam Representative Office
6th Floor, Opera View Building
161 Dong Khoi, District 1
Ho Chi Minh City, Vietnam

Tel. N^o. + (84) 8 3827 6040
Fax N^o. + (84) 8 3827 6043
www.pxpam.com

I• Fund Details

Launch Date	31 December 2003		
Issue Price	US\$ 2.50		
NAV per share	US\$ 4.024 as at 29 February 2012		
Number of shares in issue	12,000,000		
Fund size	US\$ 48.28 million		
Number of holdings	Listed: 38 Pre-Listed: 0		
Performance	YTD	1 Year	2 Years
PXPVF*	+21.10%	+11.53%	-19.63%
VNI**	+21.71%	-7.94%	-21.91%
	3 years	4 years	5 years
PXPVF*	+67.04%	-42.51%	-64.61%
VNI**	+44.69%	-51.14%	-71.40%
	6 years	7 years	8 years
PXPVF*	+9.50%	+69.43%	+57.43%
VNI**	-17.15%	+36.74%	+22.98%

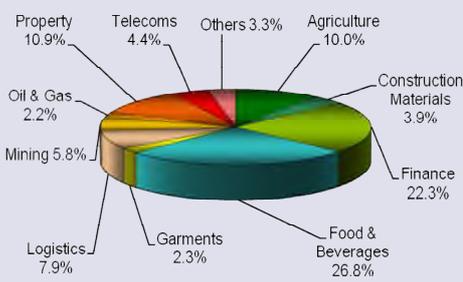
* All figures are NET of fees ** Index performance in US\$

II• Top-10 Holdings

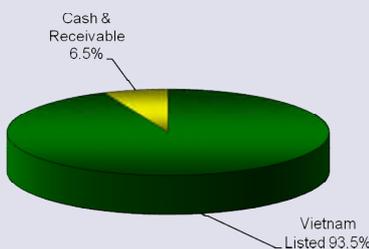
	% of Net assets
Vinamilk (VNM)	22.4
Sacombank (STB)	13.0
REE (REE)	5.6
Dong Phu Rubber (DPR)	4.1
FPT Corporation (FPT)	4.1
HCMC Securities (HCM)	3.7
Binh Duong Minerals (KSB)	3.3
Southern Seed Corp (SSC)	3.2
Transimex (TMS)	3.1
Hoa Phat Group (HPG)	2.9

IV• PXPVF Portfolio

Sectoral Breakdown (as at 29 February 2012)



Segments (as at 29 February 2012)



III• Investment Comment

February 2012 performance received a welcome boost at month-end via the sale of the Fund's entire holding in Binh Minh Plastics (**BMP**: previously a top-10 holding), to a trade buyer at a premium in excess of 80% of the then current market price by grant of an exception to the daily movement limit from Vietnam's State Securities Commission. This brought the Fund's year-to-date NAV performance within a whisker of the VNI's return over the same period, and contributed to the Fund achieving for the first time a "clean sweep" of rolling one- to eight-year outperformance against the index as highlighted in the table to the left.

These returns represent the best start to a calendar year for both index and Net Asset Value since 2007, which might seem somewhat odd to casual observers given the bearishness that was prevalent only a couple of months ago. So what has changed? Investors have generally adopted a more positive outlook to the improving macroeconomic environment with the continuing fall in the annualised rate of inflation finally registering and leading to optimism on the direction of interest rates. Recognition of the stability of the currency over the past 12 months has also been a contributing factor. Externally risk tolerance has increased, with emerging and, more particularly frontier markets back in vogue. Finally, the forced selling catalysed by banks needing to meet loan book quality targets abated a few days into the new year, leaving little overhead resistance as buyers returned in force.

The past week has been one of consolidation, however, with a higher than expected 10% fuel price rise mid-week - after rumours a couple of days earlier predicted only half of that - bringing the bears back out from the woods as inflationary fears resurfaced. These are, in our opinion, overblown but certainly gave investors an excuse to take some short-term profits. Higher oil prices are a fact of life globally for the time being and a local adjustment to reflect that reality shouldn't really have come as a complete surprise to anyone. Our forecast for 2012 full year CPI remains unchanged at between 11 and 12% in any event.

Far from being concerned by the 9% pull-back from the 468 point traded high earlier this week, we view the correction as extremely healthy. Clearly we are not (yet) in the manic phase of a bull market where all negative news is routinely ignored, and for anyone who has been either unconvinced by the rally or slow to react to the move since the beginning of the year a fresh opportunity has presented itself. We expect a resumption shortly. How far the currently technical bull market is likely to extend is anyone's guess at the moment; the index is on approximately 9 times 2012 earnings at the current level and conditions certainly feel different than during either of the short, sharp but ultimately fake rallies of the past 2 years. We are firm believers in the veracity of this one.

VNF LN DISCOUNT HISTORY SINCE LONDON LISTING



This newsletter is prepared on behalf of PXP Vietnam Fund (the "Fund") by PXP Vietnam Asset Management Limited, and is solely communicated to, and directed only at persons who are investment professionals, high net worth companies or others who are entitled to be given the newsletter under the law of the jurisdiction in which it is given. Persons receiving this newsletter should note that past performance is no guide to the future and, in particular, that the past returns of the Vietnamese stock market, or of companies listed on it, are no guarantee of the future returns of PXP Vietnam Fund. This newsletter and the information contained herein must not be acted on or relied on for any purpose whatsoever. This newsletter is strictly confidential and may not be copied or distributed or passed on by any recipient. No understanding representation or warranty or other assurance, express or implied, is made or given by any person to the accuracy, fairness or completeness of the information or opinions contained in this newsletter and no responsibility or liability is accepted for any such information or opinions. It is the responsibility of every person reading this document to satisfy himself as to the full observance of laws of any relevant country, including obtaining any government or other consent which may be required or observing any other formality which needs to be observed in that country.