

**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
<b>PXPVF</b>	<b>-0.70%</b>	+0.00%	<b>-4.94%</b>
<b>Viet Nam Index</b>	<b>-0.11%</b>	+2.91%	<b>-6.88%</b>

**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; 10<sup>th</sup> largest), Southern Seed (4<sup>th</sup>) and North Kinh Do (NKD; 6<sup>th</sup>) 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\$
<b>GMD</b>	<b>4.90</b>	24.00	59,688,432
<b>SAM</b>	<b>16.78</b>	23.02	42,767,773
<b>REE</b>	<b>162.56</b>	30.05	38,513,959
<b>SSC</b>	<b>N/A</b>	32.67	13,194,313
<b>BT6</b>	<b>22.71</b>	23.55	11,523,753
<b>NKD</b>	<b>N/A</b>	22.16	10,868,878
<b>AGF</b>	<b>-34.20</b>	20.89	8,926,041
<b>SAV</b>	<b>29.90</b>	17.65	8,530,806
<b>MHC</b>	<b>N/A</b>	30.45	7,754,389
<b>DHA</b>	<b>91.61</b>	38.03	7,497,630
<b>TMS</b>	<b>44.51</b>	34.51	6,985,782
<b>BBC</b>	<b>96.22</b>	22.34	5,661,927
<b>TRI</b>	<b>-75.24</b>	4.22	5,633,356

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