

15 February 2013

PXP Vietnam Fund Limited (“the Company”)

Interim Management Statement

This Interim Management Statement relates to the period from 1 October 2012 to 14 February 2013.

Investment Objective

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, whether established with domestic or foreign ownership, which are either listed companies or pre-listing companies.

Material Events and Transactions

No material events and transactions have taken place since the date of the latest available annual report of the Company for the year ended 30 September 2012.

Performance as at 31 January 2013

	4 months	1 year	2 years	3 years	4 years	5 years
Net asset value (NAV) *	22.99%	42.71%	18.73%	0.84%	77.06%	-43.90%
Viet Nam Index (VNI) **	22.44%	24.80%	-11.98%	-11.63%	32.91%	-56.39%

* All figures are NET of fees

** Index performance in US\$

Manager’s Comments

The Viet Nam Index bottomed at 372.39 points on 5 November 2012, some 6.9% below the 400 point level that we had forecast it would hold in the previous Interim Management Statement, which was published on 15 August 2012; a week before the unexpected arrest of the co-founder of Asia Commercial Bank, Mr. Nguyen Duc Kien, derailed our slight over-confidence and led to a somewhat nervous three months of trading. Since the end of November 2012, however, the outlook of investors has been more optimistic as the Vietnamese Government has turned its focus to resolving the issue of non-performing loans in the domestic banking sector and creating an investment environment more welcoming to foreign investors. This has coincided with greater risk appetite on the part of international investors as the world's two major economies of the United States and China appear to be on the path to recovery.

Relative performance against the Company's benchmark remains heavily influenced by flows into and out of the two Vietnam-focused Exchange Traded Funds ("ETFs"), although whereas in the last Interim Management Statement the recent flows were outward the period since early December 2012 has seen very strong inflows, particularly into the Market Vectors Vietnam ETF (VNM US). Both ETFs are bigger than they have ever been, with VNM US having seen maximum permissible creations on every trading day bar one for the past eight weeks. The total size of the two ETFs combined is in excess of US\$850 million at the time of writing.

ETF inflows as a result of creations / subscriptions require their purchase of certain large, liquid stocks which the Company does not own for qualitative reasons and such buying results in upward pressure on the index but less so on the portfolio of the Company.

What this has meant in practical performance terms is that although the Company's Net Asset Value outperformed the VNI for the first two months of the Company's Financial Year -

remaining essentially flat (up 0.05%) versus a 3.72% decline in the index - the quantitative distortions of ETF flows have resulted in the almost 5% underperformance of our qualitatively-constructed portfolios (up only 26% versus 30.8% for the index) for the period from the beginning of December 2012 (when sustained ETF creations began) to 8 February 2013, when the Vietnam stock markets closed for the Lunar New Year holiday.

We are not currently unduly concerned by this slippage as a similar pattern has emerged at the beginning of the past two calendar years but has more than resolved itself by the end of each year. ETF inflows for the first several months of 2011 and 2012 saw the Company's Net Asset Value performance lagging the VNI by around 10% by the middle of May in both years but a reversal of ETF flows thereafter saw NAV performance comfortably outstrip that of the index (by almost 11 and 15% respectively) for the full calendar years.

The remainder of the Company's Financial Year should see continued strength in both NAV performance and the VNI assuming that the tasks and deadlines that the government has set itself in terms of resolving the debt issues in the banking sector and inefficiencies in state-owned enterprises are followed through.

Given recent discussion of the possible relaxation of foreign-ownership limits we would expect the Company's performance to improve relative to its benchmark if such a move comes to fruition since over 45% of the Company's assets are invested in stocks at the foreign ownership limit and the prices of these have not yet fully benefited from the main source of strength in the market calendar year-to-date; that of actual and anticipated flows from the ETFs which do not (because they cannot) own the stocks which are at the foreign limit.

All things considered this is, in our opinion, the early stages of a real (rather than merely technical) bull market and potentially has a lot further to go if the above conditions are fulfilled.

Financial Position as at 31 January 2013

Investments *	US\$60,181,000
Cash and other net current assets/(liabilities)	US\$289,000
Net assets attributable to ordinary shares	US\$60,470,000
Net asset value per ordinary share	US\$5.039
Share price	US\$4.11
Discount	18.4%
Gearing	Nil

* All investments as at 31 January 2013 were in equity instruments of listed Vietnamese companies

Portfolio Analyses

Top Ten Holdings as at 31 January 2013

	% of Net assets
Vinamilk (VNM)	26.4
Sacombank (STB)	10.5
REE (REE)	6.9
FPT Corporation (FPT)	4.6
Hoa Phat Group JSC (HPG)	4.4
Ho Chi Minh City Securities (HCM)	4.0
Hoang Anh Gia Lai JSC (HAG)	3.9
Dong Phu Rubber (DPR)	3.4
Petrovietnam Drilling and Well Services JSC (PVD)	3.4
Southern Seed Corporation (SSC)	3.2

Sector Breakdown as at 31 January 2013

Sector	% of Portfolio
Agriculture	10.4
Construction materials	5.0
Financials	22.0
Food and beverages	27.0
Garments	1.7
Logistics	6.1
Mining	3.8
Oil and gas	3.4
Property	13.0
Telecoms	4.7
Steels	1.5
Others	1.4
Total	100.0

Controlled Undertakings as at 31 January 2013

The Company has no controlled undertakings.

Regular updates on the Company's performance and the outlook for the Vietnam market (including Newsletters and daily estimated NAVs) can be found on the Investment Manager's website at www.pxpam.com.

This Interim Management Statement has been prepared solely to provide information to meet the requirements of the Transparency (Directive 2004/109/EC) Regulations 2007.

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