

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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Portfolio Manager

Kevin Snowball

Assistant Manager

Louis Joseph

Bloomberg Ticker

PXPVIET KY <Equity>

ISIN

KYG7301W1033

Market Makers

CLSA:

Michele White

+44 207 614 7280

Bloomberg **CLSA**

HSBC:

Hugh Harvey-Kelly

+44 207 991 5241

Jefferies International:

Mark Mulholland

+44 207 898 7106

Bloomberg **JJFD**

LCF Rothschild:

Johnny Hewitson

+ 44 207 845 5960

Bloomberg **LCFR**

Agency Trading

BGC Partners

Michael Downer

+852 3558 5076

Bloomberg **BCEF**

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\$ 2.409		
	as at 27 February 2008		
Number of shares in issue	12,000,000		
Fund size	US\$ 28.91 million		
Number of holdings	Listed: 35 Pre-Listed: 5		
Performance	YTD	1 Year	2 Years
PXPVF*	-17.16%	-65.58%	-78.82%
VNI**	-22.13%	-66.23%	-80.24%
Performance	3 years	4 years	5 years
PXPVF*	-34.45%	+1.432%	-5.751%
VNI**	-42.75%	-5.529%	-15.02%

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

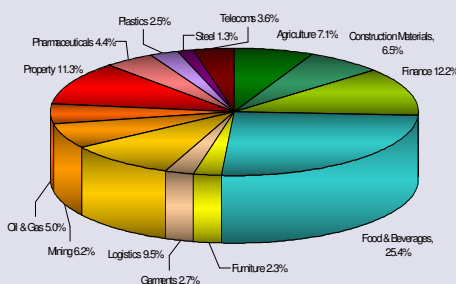
II• Top 10 holdings

	% of Net assets
Vinamilk (VNM)	17.7
Sacombank (STB)	10.5
REE (REE)	7.2
PetroVietnam Drilling (PVD)	5.1
Bimico KSB*	4.9
Transimex (TMS)	4.4
Gemadept (GMD)	4.2
Sacom Cable (SAM)	3.6
Nui Nho*	3.2
Gilimex (GIL)	2.7

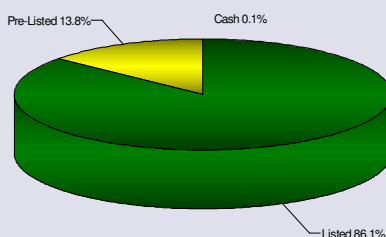
* Pre-listed holding

IV• PXPVF portfolio

Sectoral Breakdown (as at 27 February 2009)



Segments (as at 27 February 2009)



III• Investment comment

The Fund's February 2009 negative return of 17.2% as compared with a fall of 18.94% in US dollar terms for the Viet Nam Index (VNI) means that the Fund's relative performance against its benchmark is now superior over 1, 2, 3, 4 and 5 years. Whilst we would never expect a full Trumpet Voluntary for such an achievement (particularly after having recently discovered that said composition was, in fact, written for the organ), we would admit to a mild sense of pride if; (a) that wasn't a Deadly Sin, and more importantly; (b) absolute performance wasn't so terrible. We will instead restrict ourselves to this not uncharacteristically long-winded observation of the fact that this track record places us in a Vietnam Investment Managers 5-year Outperformance Club with a maximum of one other member and hope that we retain Shareholder confidence in being able to continue to deliver superior relative returns in better times, should we still be alive when they reappear.

As far as the local market is concerned we remain unconvinced by the current slavish reliance on technical indicators that dominate forecasts of short-term index performance. We certainly concede that in established markets charts can provide an effective form of self-fulfilling prophecy if enough people believe in and act upon their tenets. However, we do question the almost biblical levels of faith locally in the prophetic qualities of such analysis in a market which has existed for less than a decade and which has only really been relevant in regional (let alone global) terms for a tiny bit longer than 3 years. How can the past be expected to provide a reliable guide to future performance before a meaningful history exists?

Our short-term outlook is based more on a growing belief that investors are beginning to seek reasons to be more positive. Market breadth is slowly improving and the best performing stocks since the low on 24 February 2009 are mainly from the same group which, in most cases with good fundamental reasons, led the market down, suggesting a dawning recognition that stocks might have been oversold. Selecting candidates based purely on a measure of price performance – we have, for example, seen some bottom fishing among one or two of the traditional bottom feeders - is one approach, but not the one we prefer. We expect the VNI, notwithstanding apparent technical resistance at the 250-point level, to stage a rally toward 300 in the short term. Where it goes from there will very much depend on global sentiment and the impact of the global macro-economic environment on the chances of domestic recovery.

From a longer term perspective we are increasingly of the opinion that the best way to outperform the index is to ignore it. There is certainly some quality in the market, but most of it resides outside of the big cap stocks. Two of the top-15 stocks in the VNI, for example are securities companies, and if there is no significant pick up in market volume or merger and listing activity on the way up their best bet to achieve profit growth is to increase their risk profiles, and we are not sure how far the world wants to go down that path just yet.