

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\$ 4.309		
	as at 30 June 2008		
Number of shares in issue	7,663,750		
Fund size	US\$ 33.02 million		
Number of holdings	Listed: 32 Pre-Listed: 8		
Performance	1 month	3 months	1 year
VEEF	-11.94%	-29.23%	-64.51%
	2 years	Inception	2007
	-34.84%	-13.80%	+24.68%

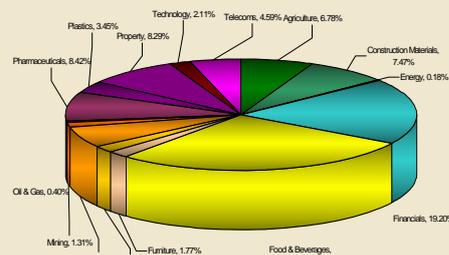
II• Top 10 holdings

	% of Net assets
Sacom Bank (STB)	12.99
Vinamilk (VNM)	11.41
Sacom Cable (SAM)	5.15
Gemadep (GMD)	5.04
Agifish (AGF)	4.99
REE (REE)	4.50
Vietcombank*	4.47
Sao Mai Construction*	3.99
Bimico	3.99
North Kinh Do (NKD)	3.98

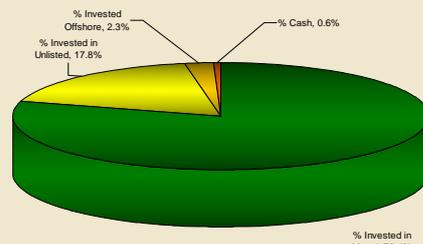
* Pre-listing holding

IV• VEEF portfolio

Sectoral Breakdown (as at 30 Jun 08)



Segments (as at 30 Jun 08)



III• Investment comment

The 11.94% decline in the Fund's Net Asset Value in July is partly explained by a negative index return of 3.55% and a fall of similar magnitude in the official exchange rate during the month. The balance was due to the poor relative performances of three of the Fund's top-6 holdings (STB, GMD and REE) which, being at the foreign ownership limit were unable to benefit either from the cushioning effect of foreign buying during the index's 12.1% fall during the first 3 weeks of June, nor demand from the same source during the rebound. The Fund's 2nd largest holding, Vinamilk achieved a similar distinction for the first ever time last Friday, albeit that it's foreign ownership limit is 46% rather than the traditional 49% ex-banks.

As at the time of writing, not including today's activity, 4 of the Fund's top-6 holdings are at their respective foreign ownership limits; the exceptions, Sacom Cable (SAM) and Agifish (AGF) have availability of approximately US\$ 6.8 million and US\$ 2.25 million respectively at current levels. We would reiterate that it has always been our intention to construct portfolios based on long-term value and performance (this being a metaphorical marathon, not a sprint) and whilst we understand and accept criticism of the Fund's historic short- and medium-term performance, we stand by our conviction that the creation of a portfolio which it is not, under Vietnamese law, currently possible to replicate at *any price* will prove its superior worth over the longer term.

The index closed at 456.64 points on July 11th 2008 and should have no difficulty getting within range of a test of 500 in the coming week since the speed at which it dropped from there to below 400 created no overhead resistance on the way. What happens thereafter will depend on the market being able to source comfort from upcoming economic releases. By which we mean actual statistics as opposed to the under-researched speculation masquerading as informed commentary from at least a couple of international investment banks at the end of May and beginning of June 2008. The decision to announce a "run" on the Vietnamese currency seemingly predicated solely on the one-year non-deliverable forward (NDF) was a particular low-light. We would be pleased to hear from anyone who has actually traded the contract in a size larger than the meagre contents of my wallet in order to confirm that the instrument does actually exist in practice as opposed to mere theory.

Finally, the winner of the "I'm the best commentator on the Vietnam market because I called the bottom" award goes to.....no-one. As predicted by us, but we don't expect anything for having done so. There are many lessons to be learned from the Viet Nam Index's performance this year; for some the most important one should be that wannabe "big name" analysts (remembering that its all relative anyway in terms of fish and puddles) should consider spending a bit more of their time doing some much-needed fundamental research rather than creating (or at least contributing to) panic amongst the relatively unsophisticated local investment community whilst attempting to achieve fundamentally hollow if not entirely meaningless distinctions.