

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\$ 2.404 as at 29 April 2005

Number of shares in issue: 8,564,000

Fund size: US\$ 20.6 million

Number of holdings: 18

Performance	1 month	YTD	1 YR
PXPVF	-0.70%	+0.00%	-4.94%
Viet Nam Index	-0.11%	+2.91%	-6.88%

TOP 10 HOLDINGS

	% of net assets
Sacom Cable (SAM)	6.74
Gemadep (GMD)	6.65
Vinamilk	6.38
Chau Thoi 620 Concrete (BT6)	3.85
REE (REE)	3.76
Hoa An (DHA)	3.07
Transimex (TMS)	2.90
Savimex (SAV)	2.68
Agifish (AGF)	2.42
Southern Seed (SSC)	2.20

INVESTMENT COMMENT

During April the Fund's net asset value per share fell by 0.70% compared to the Viet Nam Index (VNI) loss of 0.11%. The Fund's equity holdings as a percentage of Net Assets increased from 47.7% at the end of March 2005 to 50.8% as at 29 April 2005.

To the occasional observer it may appear that the development of the Vietnam stock exchange has once again come to a standstill. With only two new listings in the first four months of 2005 the achievement of the target of quadrupling the size of market capitalisation within this year seems unrealistic. The mild euphoria created by the success of the Vinamilk auction in February evaporated during April as no date was set for its listing, and the expectation of an imminent increase of the foreign ownership limit proved unfounded.

Thankfully, however, a recent meeting of the capital markets sub-group of the Vietnam Business Forum with the Ministry of Finance restored a measure of optimism concerning the commitment of the government to the development of the stock market. The State Securities Commission restated its objective of 200 new listings during 2005, which would bring the number of companies listed at the Vietnam stock exchange to within a handful of its Philippine equivalent. Obviously, with less than 200 business days to the end of the year this may seem more than a trifle ambitious, but anywhere close to one hundred listed companies by 31 December will be viewed as outstanding progress.

A number of the foreign participants at the meeting suggested that a "carrot and stick" approach to companies traded over the counter would be the best means to "persuade" them to join the official market. Our own view is that this is likely to

be both slow and cumbersome, and that more immediate success is likely to be achieved through "encouragement by example". The "example" would, of course, be Vinamilk, and the interest likely to generated by a stock which more than doubles market capitalisation should not be underestimated.

Listed companies have now released results for the first quarter of 2005. The following table shows percentage change on the first quarter of 2004 for the 10 largest stocks by market capitalisation for which comparative figures are available. The 3 most recent listings, Hanoi Marina (MHC; 10th largest), Southern Seed (4th) and North Kinh Do (NKD; 6th) have only released full year 2004 results and we also include a column showing first quarter results as a percentage of 2004 earnings.

Stock	% Change v 1Q 2004	1Q05 as % of FY 2004	Market Cap US\$
GMD	4.90	24.00	59,688,432
SAM	16.78	23.02	42,767,773
REE	162.56	30.05	38,513,959
SSC	N/A	32.67	13,194,313
BT6	22.71	23.55	11,523,753
NKD	N/A	22.16	10,868,878
AGF	-34.20	20.89	8,926,041
SAV	29.90	17.65	8,530,806
MHC	N/A	30.45	7,754,389
DHA	91.61	38.03	7,497,630
TMS	44.51	34.51	6,985,782
BBC	96.22	22.34	5,661,927
TRI	-75.24	4.22	5,633,356

This newsletter is prepared on behalf of the PXP Vietnam Fund (the "Fund") by PXP Vietnam Asset Management Limited, and is solely communicated to, and directed only at persons who are investment professionals, high net worth companies or others who are entitled to be given the newsletter under the law of the jurisdiction in which it is given. Persons receiving this newsletter should note that past performance is no guide to the future and, in particular, that the past returns of the Vietnamese stock market, or of companies listed on it, are no guarantee of the future returns of the PXP Vietnam Fund. This newsletter and the information contained herein must not be acted on or relied on for any purpose whatsoever. This newsletter is strictly confidential and may not be copied or distributed or passed on by any recipient. No understanding representation or warranty or other assurance, express or implied, is made or given by any person to the accuracy, fairness or completeness of the information or opinions contained in this newsletter and no responsibility or liability is accepted for any such information or opinions. It is the responsibility of every person reading this document to satisfy himself as to the full observance of laws of any relevant country, including obtaining any government or other consent which may be required or observing any other formality which needs to be observed in that country.