PXP VIETNAM FUND LTD

Newsletter

– 15 August 2011 –

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.

Summary

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I• Fund details

Launch Date	31 December 2003
Issue Price	US$ 2.50
NAV per share	**US$ 3.318** as at 29 July 2011
Number of shares in issue	12,000,000
Fund size	US$ 39.82 million
Number of holdings	Listed: 40 Pre-Listed: 0

Performance	1 Month	YTD	1 Year
PXPVF*	-0.271%	-22.00%	-29.27%
VNI**	-6.515%	-20.70%	-23.79%
Performance	**3 years**	**5 years**	**7 years**
PXPVF*	-16.78%	-19.35%	+37.73%
VNI**	-26.79%	-25.31%	+30.18%

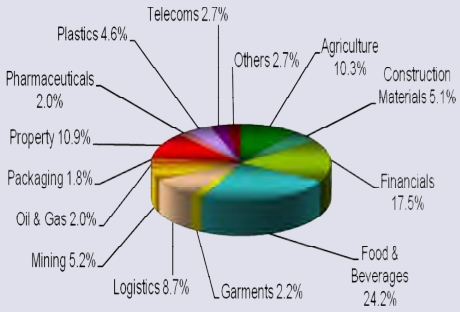
* All figures are NET of fees ** Index performance in US$

II• Top 10 holdings

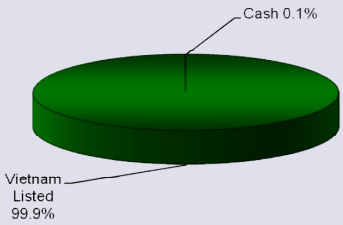
	% of Net assets
Vinamilk (VNM)	23.1
Sacombank (STB)	11.5
Dong Phu Rubber (DPR)	5.2
REE (REE)	4.6
Binh Minh Plastics (BMP)	4.2
Hoa Phat Group (HPG)	4.1
Gemadept (GMD)	3.4
Binh Duong Minerals (KSB)	3.3
FPT Corp (FPT)	2.8
Transimex (TMS)	2.7

IV• PXPVF portfolio

Sectoral Breakdown (as at 29 July 2011)



Segments (as at 29 July 2011)



III• Investment Comment

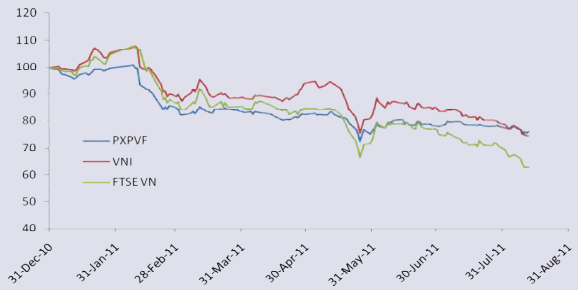
The Viet Nam Index has been left relatively unscathed by the wild gyrations of the S&P-inspired volatility of the past few days, with no single trading day so far having resulted in an index move greater than 2.2%. In fact, had one relied solely on local commentary for information on global markets during the tremors one might not have even realised that anything untoward was occurring. Domestic investors seem to feel that if we ignore it, it will just go away.

Obviously this missive is neither intended nor required as a medium for commentary on global events and we fully appreciate that recent turmoil might be expected to push Vietnam even further from consideration by investors even if the rout proves to be short-lived once the initial panic has subsided. Since Vietnam does not currently feature on the required reading list we will content ourselves with a brief review of recent positive developments as a checklist for the future once risk tolerance improves:

1. Confirmation of senior government appointments including a highly-regarded technocrat, Mr. Nguyen Van Binh as central bank governor;
2. Trade deficit narrowing as exports increase post- the February 2011 devaluation, helped by gold exports;
3. Inflation showing early signs of abating, with most items ex-food & foodstuffs showing gains below 1% on a month-on-month basis;
4. Orderly currency market with recent US$ shortages likely to be resolved as gold imports remove onshore / offshore arbitrage premium;
5. Multiple broking accounts allowed since 1 August 2011 which should encourage improvements in the quality of local service;
6. Extended trading hours from February 2012, which will see the market open during European trading hours for the first time and provide a boost to turnover;
7. Foreign participation increasing to over 20% of average daily turnover on most days.

In terms of relative performance against the VNI, the past 2 months or so have seen the Fund's NAV eliminate the year-to-date lag as ETF-related flows have dried up and more attention is paid to fundamentals. We remain focused on attempting to achieve long-term outperformance against the benchmark, believing that fulfilment of the Fund's objective is a marathon not a sprint. Statistics for the longer distances remain acceptable, we trust.

RSI YEAR-TO-DATE TO 12 AUGUST 2011



VNF LN DISCOUNT HISTORY SINCE LONDON LISTING

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