

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.

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I • Fund details

Launch Date	31 December 2003
Issue Price	US\$ 2.50
NAV per share	US\$ 3.762
	as at 30 June 2008

Number of shares in issue	12,000,000
Fund size	US\$ 45.1 million
Number of holdings	Listed: 37 Pre-Listed: 5

Performance	1 month	3 months	1 Year
PXPVF	-10.30%	-29.45%	-63.63%
VNI	-3.55%	-22.72%	-61.02%
Performance	2 years	3 years	4 years
PXPVF	-18.96%	+55.97%	+52.25%
VNI	-22.54%	+61.83%	+59.95%

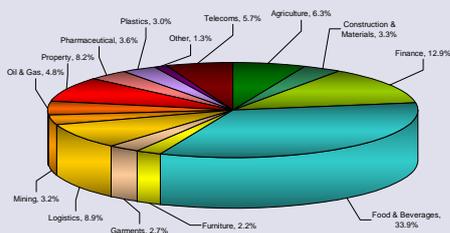
II • Top 10 holdings

	% of Net assets
Vinamilk (VNM)	16.8
Sacombank (STB)	8.2
Sacom Cable (SAM)	5.6
REE (REE)	5.5
Gemadep (GMD)	5.2
PetroVietnam Drilling (PVD)	4.7
Kinh Do Corp (KDC)	3.7
Agifish (AGF)	3.6
Vietcombank*	3.3
Binh Minh Plastics (BMP)	2.9

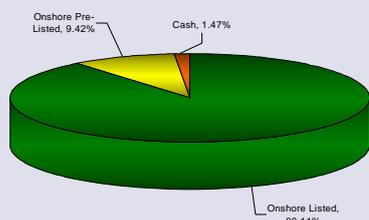
* Pre-listing holding

IV • PXPVF portfolio

PXPVF Sectoral Breakdown (as at 30/6/08)



PXPVF Segments (as at 30/6/08)



III • Investment comment

Responsibility for the 10.30% decline in the Fund's Net Asset Value in July is roughly equally divided between a negative index return of 3.55%, similar weakness in the official exchange rate and the poor relative performances of three of the Fund's top-5 holdings (STB, GMD and REE) which, being at the foreign ownership limit were unable to benefit either from the cushioning effect of foreign buying during the index's 12.1% fall during the first 3 weeks of June, nor demand from the same source during the rebound. We are pleased to note, however, that at the time of writing the Fund has more than recovered June's fall and is making inroads into the dramatic year-to-date losses.

The Viet Nam Index closed today at 479.80, some 31.7% above the year low of 364.32 points set on 20 June 2008. With less than a handful of down days since the low and accelerating gains (albeit within the 3% and 4% respective current daily limits in Ho Chi Minh City and Hanoi), momentum looks likely to carry the index above 500 on Thursday without pausing for breath.

We have recently been joined in the positive camp by a small but growing band of economic optimists, blinking as they emerge into unaccustomed daylight. The macroeconomic concerns which resulted in the Vietnamese capital markets equivalent of a perfect storm during the first six months of 2008 have abated somewhat, with the currency enjoying some enforced but welcome stability out of the path of what turned out to be a non-existent stampede, the governor of the state bank being quoted as considering cuts in interest rates and not a non-performing loan to be seen in the early first half results releases from the banking sector. About that last one; I seem to remember that all banks are now required to be audited under IFRS. The key word there is, of course "audited". Year ends are 31 December so perhaps they'll just leave the NPLs under the rug with the trading losses until then. Keeping fingers so firmly crossed that blood circulation may become impeded.

Quote of the day, illustrating that the mania hasn't yet quite been fully educated out of the system, comes from our friends at Asia Commercial Bank Securities, who opine that "in fact, some investors have begun to believe that the market (is) gaining momentum for a complete recovery in the near future". A complete recovery? In the near future? Back to 1,170? From 480 at a maximum of 3% per day? Calculator anyone?

We would be much happier with a gradual recovery, consolidating gains and digesting the inevitable bad news and setbacks along the way and allowing the market time to mature, rather than the continual repetition of a Grand Old Duke of York trading pattern. We think that a 2008 year-end VNI target of somewhere around 600 points would be a most acceptable performance under the circumstances.