

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\$ 4.997 as at 29 January 2010		
Number of shares in issue	12,000,000		
Fund size	US\$ 59.96 million		
Number of holdings	Listed: 41 Pre-Listed: 2		
Performance	YTD	1 Year	2 Years
PXPVF*	-2.706%	+75.58%	-44.37%
VNI**	-2.605%	+50.41%	-50.65%
Performance	3 years	4 years	5 years
PXPVF*	-50.27%	+65.96%	+111.4%
VNI**	-59.82%	+32.94%	+76.5%

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

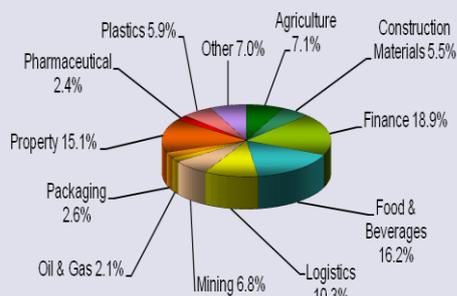
II• Top 10 holdings

	% of Net assets
Vinamilk (VNM)	14.6
Sacombank (STB)	10.0
REE (REE)	7.3
HCMC Securities (HCM)	5.6
Binh Minh Plastics (BMP)	5.5
Gemadept (GMD)	4.9
Hoa Phat Group (HPG)	3.8
Binh Duong Minerals (KSB)	3.7
Nui Nho*	3.1
Southern Seed Corp (SSC)	3.0

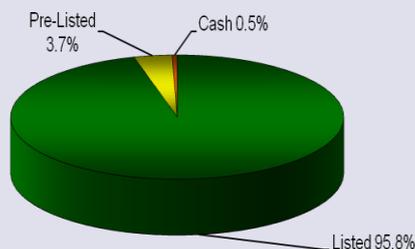
* Pre-listed holding

IV• PXPVF portfolio

Sectoral Breakdown (as at 29 January 2010)



Segments (as at 29 January 2010)



III• Investment Comment

As we noted in the Vietnam Lotus Fund Newsletter on 26 January 2010; "in order for a sustainable advance we would like to see an increase in foreign participation from the current paltry levels around 5% on a daily basis in order to broaden the investor base and smooth out the volatility". The first week of February delivered on our request unexpectedly early, with foreigners contributing 15 to 20% of bid-side turnover throughout the trading week and briefly derailing what appears to be a pre-Tet (Lunar New Year) sell-side pact to keep the index range-bound between 480 and 500 points until after the holiday, which people seem to be desirous of starting early this year. The global falls at the end of last week prevented any follow-through from the 503.83 close on 3 February as orders were presumably held back but we expect to see the market resume its slow advance no later than this mid-week for idiosyncratically Vietnamese Tet-related reasons. The local populace likes to settle up before the long holiday, repaying debts and completing projects and such like. In order to get the cash out of the market and into the hand by Friday of this week selling needed to be done by today at the latest, after which participants might begin to give more importance to persistent local rumours of large inflows from everyone from George Soros to new US\$ 500 million ETFs. We would caution that we can imagine the latter leading to some slight relative under-performance on the part of the Fund's Net Asset Value whilst in the process of deployment if true, since any new custom-designed index is unable to include several of our top-10 holdings which are at or too close to the foreign limit for consideration.

The Fund's listed and pre-listed holdings have decreased by one and 2 respectively since the previous edition of this Newsletter toward the end of November 2009. The two previously pre-listed investees were admitted to the Ho Chi Minh City exchange during January; one slightly less than four years, the other just over 2 years since original inclusion, leaving the Fund with only 2 more such animals in the portfolio at the time of writing. Both of the new listings are trading above the reference price (at which level they were marked on 31 December 2009); more excitingly the earlier purchase is actually trading well above original cost! The remainder of the segment, representing approximately 3.7% of Net Assets, are expected to list in the medium-term having missed the 2009 year-end target.

As (we hope) a mildly entertaining pre-holiday aside, we would like to relate a tale of one of our offshore theoretical competitors, who are earning a richly-deserved reputation for a seemingly inexhaustible penchant for self-puffery. For the second consecutive issue they have rented the front cover of one of the local English language financial publications in order to trumpet their achievement in 2009 when, by virtue of some holdings of listed property companies in their property fund they managed to return 10% and beat the performance of the peer group (who presumably didn't have such holdings as they develop properties). It would appear that such a stellar return qualifies one to designate oneself "Top Gun Investor". We have no idea whether we have misinterpreted the headline - it may be a reference to a previous existence at the US Navy's Fighter Weapons School, for example, or perhaps the manager in question wisely invested in the movie which depicts that august institution, and if either of those are true we apologise unreservedly for our misdirected sarcasm - but if it is merely what it appears to be we would ask our reader to suggest similar movie-themed titles for a (likewise unspecified) manager which beat the performance of the local index last year in all of the portfolios which it manages, as well as managing 3 of the 4 best performing Vietnam Funds during 2009 and returning a simple average of 70.5% across all funds for the year. Just in case such a manager ever decided to follow a similarly bovine excrement-strewn path of self-aggrandisement. Our suggestion, equally valid in both examples? "Inappropriate Behaviour".

The exchange will be closed as usual for an entire week, from 15 to 19 February 2010 inclusive. Chuc Mung Nam Moi, as we say in Vietnam. Bring on the Year of the Tiger.