PXP VIETNAM FUND LTD

Newsletter

– 24 February 2009 –

PXP Vietnam Fund Limited

A Cayman-domiciled closed-end fund listed in Ireland. 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$ 2.846** as at 30 January 2008
Number of shares in issue	12,000,000
Fund size	US$ 34.15 million
Number of holdings	Listed: 35 Pre-Listed: 5

Performance	**1 month**	**1 Year**	**2 Years**
PXPVF*	-2.132%	-68.31%	-71.68%
VNI**	-3.935%	-67.19%	-73.29%
Performance	**3 years**	**4 years**	**5 years**
PXPVF*	-5.48%	+20.39%	+14.44%
VNI**	-11.60%	+17.33%	+27.00%

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

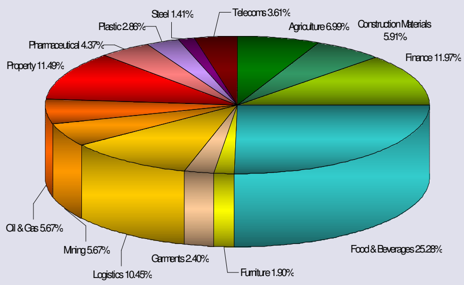
II• Top 10 holdings

	% of Net assets
Vinamilk (VNM)	16.5
Sacombank (STB)	10.5
REE (REE)	7.9
PetroVietnam Drilling (PVD)	5.7
Gemadept (GMD)	5.3
Transimex (TMS)	4.4
Bimico KSB*	4.1
Sacom Cable (SAM)	3.6
Binh Minh Plastics (BMP)	2.9
Nui Nho*	2.7

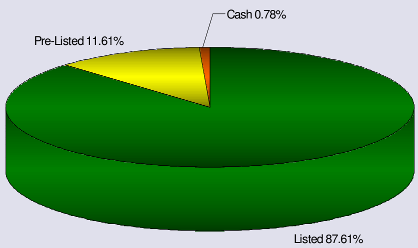
* Pre-listed holding

IV• PXPVF portfolio

Sectoral Breakdown (as at 30 January 2009)



Segments (as at 30 January 2009)



III• Investment comment

The Viet Nam Index (VNI) has at the time of writing once again established itself as Asia's worst-performing index year-to-date in local currency terms. Its poor return is exceeded in US$ only by the MSE Top 20 by virtue of the weakness of the Mongolian Togrog, which appears to constitute 100 Mongols as opposed to the country's 2.8 million Mongolians. And we all thought that space was the final frontier.

Back this side of China we continue to experience hyper-bearishness in all quarters, with supposedly fundamental observers joining technical analysts all calling for further index declines to 220 points at best. Of course, once we get there, as we surely will given the seemingly inevitable tendency to fulfillment of self-flagellating prophecy on the local bourse, all of the bears will then adjust their targets to 200 and then further down as necessary. Its much easier to be bearish than to stick your neck out, so why not? No matter that selectively there is a core group of stocks selling on around 4 or 5 times last year's earnings which have a better than even chance of delivering growth even in this most difficult of times; if you run with the crowd no-one will remember that you were wrong, as inevitably and eventually you will be. Our preference, before the never more aptly named "sell" side contracts to a more realistic core as a consequence of having talked the market into the ground is for someone to teach the market about sales trading.

Sometimes foreigners are net buyers; sometimes net sellers. The same must be true of domestic investors, since for every executed trade there is both a buyer and a seller. Why not seek to take the pressure out of the matching session by figuring out who wants to do what (in firm blocks of a minimum of 50,000 shares, for example) and crossing in the put-through session? As an illustration: we want to buy a stock for every one we want to sell. If brokers actually got on the phones and were able to generate discreet lists of bids and offers not only would more genuine business get done with less price volatility but the broking revolutionary would be able to increase its market share and also, by negotiation, its commissions to a level above the current starvation-level average of US$ 200 per securities company per day. Just a thought.

Returning briefly to the seeming illogicality of two markets which share not only a geographic border but a similar macro-economic profile in many ways being literally at opposite ends of the performance spectrum year-to-date; what price a long VNI, short CSI 300 trade for the rest of this year? Whilst their stimulus package is clearly effective, at least in terms of market sentiment, and the Chinese government has seemingly the deepest pockets on the planet, the recent visit of the new US Secretary of State, offering less focus on human rights in return for funding the US bailout, might, if accepted, act as a drag on the speed of recovery and allow other markets to catch up in due course. A couple of our listed companies (**FPT** and **TDH**) have recently kindly also volunteered to do their bit to help, having obtained permission to invest in the US real estate market. And one of those is even actually a property company.