

Vietnam Emerging Equity Fund Limited (VEEF)

A Cayman-domiciled open-ended fund with monthly liquidity. 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 companies with a significant presence in Vietnam.

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I Fund details

Launch Date	3 November 2005
Issue Price	US\$ 5.000
NAV per share	US\$ 3.714 as at 29 July 2011

Number of shares in issue	6,924,602
Fund size	US\$ 25.72 million
Number of holdings	Listed: 43 Pre-Listed: 3

Performance	YTD	1 Year	2 Years
VEEF*	-22.14%	-30.36%	-25.59%
VNI**	-20.70%	-23.79%	-24.76%
Performance	3 Years	4 years	5 Years
VEEF*	-16.88%	-66.29%	-40.71%
VNI**	-26.79%	-64.96%	-25.31%

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

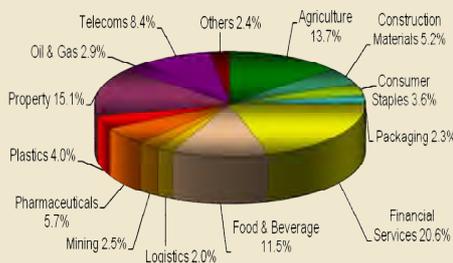
II Top 10 holdings

	% of Net assets
Sacombank (STB)	10.8
Vinamilk (VNM)	8.5
Dong Phu Rubber (DPR)	6.9
Hoang Anh Gia Lai (HAG)	5.1
SSG Construction*	5.0
FPT Corp (FPT)	4.7
Binh Minh Plastics (BMP)	4.1
Hau Giang Pharma (DHG)	4.0
Asia Commercial Bank (ACB)	4.0
Hoa Phat Group (HPG)	3.8

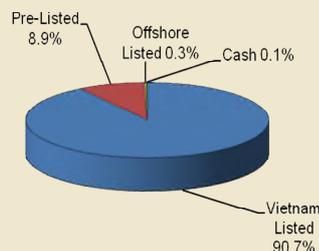
* Pre-listing holding

IV VEEF portfolio

Sectoral Breakdown (as at 29 July 2011)



Segments (as at 29 July 2011)



III Investment comment

We apologise for the late release of the 29 July 2011 Net Asset Value as a result of the change of Administrator with effect from the NAV date. If you are a Shareholder and have not yet received the 8 August 2011 Circular from the Company we would direct you to http://www.pxpam.com/userfiles/data/pxp/463_406.pdf in order to familiarise yourself with the latest updates. We would be grateful if you would let us know if this is the first you've heard of it in order to improve the efficiency of future communications.

August 2011 CPI was released this morning at 0.93%; the first time since the same month in 2010 that the headline number has come in below 1%. The market reacted badly to the news, reversing a 1.25% gain an hour or so before the official release into a 1.15% loss by the close, we assume because the focus was on the year-on-year 23% rise rather than on the monthly number. The August figure does, however, represent a further half-tick on our checklist of positive developments to be aware of when considering the timing of an investment decision; a second sub-1% month would complete the list.

As we observed in last week's PXP Vietnam Fund Newsletter, most items ex-food & foodstuffs have been showing gains of less than 1% on a monthly basis for some time now. A couple of early indicators suggest that even the largest component of the basket may come in below that line next month. The release of around one million tons of rice from the government's stockpile should ensure some stability in the local price of that particular commodity and we hear that the market price of pork (the single largest weight in the food category) has fallen by over 10% in recent days. Add to that the likely cut in local petrol pump prices in the not-too-far-distant future (in line with declines in the price of oil over the past couple of months) once the price stabilisation fund has been replenished and the odds may have subtly shifted in favour of domestic inflation having peaked, albeit a month or two later than expected.

So is it time to pull the trigger? We detect a relatively benign macro outlook and on a valuation level the Viet Nam Index ex-the fully valued (in our opinion) "big 3" (BVH, MSN & VIC) is on 7.5 times 2011 earnings and 6.5 times 2012 so we would not disagree with anyone who thinks so. Even Vietnam's ubiquitous technical analysts have started to sing a happy tune in the past week and whilst it is entirely possible that they will change their minds once they have finished drinking their tea and shaken the cup this afternoon there seem to be few reasons (domestically anyway) not to be at least cautiously optimistic for the rest of this year and beyond.

RSI YEAR-TO-DATE TO 23 AUGUST 2011

