

PXP VIETNAM FUND LIMITED

A Cayman-domiciled closed-end fund listed in Ireland. The investment objective of the Fund is to achieve 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.

FUND DETAILS

Launch Date: 31 December 2003 **Issue Price:** US\$ 2.500

NAV per share: US\$ 2.421 as at 31 March 2005

Number of shares in issue: 8,564,000

Fund size: US\$ 20.7 million

Number of holdings: 17

Performance	1 month	YTD	1 YR
PXPVF	+1.94%	+0.71%	-7.42%
Viet Nam Index	+4.85%	+3.02%	-11.15%

TOP 5 HOLDINGS

	% of net assets
Sacom Cable (SAM)	6.08
Gemadep (GMD)	5.65
Vinamilk	5.64
Chau Thoi 620 Concrete (BT6)	3.85
REE (REE)	3.84

INVESTMENT COMMENT

During March the Fund's net asset value per share rose by 1.94% compared to the Viet Nam Index (VNI) gain of 4.85%. The Fund's equity holdings as a percentage of Net Assets fell from 86.9% at the end of February 2005 to 47.7% as at 31 March 2005.

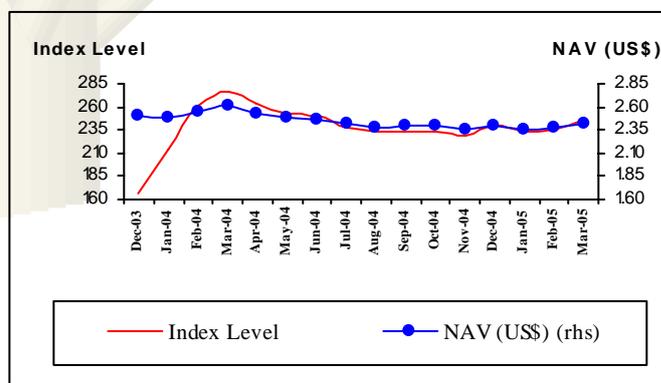
The VNI's best monthly performance since March 2004 coincided with the Fund's Offer of Additional Shares, with the resultant dilution pegging back relative performance. The Offer was well received by both existing Shareholders and new investors, with an over-subscription level of a little over 9%. We thank all interested parties for their support.

Credit for the strength, on daily turnover which comfortably exceeded US\$ 1 million on several occasions, was attributed locally to anticipation of the imminent raising of the foreign ownership limit. Given, however, that only 2 of the 7 stocks which are already at the existing 30% foreign limit actually managed to out-perform the index, it would appear that either the buying was misdirected or that the explanation is wrong. Obviously, in a market at the very dawn of its emergence either scenario is equally plausible. We do, however, see some evidence of the first shoots of maturity, with the larger, more liquid and better-managed stocks leading in terms of performance.

The most notable off-market development during the month was the announcement of the acquisition of 10% of Sacom Bank by ANZ subject, of course, to approval by the State Bank of Vietnam. This takes the foreign shareholding of Sacom to the legal maximum 30%, or possibly beyond if one combines the variously declared stakes of ANZ, the IFC, Dragon Capital/VEIL and VOF. We await clarification by the relevant authorities of who owns what, where, when and how. Next up is likely to be the announcement of a similar deal

between Asia Commercial Bank (ACB) and one of the other rumoured suitors from an impressive list of the world's leading financial institutions. Only around 6.5% of ACB is (officially!) still available for foreign investment.

Economic Indicator	Q1 05	FY 04
GDP	7.20%	7.69%
Exports	16.20%	28.90%
Imports	18.50%	24.90%
Trade Deficit	US\$ 1.13 Billion	US\$ 5.52 Billion
FDI (New Commitments)	212.00%	34.20%
Industrial Production Growth	14.40%	16.00%
Currency vs US\$	-0.29%	-0.83%
Inflation	3.70%	9.50%



We apologise for the very late despatch of this Newsletter owing to fund-raising and travel commitments; the next will follow shortly with an update on progress from the Vietnam Business Forum, to be held on 18 May 2005.

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