

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\$ 2.921 as at 30 November 2005

Number of shares in issue: 8,564,000

Fund size: US\$ 25.0 million

Number of holdings: 22

Performance	1 month	3 months	YTD
PXPVF	+5.07%	+19.03%	+21.51%
Viet Nam Index	+1.28%	+22.33%	+30.11%

TOP 10 HOLDINGS

	% of Net assets
Vinamilk	12.53
Gemadep (GMD)	10.07
Sacom Cable (SAM)	9.10
REE (REE)	7.42
Southern Seed (SSC)	6.52
Transimex (TMS)	4.34
Hoa An (DHA)	4.27
CT 620 Concrete (BT6)	4.24
Agifish (AGF)	4.13
Gilimex (GIL)	4.06

INVESTMENT COMMENT

During November the Fund's net asset value per share rose by 5.07% compared to the Viet Nam Index (VNI) gain of 1.28%. The Fund's equity holdings as a percentage of Net Assets increased from 80.9% at the end of October 2005 to 86.0% as at 30 November 2005.

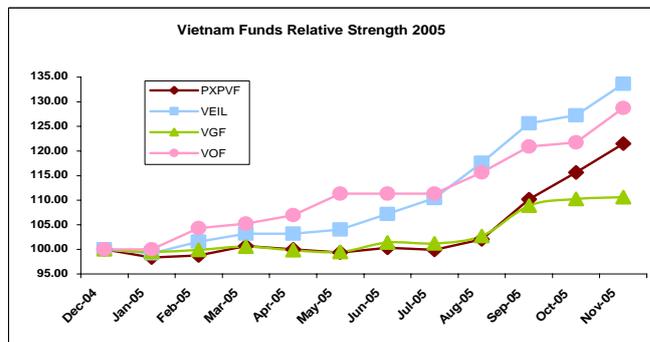
The Fund's NAV outperformance against the index (for only the fourth time this year, and the first to the upside) is explained by the revaluation of its holding in Vinamilk to a price equivalent to the lowest successful bid at the 29 November 2005 auction (VND 480,000), at which there was unsatisfied demand for several times the size of the Fund's holding. Although we continue to doubt the reliability of OTC-market pricing, such public demonstration of "real" demand provides a compelling reason to recognise the (unrealised) gain.

The VNI's November performance was skewed to the upside by the strong showing of Gemadep; up 18.35% and at the time representing 23.56% of the index. Only two other stocks of the largest 20 by market capitalisation (Agifish and Transimex) were up on the month. This pattern has continued into December.

The headline success of the Vinamilk auction, with an average price of VND 488,700, may further disguise a temporary "topping out" of listed and near-listing activity. A bid (reportedly from Singapore's Fraser and Neave (F&N)) for the entire offering of 1.663 million shares ensured that the auction was oversubscribed by 86%. The proximity of the average price to the lowest price paid at the auction, when combined with the déjà vu post-listing performance of Kinh Do Corporation (KDC; down 7.3% from the second day of the listing to the time of writing) may be interpreted to indicate, if

nothing else, that over-exuberance in the food sector is beginning to price those issues at auction close to perceived relative full value. Certainly there are cheaper stocks elsewhere on a multiple basis.

On the positive side, KDC was at least for a day or two the largest stock listed at the Ho Chi Minh City Securities Trading Centre and has contributed significantly to the recent surge in capitalisation, which currently (20 December 2005) stands at a shade over US\$ 475 million. If Vinamilk, which will list in January 2006 at the latest, trades at the equivalent of VND 525,000 per share (lower if rights issues and private placements are included in the index calculation at the respective ex-date), the total capitalisation of the HCMC stock exchange will pass the 2005 year-end target of US\$ 1 billion and I, for one, will be standing on a chair waving a Vietnam flag and applauding. Assuming, of course, that I am able to perform those several activities simultaneously. We thank our reader(s) for their interest and support during 2005. Best wishes for the holiday season and for a prosperous 2006 from the team at PXP Vietnam Asset Management in Ho Chi Minh.



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