

## PXP VIETNAM FUND LIMITED

A Cayman-domiciled closed-end fund listed in Ireland. The investment objective of the Fund is to achieve long-term capital appreciation of its assets by investing in a portfolio of the equity securities of Vietnamese companies, whether established with domestic or foreign ownership, which are either listed companies or pre-listing companies.

### FUND DETAILS

**Launch Date:** 31 December 2003     **Issue Price:** US\$ 2.500

**NAV per share:** US\$ 2.355 as at 30 November 2004

**Number of shares in issue:** 4,282,000

**Fund size:** US\$ 10.1 million

**Number of holdings:** 14

Performance	1 month	3 months	YTD
PXPVF	-1.34%	-1.26%	-5.80%*
Viet Nam Index	-1.30%	-1.21%	+37.51%

\* The Fund started to invest on 11 February 2004

### TOP 5 HOLDINGS

	% of net assets
Sacom Cable (SAM)	10.05
Gemadept (GMD)	9.55
Chau Thoi 620 Concrete (BT6)	7.38
REE (REE)	6.84
Savimex (SAV)	5.44

### INVESTMENT COMMENT

During November the Fund's net asset value per share fell 1.34% compared to the Viet Nam Index (VNI) loss of 1.30%. The Fund's equity holdings as a percentage of Net Assets rose from 62.2% at the end of October to 66.6% as at 30 November 2004.

The steady relative out-performance of the Fund's equity portfolio against the benchmark over the course of the month was undone by a slight weakening (by 0.15%) of the Vietnamese Dong (VND) against the US\$. The VNI fell on seventeen consecutive trading days from 2 November, touching a low of 221.33 on the 25<sup>th</sup> before recovering slightly as a result of some fairly clumsy window-dressing (not guilty!) to end the month at 229.56. We were privileged to witness on the final trading day of the month a retail client at ACB Securities entering bids for 10 shares at the 3 highest permissible prices in each of 20 of the 25 listed stocks. Given that the average price of a share listed at the Ho Chi Minh City Securities Trading Centre (STC) is a shade over US\$1.50, we are fairly certain that this represents the smallest programme trade by value (approximately \$900 in total) in the history of equity markets.

The debut on 8 November of the first local investment fund proved somewhat disappointing with its certificates trading at a 7.1% discount to published Net Asset Value by month-end. Two further listings, one in the food sector the other a more generically-styled "import-export" company are possible before the year end. The former is likely to easily surpass the Fund's US\$ 5 million minimum market capitalisation qualification, and we are currently considering its suitability for inclusion in the portfolio. The recent trend for share prices to peak on listing makes an immediate decision unlikely.

Concerns regarding the impact on Vietnam's burgeoning textile and garment sector of the removal of quotas for WTO members from 1 January 2005 will be removed at a stroke by the imminent finalising of a bilateral agreement between Vietnam and the European Union eliminating such quotas on the same date. Although Vietnam's own WTO accession is looking increasingly likely by the end of 2005 only a revaluation of the Renmimbi could have been expected to catalyse such a leap in Vietnam's relative competitiveness against China's T&G exports prior to accession. Vietnam's total textile and garment exports are likely to exceed US\$4 billion this year.

According to Dr. Markus Cornaro, Ambassador and Head of the EC Delegation to Vietnam;

**"This agreement marks a further high point in EU-Vietnam trade relations. The prospect of the abolition of EU textile quotas for Vietnam as of 2005 responds to a high priority of the Vietnamese textile industry – a key sector in Vietnam's export led growth, and an important source of employment. At the same time, specific market access measures in certain sectors for EU companies will boost business opportunities and investors confidence in Vietnam at a critical juncture just prior to WTO accession."**

#### Economic Highlights 11M 2004

Exports	+29.7%	Inflation (CPI):	
Imports	+23.2%	YTD	+8.8%
Industrial Production	+15.8%	YOY	+9.9%
Retail Sales	+18.5%	GDP 9M 2004	+7.4%