

Attached is the flash June 2007 result for the Thai Focused Equity Fund (TFE). For the month, the Fund gained 11.2%, while the SET index increased 5.7% in USD terms. For the year, the Fund has appreciated 27.2% versus a 17.3% gain for the SET. For A share investors, the gross and net asset values per share ended the month at US\$612.3270 and US\$585.0766, respectively. The gross and net asset value per C share were US\$607.7575 and US\$581.4210. The gross and net asset value per D share were US\$607.2496 and US\$581.0146.

Below follows a breakdown of our relative performance by key sector:

	<u>TFE</u>	<u>SET</u>	<u>Delta</u>	<u>% of Port</u>	<u>Contribution to overall return</u>
Overall	11.2%	5.7%	5.5%		
Energy	22.6%	6.0%	16.6 %	14.6%	2.8%
Electronics	32.3%	19.5%	12.8%	14.2%	3.8%
Transportation	10.6%	2.7%	7.9%	13.4%	1.2%
Bank	26.9%	7.3%	19.6%	12.8%	2.9%
Mining	1.1%	1.9%	-0.8%	9.3%	0.1%
Communications	-5.3%	-0.7%	-4.6%	7.6%	-0.3%
Property	13.8%	5.6%	8.2%	4.4%	0.5%
Finance & Securities	1.7%	10.4%	-8.7%	3.1%	0.0%
Automotive	6.4%	2.9%	3.5%	1.8%	0.1%
Miscellaneous	2.0%	n/a	n/a	7.2%	0.1%
Cash				11.6%	
Total					11.2%

This was the 11th best monthly return since the fund's inception in October 1997, and our 25th best month since we began in April 1990. (Our best month was +57.5% in June 1999).

The Fund posted an impressive gain in June. Energy, electronics, and bank positions realized the strongest results. Six out of nine heavily weighted sectors outperformed their respective benchmarks and only the communications sector generated a loss.

The SET index traded within a wide range during the month, taking its cue from domestic political developments, but ended with a strong rally. During the first half of the month, the SET index moved down 1.5% (in USD), pressured by talk of a potential second coup and the adoption of special government powers to guard against lawlessness and political demonstrations, and the seizure of ousted Prime Minister Thaksin Shinawatra's assets by the Asset Examination Committee (AEC). Market sentiment turned positive late in the month, with a 7.2% gain (in USD) from the month's low, after the weekly anti-government rallies were held peacefully and the number of protestors was far less than expectations. Furthermore, the government enhanced investor confidence by promising early elections.

In our opinion, ongoing political volatility is unlikely to delay the constitutional referendum and general election. We still expect a relatively smooth transition to full democracy, which will lead to a recovery in consumer and business confidence. Combined with lower inflation and interest rates, we expect to see further signs of a turnaround in Thai economic growth and corporate earnings, especially in 2008. We expect the market will continue to rerate on these developments.

Based on Bloomberg data, the Thai market is trading at a 33% discount to the average PER of regional markets (16.2x 2008 PER). As such, the valuation of the Thai stock market remains attractive, offering the lowest PER (11.4x 2008 PER) and the highest dividend yield (3.9%) in the

region. **In contrast, our portfolio is trading on even cheaper multiples of 9.9x 2008 PER, on impressive 27.4% y-o-y growth rate in earnings.**

Economic policy during the remaining months of the interim government is expected to be focused on boosting growth. According to Thailand's Deputy Prime Minister Kosit Panpiemras' comments on the economic outlook, economic growth for this year should be around 4% but growth for next year should accelerate to 5%. Furthermore, while economic growth should soften in 2Q07, growth in the second half of the year will exceed 4% in each quarter as exports remain strong, despite the continuing strength of the Thai baht. Moreover, the government pushed ahead with its budget of US\$50 billion for large-scale investment projects, including mass transit projects in Bangkok and surrounding provinces.

In corporate news, Dow Chemical announced its plan to invest in five petrochemical projects in Thailand worth US\$1.3 billion by entering an agreement with Siam Cement PCL, the country's largest industrial group, to develop an olefins plant and committed to turning Thailand into its largest production base in Southeast Asia. This investment will help stimulate private confidence and investment.

Thailand reported a current account surplus in May, posting a US\$246 million surplus vs. a US\$125 deficit in April, buoyed by strong exports, which rose 19.9% on a y-o-y basis while imports increased 6.2%. Export growth was boosted by a 22.0% y-o-y increase in manufactured products exports and a 13.1% y-o-y increase in agricultural sales, even in the face of a strengthening baht. Meanwhile, y-o-y inflation accelerated slightly to 1.9% in June, which was unchanged from the previous month.

The SET's trading activity increased 28.9% in June, from US\$440 million to US\$567 million of average daily volume. Foreigners were net buyers with US\$894 million of net purchases and remain net buyers in 2007 with net purchases of US\$2,793 million. Retail investors remain bearish, accounting for only 53% of total market volume (retail is around 85% in a hot stock market, and we expect retail participation to increase in the run-up to the election). Foreigners and domestic mutual funds accounted for the remaining 34% and 13% of volume, respectively.