

PXP Vietnam Fund Limited

A Cayman-domiciled closed-end fund listed on the Main Market of the London Stock Exchange. 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\$ 4.099 as at 30 November 2012		
Number of shares in issue	12,000,000		
Fund size	US\$ 49.19 million		
Number of holdings	Listed: 43 Pre-Listed: 0		
Performance	YTD	1 year	2 years
PXPVF*	+23.35%	+24.63%	+2.55%
VNI**	+8.44%	-0.03%	-21.74%
	3 years	4 years	5 years
PXPVF*	-19.78%	+36.22%	-60.40%
VNI**	-33.54%	-2.26%	-70.09%
	6 years	7 years	8 years
PXPVF*	-33.79%	+40.33%	+74.06%
VNI**	-53.99%	-7.36%	+24.50%

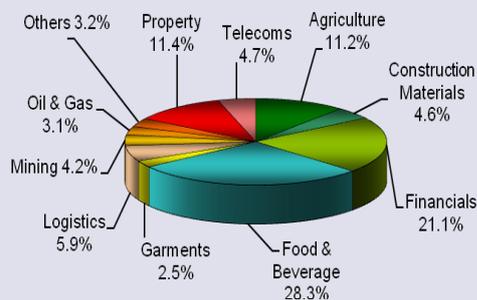
* All figures are NET of fees ** Index performance in US\$

II• Top-10 Holdings

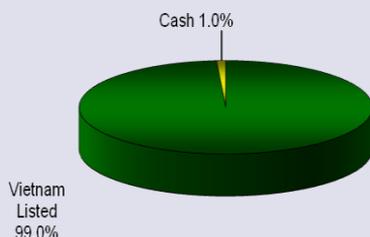
	% of Net assets
Vinamilk (VNM)	27.7
Sacombank (STB)	10.4
REE (REE)	6.1
FPT Corporation (FPT)	4.6
Dong Phu Rubber (DPR)	4.1
Hoa Phat Group (HPG)	4.0
HCMC Securities (HCM)	3.8
Southern Seed Corp (SSC)	3.2
Petrovietnam Drilling (PVD)	3.1
Hoang Anh Gia Lai (HAG)	3.1

IV• PXPVF Portfolio

Sectoral Breakdown (as at 30 November 2012)



Segments (as at 30 November 2012)



III• Investment Comment

We had been toying with the idea of not bothering to write a Newsletter this month, partly because we fear we have demanded too much of our reader's attention in December already but mainly because the world is apparently due to end on Friday and we weren't sure how many people would prioritise our ramblings in the lead up to such a (literally) earth shattering event. It is entirely possible that the Mayans were correct about the world ending since they are not around anymore but this may be due to a combination of their calendar possibly having started a couple of centuries before Julius Caesar inadvertently set in motion a chain of events which ultimately resulted in the invention of the corporate Christmas gift, and said Central American primitive tribe being unaware of population centres outside of Machu Picchu. And there in a nutshell, if nothing else, is proof positive of what a sensible choice I made in not becoming an historian.

In any event, since the Vietnam market is now showing a few signs of life we have decided to chance it just in case we have to come back to work on Monday.

The Fund's Annual Report for the year to 30 September 2012 is now available at our website via:

http://www.pxpam.com/userfiles/data/pxp/478_482.pdf

We would encourage you to read the whole when time permits, since it makes for a riveting read (if we say so ourselves) but in the meantime the edited highlights of the outlook for 2013 - culled from the Investment Manager's report - are as follows:

We believe that we are beginning to see the first green shoots of improving sentiment in the Vietnam stock market in the few days leading up to the completion of this report. The level of non-performing loans within the banking system has occupied much investor attention over the past several months with commentators seemingly competing to outdo each other in raising the bar on the scale of the problem. What started with banks increasing provisions to reflect a system-estimated NPL level of approximately US\$5 billion was doubled by the Governor of the State Bank and then gradually increased to an estimated US\$25 to 30 billion by a couple of less "inside" commentators. Understandably the market has been somewhat spooked by this for the past couple of months, but perhaps no more. In the past few days certain senior foreign bankers have begun to lower the temperature, as it were. The local head of Standard Chartered Bank essentially suggested at a meeting of the Vietnam Business Forum on 3 December 2012 that, if the figure given by the Governor is correct, bank losses should be contained at US\$7 billion. That, combined with the anticipation of a 1% cut in interest rates in the short-term to reflect the lessening of inflationary pressure as well as, hopefully, create a more fluid lending environment, may very well see the nascent rally continue toward the calendar year-end and hopefully on toward Tet (Lunar New Year). Whether any such rally should prove sustainable will, in our opinion, be dependent on the publication and introduction of a clear and efficient plan to deal with NPLs and create some much-needed confidence in the domestic banking system. A resumption of economic growth in the West would also add strength to the foundations of an advance by generating an acceleration domestically.

The timing of any launch of the 'C' Share issue approved by Shareholders at the Company's annual general meeting on 31 May 2012 is very much dependent on an improvement in market conditions. The Shares currently trade at a discount of close to 20% to Net Asset Value and this will need to narrow to single digits in order for a capital raising to have any chance of success. Foreign participation in the domestic stock exchanges continues to languish at below 10% of average daily turnover; a clear indication that Vietnam has not yet returned to the radar of international portfolio investors even as risk appetite shows some evidence of increasing elsewhere in emerging markets. We continue to be optimistic that an opportunity to launch the issue will arise before the forthcoming annual general meeting assuming that investor confidence is restored once the government issues a roadmap for the recapitalisation of the banking sector. Various senior government officials have reinforced the message that this remains the top policy priority, and we are hopeful that an effective plan will be forthcoming in the next month or so.