Newsletter

– 11 November 2009 –

Vietnam Emerging Equity Fund Limited (VEEF)

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 companies with a significant presence in Vietnam.

Summary

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I• Fund details

Launch Date	3 November 2005
Issue Price	US$ 5.000
NAV per share	**US$ 6.539** as at 30 October 2009
Number of shares in issue	2,132,403
Fund size	US$ 13.94 million
Number of holdings	Listed: 34 Pre-Listed: 6

Performance	**1 month**	**YTD**	**1 Year**
VEEF*	**+0.646%**	**+111.1%**	+67.37%
VNI**	+0.949%	+81.8%	+59.20%
Performance	**2 years**	**3 years**	**Inception**
VEEF*	-47.93%	-9.130%	+30.78%
VNI**	-50.37%	+3.316%	+62.06%

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

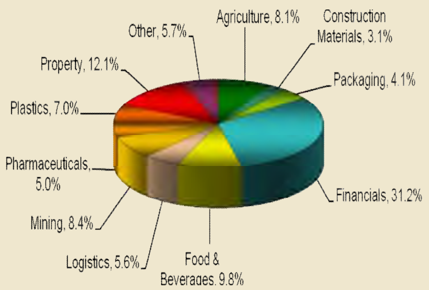
II• Top 10 holdings

	% of Net assets
Sacom Bank (STB)	17.1
Vinamilk (VNM)	7.0
Binh Minh Plastics (BMP)	6.7
REE (REE)	6.5
HCMC Securities (HCM)	5.6
Song Da Urban (SJS)	4.4
Tan Tien Package (TTP)	3.9
Bimico*	3.8
Gemadept (GMD)	3.6
Nui Nho*	3.3

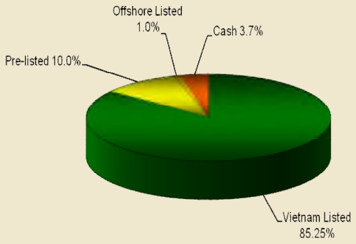
* Pre-listing holding

IV• VEEF portfolio

Sectoral Breakdown (as at 30 October 09)



Segments (as at 30 October 09)



III• Investment comment

We wish to advise Shareholders of a slight delay in the timetable regarding plans to open-end the Fund. Our original intention had been to complete all of the procedural requirements before the end of October 2009 but the confirmation of service providers took a little longer than anticipated as the Directors (myself and our CFO John Gavin, temporarily) attempted to negotiate the best possible rates. That has now been achieved and Deutsche Bank will assume administrative and custodial roles when the Fund opens.

The new Memorandum & Articles of Association and Prospectus will be ready for Shareholder consideration (and hopefully approval) in late November and we expect to be able to open the Fund with effect from 31 December 2009. In order to make the transition as smooth as possible we ask that all Shareholders confirm their holdings to us at their earliest convenience in order that we can communicate timetables and documentation directly since our route via Euroclear in particular is somewhat inefficient at the best of times, to say the least.

In the meantime, 2009 performance continues to lead the pack, hopefully marking the start of an acceptable comeback after last year's miserable showing. We are pleased to report that of the Fund's six remaining pre-listed holdings, five have announced their intention to list before the end of the year. The exception represents less than 0.6% of the Fund's current assets and a substantially fully listed portfolio thereafter (with a recommended maximum pre-listed component of 10%) should ensure that we are able to avoid some of the traditional liquidity pitfalls of an open-ended Fund structure.

In terms of the local market, we have currently seemingly managed to firmly detach ourselves from global, possibly early year-end rally-style ebullience, which seems to be largely a result of anticipated continuing abundant liquidity. If you can't earn anything remotely interesting by leaving your money in the bank it seems perfectly logical to seek more acceptable returns elsewhere, whether in gold or oil or even (dare I say it?) equities. Vietnam, conversely, is suffering from a *tightening* of liquidity, whether real or imagined, with the short end of the stimulus package looking unlikely to be renewed and margin financing apparently being reined in. Add interest rates higher than dividend yields and an impressive year-to-date performance and it is no real surprise that we've decided to take a breather. Our view, from a point almost 18% below the traded high less than 3 weeks ago, is that downside is limited and we will eventually get sucked into any melt up, particularly if the powers that be wonder why everyone else has a different economic strategy for 2010. Of course, the Vietnamese economy appears to be in far better shape than elsewhere, but if that is really the case why are we so worried about domestic currency weakness?

Economic simplicisist I may be (and, yes; I just made that word up. Perhaps "simpleton" would be a better choice) but I am not entirely sure that I agree with the wisdom that suggests that the Vietnamese Government believes that a weaker currency will help stimulate exports. The Vietnamese dong has an effective managed currency board against the US dollar, seemingly the world's weakest currency and has depreciated against that coin (officially) by 2.2% year-to-date. Are we really likely to sell significantly more goods at a slightly cheaper price to a world that isn't actually buying very much given that, as the story goes, the economic recovery has more to do with Wall Street than the other one? Personally, I doubt it.