

VIETNAM EMERGING EQUITY 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 companies with a significant presence in Vietnam.

FUND DETAILS

Launch Date: 3 November 2005 Issue Price: US\$ 5.000

NAV per share: US\$ 7.196 as at 31 October 2006

Number of shares in issue: 7,663,750

Fund size: US\$ 55.15 million

Number of holdings: 30

Performance	1 month	6 months	Inception
VEEF	+0.251%	+6.073%	+43.92%

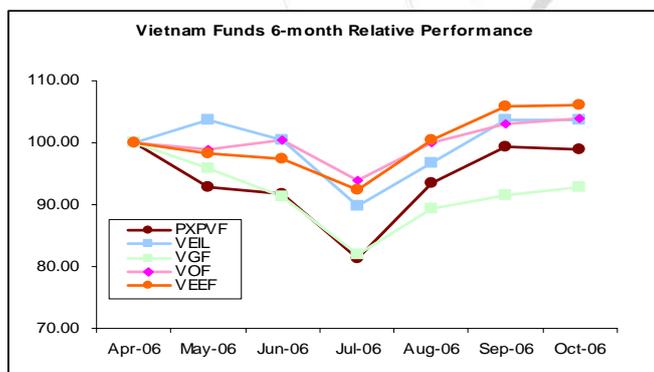
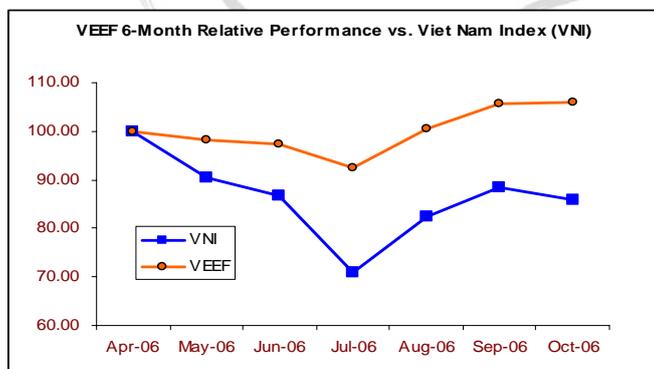
TOP 10 HOLDINGS

	% of Net assets
Sacom Cable (SAM)	10.33
Sacom Bank (STB)	9.90
Yue Yuen Industrial (0551.HK)	6.30
REE (REE)	6.02
Vinamilk (VNM)	5.96
Gemadept (GMD)	5.95
Sanyang Industrial (2206.TW)	5.68
Ellipsiz (ELPZ.SI)	5.26
Tiberon Minerals (TBR.TO)	5.08
Agfish (AGF)	4.80

INVESTMENT COMMENT

During October the Fund's net asset value per share rose by 0.251%. The Fund's equity holdings as a percentage of Net Assets increased to 97.8% as at 31 October 2006 from 88.5% as at 29 September 2006.

The Fund's relative performance over the past 6 months (since 3 days after the index peaked on 25 April 2006) can best be illustrated graphically, as below:



We trust that consideration of the above charts will serve to address suggestions from some quarters that the Fund has somehow "under-performed" since the capital increase on 28 April this year.

As mentioned above, the Fund's portfolio was 97.8% invested as at 31 October 2006, of which the 63% exposure to Vietnam-listed stocks should ensure improved upside participation in the onshore year-end rally that appears to be getting underway at the time of writing (14 November 2006). We expect a re-test of at least the 600-point level (if not the 632.29 closing high) before the year is over in spite of the drag caused by the underperformance of STB: A roughly 25% index constituent which is excluded from foreign investor participation is unlikely to be a firm favourite of a largely short-term focussed domestic investor base either.

As the 30 or so new listings expected before 31 December 2006 begin to impact on weightings the index will be less affected by the restrictions on foreign availability, but it should be noted that 4 stocks (BT6, IFS, REE and STB) are currently at their respective limits and that 6 more (AGF, GIL, SAM, SAV, TMS and VF1) have passed the 42% foreign ownership level. Of the 10 mentioned, only BT6 and VF1 are not Fund holdings.

In the offshore-listed segment of the portfolio, Toronto-listed Tiberon has been "approached by a third party concerning a possible acquisition" and Thailand's Amata plans to list its Vietnam subsidiary, also in Bangkok.

Vietnam's long-awaited accession to WTO membership was confirmed as anticipated on 7 November 2006 and is likely to be followed before year-end by the establishment of permanent normal trade relations with the United States. Sadly, the signed PNTR document seems unlikely to be in President Bush's goodie bag for his historic first visit to Vietnam for the APEC Summit in Hanoi this weekend.