

Attached is the flash June 2008 result for the Thai Focused Equity Fund (TFE). For the month, the Fund lost 6.6%, while the SET index decreased 10.4% in USD terms. For the year, the Fund has depreciated 5.9% versus a 9.7% lost for the SET.

Class	Gross AV	Net AV	<u>% Change</u>	<u>% Change</u>
			June	YTD
A	US\$614.4432	US\$614.4432	-6.6%	-5.7%
C	US\$607.7210	US\$607.7210	-6.6%	-5.9%
D	US\$602.8493	US\$602.8493	-6.7%	-6.4%
SET Index			-10.4%	-9.7%

Below is 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	-6.6%	-10.4%	3.8%		
Energy	4.4%	-8.8%	13.2%	22.4%	0.9%
Mining	-21.7%	-17.0%	-4.7%	11.4%	-2.1%
Transportation	-24.7%	-13.9%	-10.8%	10.7%	-2.3%
Bank	-34.3%	-15.3%	-19.0%	10.3%	-3.1%
Electronics	-9.6%	-5.1%	-4.5%	9.7%	-0.8%
Property	-18.4%	-16.1%	-2.3%	5.3%	-0.9%
Miscellaneous	-11.5%	n/a	n/a	12.0%	-1.2%
Short SET50					2.9%
Cash				18.2%	
Total					-6.6%

For the month, our fund suffered poor performance, but outperformed the SET index on an overall basis. The main contribution came from our SET50 short and energy positions, representing 2.9% and 0.9% gains to overall return, respectively.

June was a terrible month for global equities. Sentiment in global stock markets worsened dramatically, led by the U.S. markets (the Dow Jones fell 10.2%). There were numerous factors behind this most recent decline in global equity markets including: 1) fears about rising inflation and faster-than-expected interest rate hikes; 2) concerns about the US financial crisis, following the announcement of more asset write-downs and capital increases; and 3) the crude oil prices recorded a new high at US\$140.21 per barrel, up 9.9% m-o-m, due to supply disruption (a strike in Nigeria), geo-political upheaval (Iran and Western Countries), and Israel's war preparations.

Emerging markets, including the Stock Exchange of Thailand, were hit hardest. Regional markets, like China (-21.7%), India (-19.7%), Philippines (-15.7%), Taiwan (-12.8%), and South Korea (-11.2%) suffered significant double-digit losses. The SET index experienced the sixth largest fall in region, driven by foreign selling pressure on global inflation fears and prolonged political tension.

In a positive sign that foreign investors showed confidence in the Thai economy, the CIMB Group, Malaysia's second-biggest bank by assets, has proposed to buy a 42% stake in one of the country's financial institutions, Bank Thai (BT). The deal works out to a US\$176 million investment.

The valuation of the Thai stock market remains attractive. Based on Bloomberg data, the SET index is trading at a PER of 10.3x 2009 earnings, with dividend yield of 4.1%. Thailand remains the third cheapest market, following Philippines (9.6x) and South Korea (10.1x) in the region. **In contrast,**

our core portfolio is trading at a PER of 7.7 x 2009 earnings with expected weighted y-o-y earnings growth of nearly 20%.

Although far from being resolved, the political climate was a bit less uncertain after the government survived a no confidence debate, with all eight targeted ministers winning majority votes in the Lower House. The opposition party had accused the prime minister and his cabinet members of mismanagement and inefficiency in running the country. The winning result was expected because the ruling People Power Party and its five coalition partners control about two-thirds of the 480 seats in the Lower House.

However, outside the Parliament, the coalition government still faces pressure from anti-government demonstrators led by the People's Alliance for Democracy (PAD), which has staged major rallies and mini-protests since May 25th. The PAD aims to force the prime minister and his cabinet to resign because they believe that the current government is acting as a nominee for ousted prime minister Thaksin Shinawatra.

We expect that the political deadlock will be resolved by the court, which will start examining Thaksin's corruption charges and the latest election's political fraud cases in July. We view the upcoming trials as a positive step forward in the political reconciliation process. Furthermore, regardless of which party rules the country, all are pro-business and the Thai private sector is very strong and competitive, proven by the strong growth in exports and earnings growth released by listed companies in the last couple years that the country faced the political turmoil.

The automotive industry recorded 27.3% y-o-y export growth in 5M08 due to strong demand for energy-saving cars. In terms of overall production, Thailand rolled out 589,822 units, up 20.8% y-o-y. Of the total production, 54.3% was made for export.

Overall, the Thai economy in May continued to expand. On the export side, it reported a new record with strong growth (+22.1%), boosted by a 21.2% y-o-y increase in manufactured products and a 57.8% y-o-y increase in agricultural sales. The current account posted a US\$631 million surplus versus a US\$1,661 million deficit in April, due to a deceleration in imports, particularly a drop in the volume of crude oil imports. Imports increased 15.7% y-o-y due to an increase in the dollar value of imported oil (5.5%), intermediate products and raw materials (21.4%), and capital goods (9.8%).

The SET's trading activity decreased 28.7% in June, from US\$722 million to US\$515 million of average daily volume. Foreigners were net sellers of US\$1,093 million and remained net sellers of US\$1,679 million year to date. Retail investors remain bearish, accounting for only 48% of the total market. Foreigners and domestic mutual funds accounted for the remaining 34% and 18% of volume, respectively.