

Vietnam Emerging Equity Fund Limited (VEEF)

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 companies with a significant presence in Vietnam.

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I• Fund details

Launch Date	3 November 2005		
Issue Price	US\$ 5.000		
NAV per share	US\$ 3.618		
	as at 28 November 2008		
Number of shares in issue	7,663,750		
Fund size	US\$ 27.73 million		
Number of holdings	Listed: 28 Pre-Listed: 8		
Performance	1 month	3 months	YTD
VEEF	-7.397%	-35.27%	-69.14%
	1 year	2 years	2007
	-70.19%	-56.80%	+24.68%

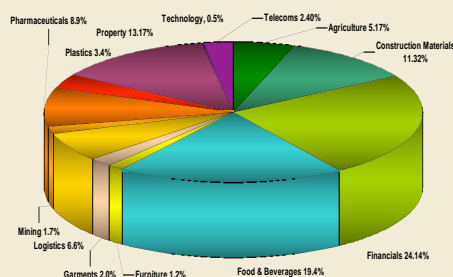
II• Top 10 holdings

	% of Net assets
Sacombank (STB)	16.2
Vinamilk (VNM)	9.7
Bimico*	7.1
REE (REE)	6.1
Vietcombank*	5.3
Sao Mai Construction*	4.7
Gemadept (GMD)	4.4
Binh Minh Plastics (BMP)	3.4
Hau Giang Pharma (DHG)	3.2
Phu My Fertiliser (DPM)	3.2

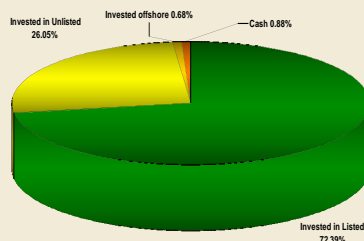
* Pre-listing holding

IV• VEEF portfolio

Sectoral Breakdown (as at 28 November 08)



Segments (as at 28 November 08)



III• Investment comment

We trust that all Shareholders have by now received a copy of the Letter to Shareholders from the Board of Directors dated 19 November 2008 and our Response thereto dated 28 November 2008. If you have not done so and would like either or both to be forwarded to you please contact the Chairman (y.gisler@luserve.ch) or either of the Directors (s.chou@luserve.ch or s.steiner@luserve.ch) for the former and KHSnowball@pxpam.com for the latter.

Those distractions aside we, as Investment Manager of Vietnam Emerging Equity Fund remain optimistic for the future of Vietnam whilst reiterating our view that the Fund has perhaps the best long-term value in its listed portfolio of any of the Vietnam funds, due in large part to its holdings of stocks at the foreign ownership limit.

The Viet Nam Index comprehensively broke below the 300 level today in spite of strength elsewhere in the world, suggesting that the short-term correlation to global markets is now over.

Optimists will no doubt sound the bear trap alarm in a day or two whilst pessimists just can't wait to see the back of 2008 and have ceased to even care about the index level. We in Vietnam seem to be leading the way into a great depression, at least philosophically if not financially but 2009 can't be worse than 2008 for this market, surely?

For those of us doomed to work on Christmas Day the government has most considerably decided to serve up the annual state bank equitisation with our turkey as there was clearly too much foreign interest at play in the Vietcombank edition last December 26th, the authorities presumably now having discovered that hardly anyone outside of the UK knows what Boxing Day is and even fewer actually celebrate it. Details are scant at the moment; we do know that Vietinbank is what used to be known as "Incombank" and that the starting price for the approximately 4% of share capital on offer is VND 20,000 per share, but financials less than 3 weeks out? Probably still at the printers.

We can only conclude that the need to get a 20% free float out there prior to listing requires a less-than-enthusiastic take-up of the small slice on offer in order that a big shiny strategic investor sees some value at the average auction price and takes a bigger bite there. The paradox remains that under current arrangements the more successful the auction the less likely a strategic investor is to step up. In the nine months since the equitisation process collapsed it seems that changing the law to rationalise the way these things are conducted lost out to holding the auction when a lot of potential participants aren't paying attention as a way of controlling exuberance. If your intention is to only sell a little bit but to keep the price down to make a bigger bit more attractive restricting demand has to be the way to go. At least it is if you are only planning to hold one such issue a year.