

PXP Vietnam Fund Limited

A Cayman-domiciled closed-end fund listed in Ireland. 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.

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I• Fund details

Launch Date	31 December 2003
Issue Price	US\$ 2.50
NAV per share	US\$ 6.068
	as at 30 October 2009

Number of shares in issue	12,000,000
Fund size	US\$ 72.82 million
Number of holdings	Listed: 40 Pre-Listed: 4

Performance	YTD	1 Year	2 Years
PXPVF*	+108.7%	+86.08%	-44.55%
VNI**	+82.1%	+59.40%	-50.37%
Performance	3 years	4 years	5 years
PXPVF*	+21.239%	+118.3%	+154.2%
VNI**	+3.373%	+70.0%	+122.6%

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

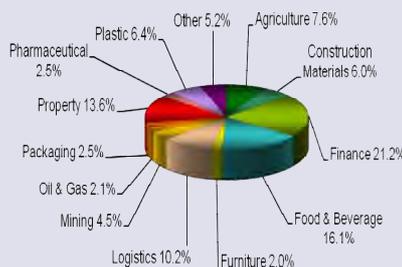
II• Top 10 holdings

	% of Net assets
Vinamilk (VNM)	14.2
Sacombank (STB)	11.9
REE (REE)	7.8
Binh Minh Plastics (BMP)	5.9
HCMC Securities (HCM)	5.4
Gemadep (GMD)	5.0
Hoa Phat Group (HPG)	4.2
Southern Seed Corp (SSC)	3.8
Bimico*	2.6
Transimex (TMS)	2.5

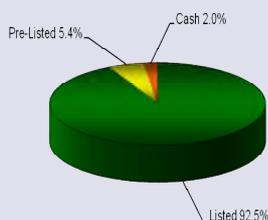
* Pre-listed holding

IV• PXPVF portfolio

Sectoral Breakdown (as at 30 October 2009)



Segments (as at 30 October 2009)



III• Investment Comment

The Viet Nam Index has been undergoing something of a shake-up (or possibly a shakedown) over the past few days with heightened currency concerns having seemingly forced the hand of the State Bank to move this morning as rumours of an increase in base rates circulated and knocked the equity market over. We have also noticed a rise in the incidence of extremely bearish sentiment over the past day or two which has certainly managed to fulfil itself in rather timely fashion as apparently all short positions (which are strictly illegal but have been (allegedly) facilitated by brokers borrowing stock from client accounts) must be closed by the end of the month. Not that we would ever suggest that brokers would talk their own (short) books, but it does all seem rather convenient.

The State Bank's actions appear prudent and decisive under the circumstances with a base rate increase from 7 to 8% effective 1 December preceded by an immediate 5% effective devaluation of the currency and reduction of the daily trading band to + or - 3% from + or - 5%. In short, we just got the devaluation that the market was waiting for, but the impact on grey market exchange rates will be restrained by the new band and the currency becomes somewhat more attractive given the higher rates available. So it is just possible that all the bad news is now out of the way, at least for the moment.

And the likely impact on the market in the short-term? In most markets one would sell on rumour and buy on fact (or vice versa depending on sentiment, obviously) and that should also be the case here. I say "should" because I have already seen bearish interpretations of the move suggesting another 15% index downside in the short-term, albeit that that seems based (as usual here) more on joining up some dots rather than logic or even the most cursory of glances at anything related to the 'F' word*. As in our view of the market's valuation (which we now believe to be closer to 12 times 2009 earnings than the 18 times disseminated more widely elsewhere), we may once again be the lone *fundamentalist voice in the wilderness but that is, as they say, what makes a market and we are confident enough of our view to maintain and reiterate our 625 year-end target for the VNI.

Sharp-eyed readers may have spotted a slight change to the format of the column farthest on the left of this edition of the Fund's missive, replacing contact details for the Fund's market makers (for this month only). We can, apparently, as a nominated fund, "be justifiably proud of the achievement" considering "the recent extremely tough investment conditions". The Fund has, in fact, been nominated once before, in 2007 (not in 2008 for obvious reasons), but we didn't win then either. On that occasion we understood that our 115% October 2006 to September 2007 performance wasn't quite good enough for the Fund to be designated "best" single country fund as the 4 or 5 China funds also competing in the category returned at least 150% over the reference period. This time, however, we were slightly mystified (and would have possibly even been somewhat miffed if we really cared) that our 40% gain from October 2008 to September 2009 was considered inferior to the 25% gain of the category winner, but we have put it down to our own intellectual shortcomings in being unable to understand the obviously complex and arcane method of calculating risk adjusted returns and we move on, realising that our Shareholders would willingly trade another 100% plus year for a mere 40% and a pot to stick on our office mantelpiece so we'll continue concentrating our efforts on delivering performance and not waste time on worrying about garnering accolades. And we are *definitely* not bitter. Honestly.

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