

**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**

<b>Launch Date:</b>	31 December 2003	<b>Issue Price:</b>	US\$ 2.500
<b>NAV per share:</b>	US\$ 2.387 as at 29 October 2004		
<b>Number of shares in issue:</b>	4,282,000		
<b>Fund size:</b>	US\$ 10.2 million		
<b>Number of holdings:</b>	13		
<b>Performance</b>	<b>1 month</b>	<b>3 months</b>	<b>YTD</b>
<b>PXPVF</b>	-0.38%	-0.91%	-4.52%*
<b>Viet Nam Index</b>	-0.26%	-2.45%	+39.33%

**TOP 5 HOLDINGS**

	% of net assets
Sacom Cable (SAM)	10.02
Gemadept (GMD)	9.99
Chau Thoi 620 Concrete (BT6)	7.02
REE (REE)	6.54
Savimex (SAV)	5.28

\* The Fund started to invest on 11 February 2004

**INVESTMENT COMMENT**

During October the Fund's net asset value per share fell 0.38% compared to the Viet Nam Index (VNI) loss of 0.26%. The Fund's equity holdings as a percentage of Net Assets rose from 59.9% at the end of September to 62.2% as at 29 October 2004.

We have continued to add to existing holdings where possible and have identified a potential investee company in the agricultural sector which is expected to list in the first quarter of 2005. Any purchase of such stock will be valued at cost until listed unless there is a fundamental reason to write down the position, in accordance with the provisions of the Placing Memorandum. We continue to seek similar opportunities, particularly in the banking sector, and to lobby for the introduction of a foreign board at the Securities Trading Centre (STC). The inclusion of the latter initiative on the agenda for the November meeting of the Vietnam Business Forum marks the first recognition of our efforts to persuade the authorities of the advantages of such a move to the long-term sustainability of foreign interest in the market. It also appears that the authorities are beginning to recognise the negative impact on the listed market of a parallel unregulated market and we expect steps to be taken to restrain OTC expansion in the near term.

During October all listed companies released unaudited third-quarter results. For those listed prior to this year (which have comparatives for the same period last year) the weighted average year-on-year nine-month earnings growth is 19.2%; the trailing 12 month weighted average P/E ratio 8.2 times. The table below lists the individual company returns in the above categories for the top-10 holdings in the PXP Vietnam Fund portfolio. The three companies with relatively poor results have, in general terms, suffered as a

result of increases in the cost of raw materials; also TRI 2003 earnings were inflated by a large extraordinary item.

	Market Cap US\$ Mil	% Change 9M 2004 PAT	Trailing 12M P/E (X)
<b>AGF*</b>	9,552	-28.69	8.61
<b>BBC</b>	5,938	117.50	7.09
<b>BT6</b>	12,027	-12.59	11.59
<b>GIL*</b>	4,954	52.78	4.06
<b>GMD</b>	54,535	23.37	7.34
<b>REE*</b>	34,429	120.89	8.91
<b>SAM</b>	41,486	22.06	9.39
<b>SAV*</b>	8,714	23.76	7.54
<b>TMS*</b>	6,830	9.27	8.48
<b>TRI*</b>	6,064	-72.83	10.61
<b>Weighted Average</b>		20.09	8.22

\* 30% Foreign-owned

The first local investment fund, known as 'VF1' received a listing licence in October and will make its debut on the bourse on 8 November. It will not be included in the VNI.

All-in-all, in spite of the continuing gloom at the STC, the sound fundamentals of the majority of the listed stocks and evidence of the recognition by the authorities of at least some of the blockages to a revival of interest give us renewed optimism that 2005 will be a year of significant and sustained progress for Vietnam's capital markets.

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