

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\$ 2.389 as at 31 May 2005		
Number of shares in issue:	8,564,000		
Fund size:	US\$ 20.5 million		
Number of holdings:	19		
Performance	1 month	YTD	1 YR
PXPVF	-0.62%	-0.62%	-3.98%
Viet Nam Index	-0.82%	+2.07%	-3.08%

TOP 10 HOLDINGS

	% of net assets
Vinamilk	8.90
Gemadept (GMD)	7.42
Sacom Cable (SAM)	7.11
REE (REE)	3.73
Chau Thoi 620 Concrete (BT6)	3.68
Hoa An (DHA)	3.48
Transimex (TMS)	2.91
Southern Seed (SSC)	2.75
Savimex (SAV)	2.63
Agifish (AGF)	2.38

INVESTMENT COMMENT

During May the Fund's net asset value per share fell by 0.62% compared to the Viet Nam Index (VNI) loss of 0.82%. The Fund's equity holdings as a percentage of Net Assets increased from 50.8% at the end of April 2005 to 56.1% as at 31 May 2005.

A somewhat uninspiring month for the VNI, which enabled the Fund to quietly increase weightings in its three largest portfolio holdings without disturbing the market's slumber. Two further announcements, of a 10% stake in Hoa An (DHA) and a little over 5% of Southern Seed (SSC) have been released by the Fund since the date of the latest Net Asset Value (31 May 2005).

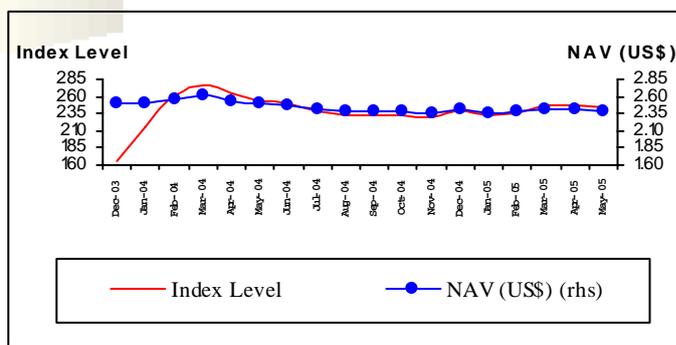
The second-largest listed company by market capitalisation, Sacom Cable (SAM), is likely to reach the foreign ownership limit by the end of June, at which point in excess of 40% of the market will be effectively inaccessible to foreign buyers. It appears that the raising of the foreign ownership limit will now be addressed in the Unified Enterprise Law, to be adopted by the National Assembly this year but becoming effective on 1 January 2007, confirming our view that the raising of the limit was likely to be more complex an issue than in the opinion of some other commentators. It is to be hoped (not least of course from a standpoint regarding the potential benefit to the Fund), that further consideration be given to alternative methods of encouraging access from new foreign investors.

Developments on the expansion of the stock market have taken a surprisingly (in terms of timing) positive turn with the release of the Prime Minister's Decision No. 528 instructing (according to current translations) 178 state-owned enterprises to list at the stock exchange by the end of 2005, and a further seventy-five - including, we understand, examples from the

chemicals, cement, ports, power, oil and gas, mobile telecommunications and textiles sectors - to auction shares within the same timeframe.

Recent announcements of the purchase of the remaining foreign availability in Asia Commercial Bank by Standard Chartered and the reported finalising of negotiations for Temasek to take a 30% stake in Vietnam's "second" carrier, Pacific Airlines, have provided inspiration for a line or two in the international media. The historic visit of the Vietnamese Prime Minister to the United States has further raised the country's profile overseas and appears to be making a positive contribution to Vietnam's ambitions of WTO accession at the end of 2005, US support presumably not harmed by Vietnam Airlines coming away with a full shopping trolley from Boeing during the Prime Ministerial visit.

Mr. Phan Van Khai, Vietnam's Prime Minister, will ring the opening bell at the NYSE on 23 June; we believe that he may have effectively (if metaphorically) performed a similar act for Vietnam's equivalent with the signing of Decision 528 before he set off on his travels. Time will tell.



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