

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\$ 4.237
	as at 30 September 2008

Number of shares in issue	12,000,000
Fund size	US\$ 50.84 million
Number of holdings	Listed: 35 Pre-Listed: 5

Performance	1 month	YTD	1 Year
PXPVF	-16.48%	-57.55%	-60.74%
VNI	-15.29%	-50.74%	-56.37%
Performance	2 years	3 years	4 years
PXPVF	-15.87%	+59.95%	+76.84%
VNI	-13.30%	+57.85%	+95.85%

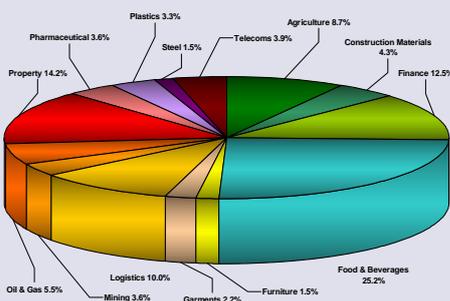
II• Top 10 holdings

	% of Net assets
Vinamilk (VNM)	12.9
REE (REE)	10.1
Sacombank (STB)	9.2
Gemadept (GMD)	6.5
PetroVietnam Drilling (PVD)	5.5
Sacom Cable (SAM)	3.9
Binh Minh Plastics (BMP)	3.3
Vietcombank*	2.9
Kinh Do Corp (KDC)	2.8
Agfish (AGF)	2.7

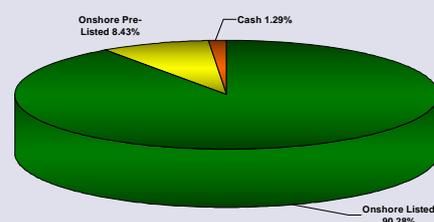
* Pre-listed holding

IV• PXPVF portfolio

PXPVF Sectoral Breakdown (as at 30/9/08)



PXPVF Segments (as at 30/9/08)

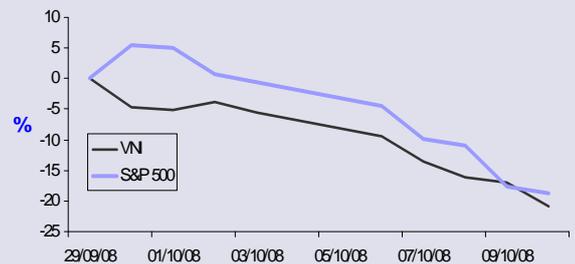


III• Investment comment

As we have previously observed, the Viet Nam Index (VNI) is not immune to the seismic financial shocks generated by the supposed imminent collapse of the global economy. The first chart toward the bottom of this column illustrates the 2-week correlation between the VNI and the S&P 500. As our regular reader will be aware, the focus shifted to the macro-economic picture in Vietnam well before the rest of the world realized that there might be a problem, hence the lower chart demonstrating that the slightly longer term (3½ months) is not as correlated as recent events have dictated, the VNI having collapsed several months before everything else did. Does that suggest that the VNI is a leading indicator for the rest of the world's indices? You may laugh (and that's not something anyone has been doing too much of lately), but a positive response to that question is significantly more likely than an affirmative to a question posed by a journalist from Vietnam television last week, viz; "Do you think that, given the VNI's vastly superior recent performance relative to other markets, Vietnam will start to be regarded as a safe haven in these troubled times?" Naïveté, perhaps but you've gotta love the optimism. The bottom chart also shows the relative strength of the fund's daily estimated net asset value for the third quarter and into October to the time of writing.

As to the recovery; although we do not delude ourselves into thinking that anyone turns to this page for relevant commentary on anything except Vietnam (if that), we are in any event firmly of the opinion that the bottom was put in this past weekend (note "put in", not "called") by George Soros more than the G7, the EU or any other two alphanumeric acronym you care to mention with his statement on CNN yesterday that he and others like him in the private sector (modest chap) would be prepared to take stakes in banks on the same terms as governments are going to be offered. Our feeling is that a sustained bounce from the bottom is more justifiable in Vietnam than elsewhere firstly given its relative global financial isolation (in terms of participation), but more importantly because a global slowdown should act to moderate the difficulties (high inflation and a widening trade deficit) that got us (in Vietnam) here in the first place. Not for the faint-hearted obviously, but the opportunity to buy the index (or at least some part of it depending on the relevant fund's exposure to it) at a substantial discount offers downside protection of a sort and surely makes funds more attractive than direct equity, at least for the time being.

Relative Performance VNI vs. S&P 500 since 29 Sep 08



Relative Performance 3Q 2008 NAV vs. VNI & S&P 500

