

**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**

<b>Launch Date:</b>	31 December 2003	<b>Issue Price:</b>	US\$ 2.500
<b>NAV per share:</b>	US\$ 2.901 as at 30 December 2005		
<b>Number of shares in issue:</b>	8,564,000		
<b>Fund size:</b>	US\$ 24.85 million		
<b>Number of holdings:</b>	23		
<b>Performance</b>	<b>1 month</b>	<b>3 months</b>	<b>2005</b>
<b>PXPVF</b>	<b>-0.69%</b>	<b>+9.51%</b>	<b>+21.51%</b>
<b>Viet Nam Index</b>	<b>-1.23%</b>	<b>+6.28%</b>	<b>+28.51%</b>

**TOP 10 HOLDINGS**

	<b>% of Net assets</b>
Vinamilk	12.61
Sacom Cable (SAM)	11.58
Gemadept (GMD)	11.57
REE (REE)	7.71
Southern Seed (SSC)	6.64
Transimex (TMS)	4.66
Agifish (AGF)	4.36
Hoa An (DHA)	4.19
Gilimex (GIL)	3.85
CT 620 Concrete (BT6)	3.84

**INVESTMENT COMMENT**

During December the Fund's net asset value per share fell by 0.69% compared to the Viet Nam Index (VNI) loss of 1.23%. The Fund's equity holdings as a percentage of Net Assets increased from 86.0% at the end of November 2005 to 91.7% as at 30 December 2005.

December's two listings, Kinh Do Corporation (**KDC**: US\$84.9 million) and Nhi Hiep Brick-Tile (**NHC**: US\$2.1 million) contributed in clearly varied degrees to total market capitalisation at the Ho Chi Minh City Securities Trading Centre exceeding US\$ 500 million as at 30 December 2005. This figure, based on issued shares and including bonus and rights issues on their respective ex-allocation dates, represents a doubling of total market capitalisation in 2005. The listing of Vinamilk on 19 January 2005 at a price of VND 53,000 per share (equivalent to VND 530,000 in pre-listing nominal form) doubled market capitalisation again, to over US\$ 1 billion. **Techombank Imexpharm**

of Kinh Do Corporation (KDC; down 7.3% from the second day of the listing to the time of writing) may be interpreted to indicate, if nothing else, that over-exuberance in the food sector is beginning to price those issues at auction close to perceived relative full value. Certainly there are cheaper stocks elsewhere on a multiple basis.

On the positive side, KDC was at least for a day or two the largest stock listed at the Ho Chi Minh City Securities Trading Centre and has contributed significantly to the recent

surge in capitalisation, which currently (20 December 2005) stands at a shade over US\$ 475 million. If Vinamilk, which will list in January 2006 at the latest, trades at the equivalent of VND 525,000 per share (lower if rights issues and private placements are included in the index calculation at the respective ex-date), the total capitalisation of the HCMC stock exchange will pass the 2005 year-end target of US\$ 1 billion and I, for one, will be standing on a chair waving a Vietnam flag and applauding. Assuming, of course, that I am able to perform those several activities simultaneously. We thank our reader(s) for their interest and support during 2005. Best wishes for the holiday season and for a prosperous 2006 from the team at PXP Vietnam Asset Management in Ho Chi Minh.

