

Lipper FundMarket Insight Reports



**Hong Kong Fund Market Summary
Month End Analysis
July 2007
(English Version)**

2007



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U.S. SUBPRIME MORTGAGES SHAKE THE MARKET!

- Commodities funds (+1.74%) on average outperformed all other types of funds in July 2007.
- Among equity funds (+1.26%), Asia equity funds occupied the top spot.
- Bond funds overweighting government and investment-grade bonds in their portfolios outperformed all others.
- Those mixed-asset funds having larger exposure to Asian equities posted the best returns.
- Market outlooks mainly depend on the development of the U.S. subprime mortgage crisis.

Market Performance

In early July 2007 global equity markets sustained their uptrend on positive U.S. economic figures for manufacturing, services, and unemployment as well as on a new wave of M&A activity around the globe. Both the DJIA and the S&P 500 indices climbed to record highs by mid-July.

However, it was at this time that the upside momentum of the equity markets began to decelerate after Moody's Investor Service and S&P cut the credit ratings of at least US\$5 billion worth of CDOs using U.S. subprime mortgages as their collateral, and they did not rule out additional downgrades in the near term. These actions rang the alarm bell that U.S. subprime mortgages might be inflicting serious financial repercussions across the entire financial system and the global economy.

These concerns were confirmed by subsequent reports on more foreclosures, declines in home sales, and slowing construction spending in the U.S. as well as news that more hedge funds investing in asset-backed securities had incurred substantial losses and had halted redemptions from investors. These events triggered panic selling among investors to preserve the value of their capital. Riskier assets such as equities, high-yield debt, and emerging markets debt were liquidated, with the proceeds parked in safe-haven assets such as government bonds.

As such, a powerful correction was unleashed in many equity markets around the globe on July 24, 2007. From July 24 to July 31 the DJIA and the S&P 500 indices plunged 3.68% and 5.60%, respectively. In the fixed income market the yield of the iTraxx Europe five-year index widened 100% on perceptions of higher credit risk in July. Meanwhile, the yield of ten-year U.S. Treasuries fell 30 basis points to 4.74%, while the JP Morgan Global Government Bond Index climbed 2.82% for the month.

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Page 1 of 18

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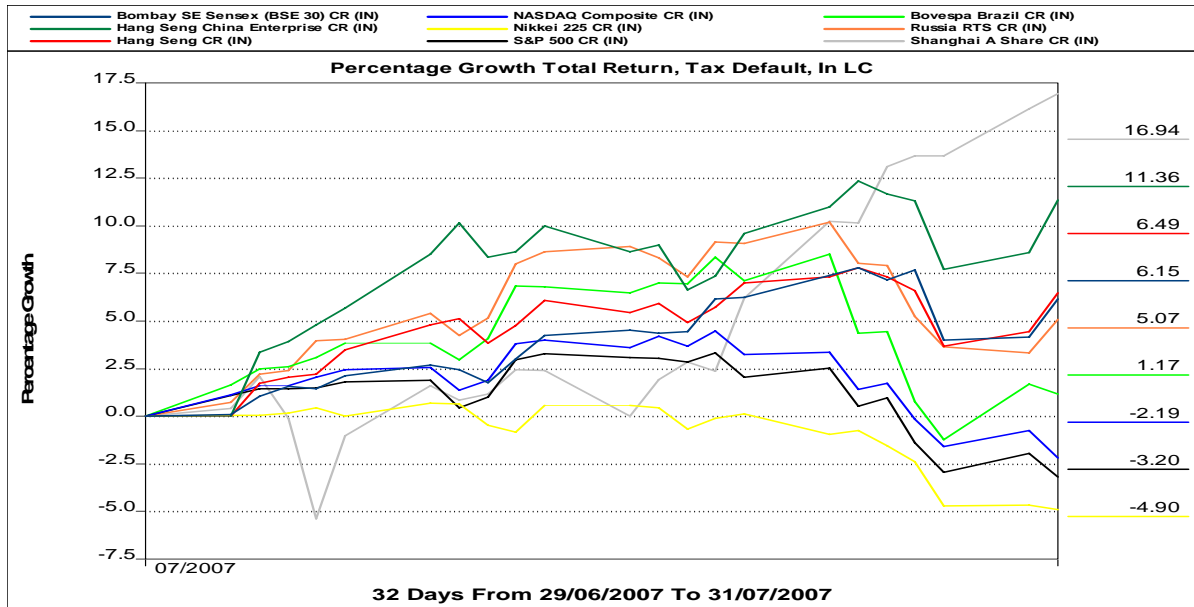
Table 1 Performance Comparison of Global Equity Markets in July 2007

Name	Price Mid LC 31/07/2007	% Growth TR LC 1M 29/06/2007 To 31/07/2007	% Growth TR LC 3M 30/04/2007 To 31/07/2007	% Growth TR LC 7M 29/12/2006 To 31/07/2007	% Growth TR LC 1Y 30/12/2005 To 29/12/2006	% Growth TR LC 3Y 30/07/2004 To 31/07/2007	% Growth TR LC 5Y 31/07/2002 To 31/07/2007
Bombay SE Sensex (BSE 30) CR	15,551.00	6.15	12.10	12.80	46.70	200.77	420.51
Bovespa Brazil CR	17,697.20	1.17	12.09	21.48	36.06	189.90	527.56
CAC 40 CR	5,751.08	-5.02	-3.51	3.78	17.53	57.69	68.39
CASE 30 CR	8,244.25	5.65	10.99	18.22	10.26	422.63	1,665.82
DAX 30 CR	4,961.15	-5.28	0.92	12.01	19.07	80.39	81.10
Dow Jones Industrial Average CR	13,211.99	-1.47	1.14	6.01	16.29	30.30	51.23
Dubai Financial Market General CR	4,273.32	-3.07	11.84	3.54	-43.33	178.37	
FTSE 100 CR	6,360.11	-3.75	-1.38	2.24	10.72	44.12	49.78
Hang Seng China Enterprise CR	13,364.00	11.36	33.17	29.24	93.99	208.26	553.02
Hang Seng CR	23,184.90	6.49	14.10	16.13	34.20	89.45	125.81
Hang Seng Red Chip CR	4,482.99	8.51	29.87	34.62	72.11	232.63	298.69
Hungary Budapest CR	29,264.90	1.16	15.10	17.79	19.53	150.54	315.19
IPSA Select CR	3,340.43	-3.74	5.67	24.03	37.10	119.64	221.31
Jakarta Composite Index CR	2,348.67	9.79	17.48	30.08	55.29	210.27	406.54
Johannesburg SE/Top 40 CR	25,846.40	1.10	2.44	14.33	37.53	174.81	194.78
Korean SE KOSPI Composite CR	1,933.27	10.88	25.35	34.77	3.99	162.91	169.26
Kuala Lumpur SE Composite CR	1,373.71	1.43	3.89	25.31	21.83	64.72	90.37
Merval CR	2,180.25	-0.48	1.19	4.30	35.45	125.68	506.77
Mexico IPC CR	30,659.66	-1.58	5.74	15.92	48.56	203.07	409.14
NASDAQ Composite CR	2,546.27	-2.19	0.84	5.42	9.52	34.91	91.70
Nikkei 225 CR	17,248.89	-4.90	-0.87	0.13	6.92	52.30	74.62
OMX Helsinki CR	11,280.70	-0.58	4.28	17.20	17.86	107.92	111.34
Pakistan Karachi SE 100 CR	13,739.50	-0.24	11.07	36.84	5.06	159.73	668.60
Philippine PSE Composite CR	3,501.20	-4.48	7.05	17.39	42.29	120.94	211.71
PX Prague SE CR	1,789.80	-3.73	-0.91	12.64	7.87	126.50	297.47
Romania BET CR	10,197.50	5.50	16.13	26.67	22.23	209.11	713.22
Russia RTS CR	1,993.96	5.07	4.11	3.75	70.75	269.07	511.21
S&P 500 CR	1,455.27	-3.20	-1.83	2.61	13.62	32.09	59.64
S&P/ASX 200 CR	6,144.20	-2.08	-0.35	8.37	19.03	73.76	99.09
Shanghai A Share CR	4,689.09	16.94	16.21	66.57	130.57	222.43	172.06
Shanghai B Share CR	328.10	28.68	41.95	152.16	109.81	262.09	117.69
Shenzhen A Share CR	1,349.83	19.91	21.15	136.99	96.37	268.49	163.30
Shenzhen B Share CR	780.40	16.10	24.90	80.10	121.52	219.77	221.96
Singapore Straits Time CR	3,547.66	-0.02	5.54	18.82	27.20	87.54	135.20
Swiss Market Index CR	8,885.04	-3.52	-5.76	1.13	15.85	60.17	70.97
Taiwan Weighted Price CR	9,287.25	4.55	17.93	18.71	19.48	71.33	87.99
Thailand SET CR	859.76	10.68	22.97	26.47	-4.75	35.03	128.65
Turkey ISE National - 100	52,824.90	12.17	17.43	35.04	-1.66	172.56	
Vietnam CR	907.95	-11.39	-1.73	20.77	144.48	280.79	359.56

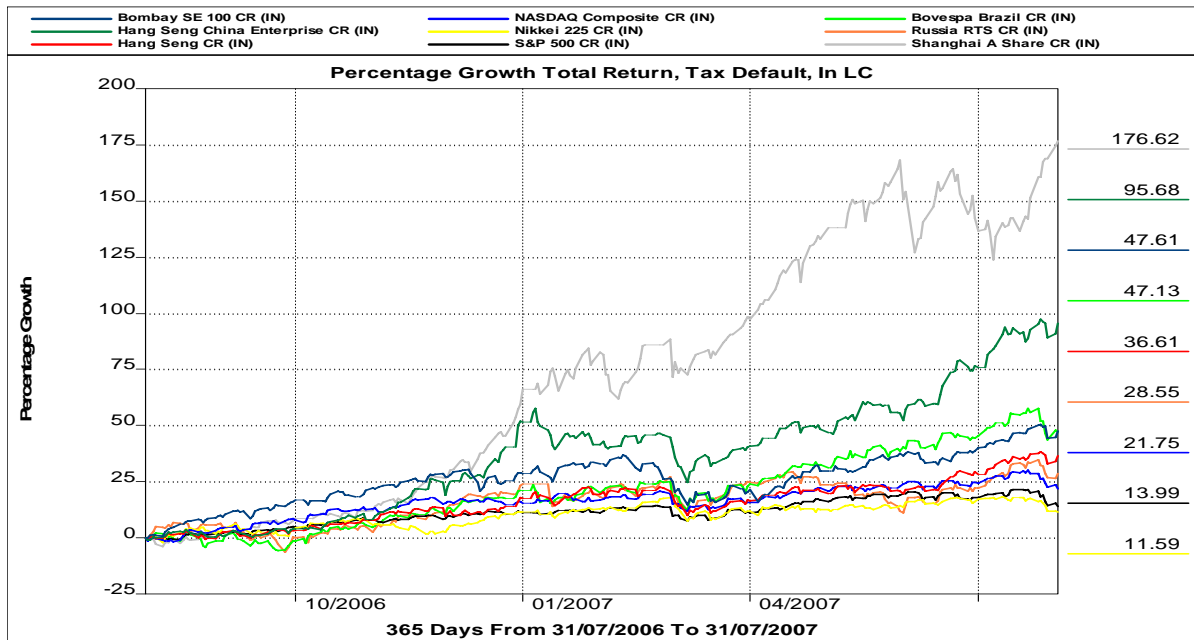
Source: Lipper

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Figure 1 Relative Return of Global Equity Markets



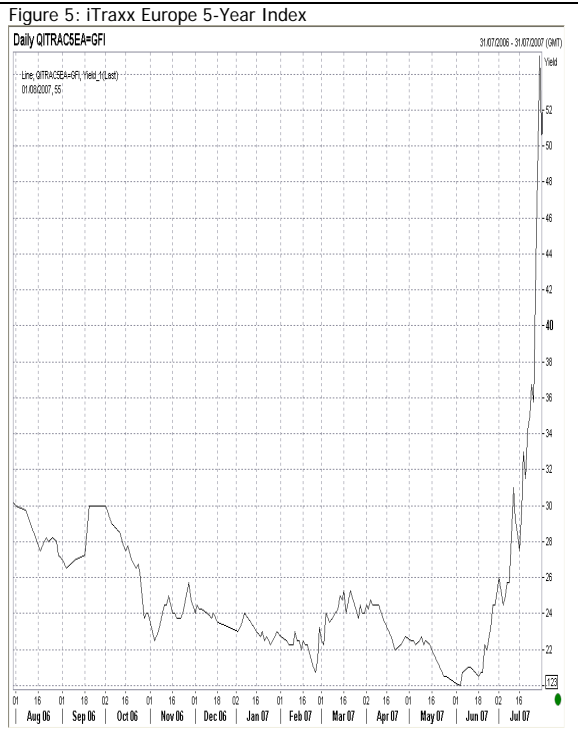
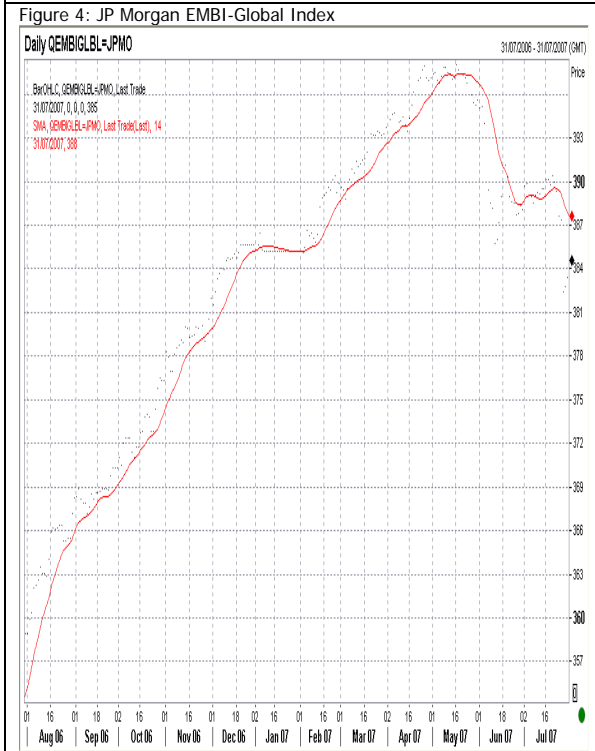
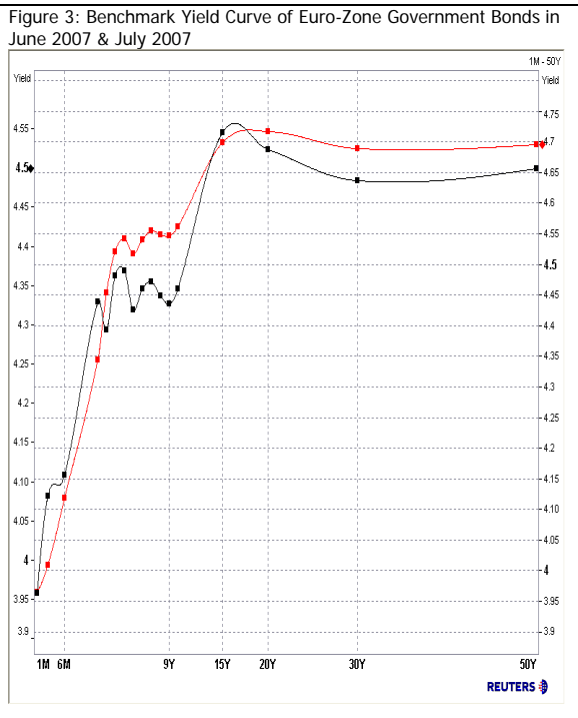
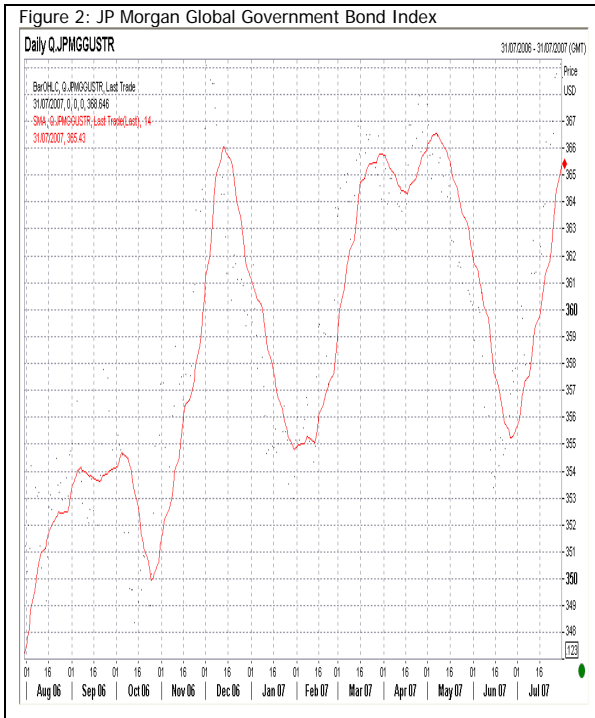
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Source: Reuters

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H.K.-Authorized Funds

On average commodities funds (+1.74%) outperformed all other types of funds in July 2007, with the main catalyst deriving from rising crude oil prices on concerns over disruption in supply. Crude oil futures traded in New York climbed 10.65% to US\$78.21 a barrel for the month, mainly on geopolitical tensions in the Middle East and the closure of a North Sea oil field for maintenance.

Table 2 Average Performance of All Funds Authorized for Sales in Hong Kong in July 2007

Name	% Growth TR HKD 1M 29/06/2007 To 31/07/2007	% Growth TR HKD 3M 30/04/2007 To 31/07/2007	% Growth TR HKD 7M 29/12/2006 To 31/07/2007	% Growth TR HKD 1Y 31/07/2006 To 31/07/2007	% Growth TR HKD 3Y 30/07/2004 To 31/07/2007	% Growth TR HKD 5Y 31/07/2002 To 31/07/2007
Bond Average (287)	0.77	-0.72	2.58	7.52	20.34	54.45
Equity Average (906)	1.26	6.32	15.19	35.12	103.82	178.74
Mixed Assets Average (119)	0.74	2.21	7.59	17.62	49.28	81.60
Money Market Average (95)	1.00	1.49	4.50	7.86	15.39	29.42
Commodities Average (3)	1.74	6.32	8.46	10.94		
Guaranteed Average (210)	0.92	2.33	5.19	10.98	14.58	48.29
Hedge/Long/Short Equity Average (1)	0.29	3.05	8.23	14.20	35.68	
Hedge/Multi Strategies Average (3)	0.02	3.17	9.14	14.74	42.61	
Protected Average (24)	0.32	1.34	5.95	14.94	30.30	45.85
Real Estate Average (7)	-0.91	-1.01	6.83	12.48		

Source: Lipper, calculated until July 31, 2007

H.K.-Authorized Equity Funds

Equity funds delivered a return of 1.26% on average. Once again, Asian equity funds dominated the top positions on the ranking table. Nine of the ten best performing equity funds by LGC invested in Asian equities. The top three were: Equity Thailand funds (+11.57%), Equity China funds (+11.42%), and Equity Korea funds (+8.77%).

Equity Thailand funds were driven up after Sonthi Boonyaratglin, last year's coup leader, said the country would hold a general election by the end of 2007. His remarks restored confidence in the stock market and attracted strong buying from foreign institutions. The rally was strengthened after the country's central bank trimmed the interest rate 25 basis points to 3.25% during the month. Bank and energy stocks led the stock market because of their better-than-expected 2Q2007 earnings and soaring crude oil prices.

Equity China funds benefited from market-beating earnings reports from leading Chinese insurance companies and banks, which on average reported robust double-digit earnings growth in 1H2007 for their A-Class shares.

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Also, the further enlargement of the QDII scheme to insurance companies boosted speculation that more capital from Mainland China would be injected shortly into the Hong Kong equity market, which strengthened its rally.

Meanwhile, investors were undeterred by economic reports showing an overheating Mainland Chinese economy with higher-than-expected inflationary pressure and heightened speculation on further stringent measures by the Chinese government to cool the economy.

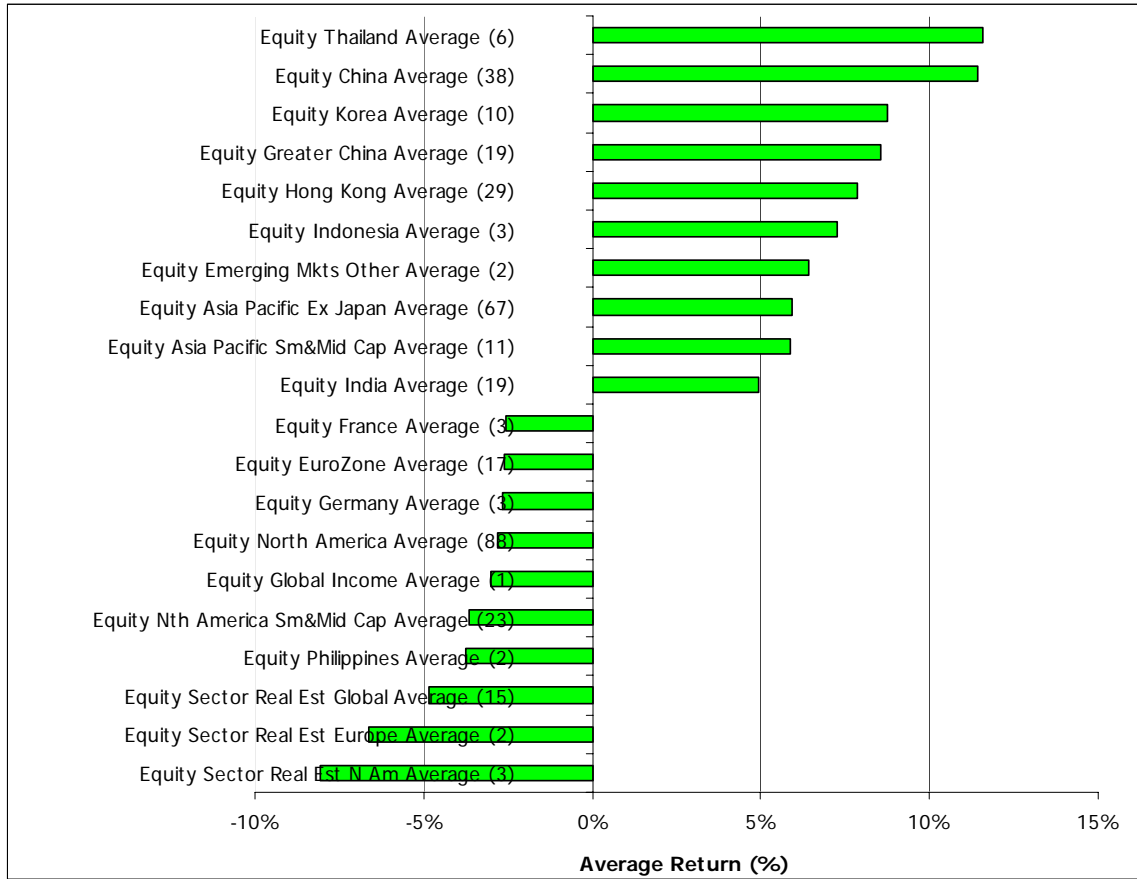
Equity Korea funds were supported by the country's sound economic fundamentals. A government report showed that the South Korean economy grew above market expectations at 1.7% in 2Q2007. Other catalysts included Moody's upgrade of the country's credit rating by a level to A2 and robust corporate earnings growth in 2Q2007. Samsung Electronics also contributed to the rally in the stock market on rumors that the electronic giant was a takeover target in the latest round of M&A activity around the globe.

However, equity U.S. and Europe funds, especially those investing in the property sector, recorded significant losses and lay at the bottom of the ranking table as the European and U.S. equity markets attracted heavy selling because of the U.S. subprime mortgage crisis and a weakening U.S. housing market.

The three equity funds delivering the highest monthly returns in July were: **Hang Seng China B-Share Focus A1** (+19.67%), **iShares FTSE/Xinhua A50 China Tracker** (+19.47%), and **Hang Seng Financial Sector FlexiPower** (+16.45%).

Morgan Stanley US Property A USD (-10.31%), **MLIIF US Small Cap Value Fund A2 USD** (-8.64%), and **Alliance Bernstein Global Real Estate Secs A USD** (-7.23%) incurred the heaviest losses among equity funds.

Figure 6 Ten Top and Bottom H.K.-Authorized Equity Funds Under LGC in July 2007



Source: Lipper



Table 3 Ten Top and Bottom H.K.-Authorized Equity Funds in July 2007

Name	% Growth TR HKD 1M 29/06/2007 To 31/07/2007	% Growth TR HKD 3M 30/04/2007 To 31/07/2007	% Growth TR HKD 7M 29/12/2006 To 31/07/2007	% Growth TR HKD 1Y 31/07/2006 To 31/07/2007	% Growth TR HKD 3Y 30/07/2004 To 31/07/2007	% Growth TR HKD 5Y 31/07/2002 To 31/07/2007
Hang Seng China B-Share Focus A1	19.67	17.27				
iShares FTSE/Xinhua A50 China Tracker	19.47	30.80	89.89	257.18		
Hang Seng Financial Sector FlexiPower A	16.45	32.47	37.78	103.26		
Hang Seng China H-Share Index Leveraged 150 A	16.17	53.66	44.13	164.46	403.96	
Value Partners Intelligent-Chinese Mainland Focus	15.88	25.63	46.08	79.56	162.81	
Hang Seng Property Sector FlexiPower Acc A	15.11	34.20	45.71	90.21	215.06	
Parvest Turkey C EUR	14.81	26.41	50.95			
Baring Hong Kong China USD	14.81	36.27	54.11	129.31	299.97	513.45
JF China Pioneer A-Share A	14.41	38.88	101.57	255.28		
Standard Life IG SICAV China Equities A	14.29	35.20	51.62	133.29		
Lyxor Strategic Equity - Real Estate	-6.30	-13.73	-10.95	1.89		
Henderson HF Pan European Property Equities A2 EUR	-6.60	-16.16	-11.38	16.60	137.19	309.39
Morgan Stanley European Property A EUR	-6.69	-17.18	-15.27	12.56	100.14	223.49
Janus Global Real Estate A2 USD	-6.75	-12.38	-9.79	0.36	31.79	
Parvest US Value C	-6.97	-6.90	-1.61	10.86		
Franklin Global Real Estate USD A Acc	-7.06	-11.85	-6.35	10.47		
Davis Real Estate A	-7.11	-14.56	-11.49	0.94	55.00	115.48
AllianceBernstein-Global Real Estate Secs A USD	-7.23	-17.10	-14.45	-3.52	51.00	101.80
MLIIF US SmallCap Value Fund A2 USD	-8.64	-5.67	0.70	9.82	38.42	89.18
Morgan Stanley US Property A USD	-10.31	-17.68	-12.53	4.36	71.11	137.51

Source: Lipper, calculated until July 31, 2007

Since not all fund NAVs are reported at the same intervals, the last available price is used for performance calculations. The preceding month's figures may also be readjusted as a result.

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Table 4 Technical Analysis of Ten Top and Bottom H.K.-Authorized Equity Funds in July 2007

Name	% Growth TR HKD 1Y 31/07/2006 To 31/07/2007	Std Dev Ann TR HKD 1Y 31/07/2006 To 31/07/2007	Sharpe Ratio RFR= 1Y HIBOR 1Y 31/07/2006 To 31/07/2007	Lipper Score			
				3 Years			
				Consistent Return	Expense	Preservation	Total Return
Hang Seng China B-Share Focus A1							
iShares FTSE/Xinhua A50 China Tracker	257.18	29.17	8.66				
Hang Seng Financial Sector FlexiPower A	103.26	22.80	4.33				
Hang Seng China H-Share Index Leveraged 150 A	164.46	40.71	3.93	Leader	Leader	5	Leader
Value Partners Intelligent-Chinese Mainland Focus	79.56	13.44	5.58	5		Leader	5
Hang Seng Property Sector FlexiPower Acc A	90.21	19.59	4.37			4	
Parvest Turkey C EUR							
Baring Hong Kong China USD	129.31	15.24	8.19	Leader	Leader	2	Leader
JF China Pioneer A-Share A	255.28	25.68	9.76				
Standard Life IG SICAV China Equities A	133.29	18.07	7.13				
Lyxor Strategic Equity - Real Estate	1.89	15.04	-0.18				
Henderson HF Pan European Property Equities A2 EUR	16.60	17.54	0.69			4	
Morgan Stanley European Property A EUR	12.56	18.56	0.43			4	
Janus Global Real Estate A2 USD	0.36	13.46	-0.31			4	
Parvest US Value C	10.86	11.87	0.53				
Franklin Global Real Estate USD A Acc	10.47	14.28	0.42				
Davis Real Estate A	0.94	15.59	-0.23			5	
AllianceBernstein-Global Real Estate Secs A USD	-3.52	18.21	-0.44			5	
MLIIF US SmallCap Value Fund A2 USD	9.82	12.33	0.43	5	2	5	5
Morgan Stanley US Property A USD	4.36	20.37	-0.01			5	



Source: Lipper, calculated until July 31, 2007

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H.K.-Authorized Bond Funds

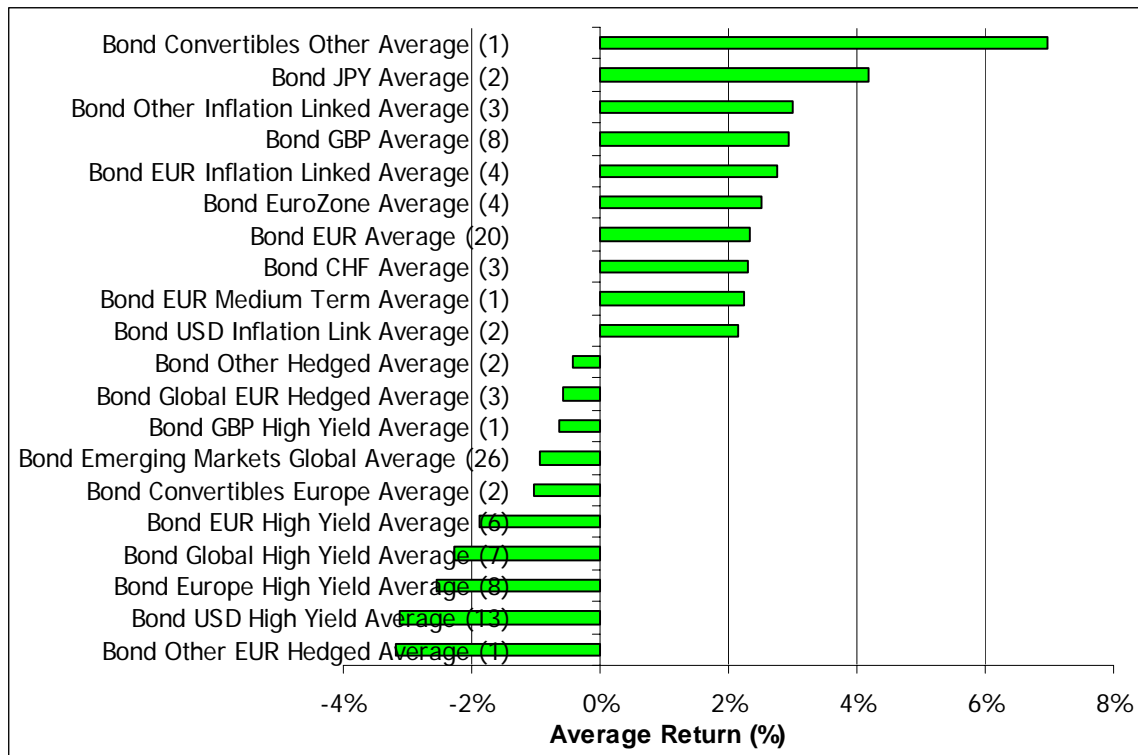
Bond funds gained 0.77% on average in July. Because of the flight to quality triggered by the U.S. subprime mortgage crisis, bond funds having a larger allocation to government and investment-grade bonds, as well as those not denominated in U.S. dollars generally outperformed all others.

During July the U.S. dollar dropped nearly 1% against the euro and the pound, respectively, after the European Central Bank implied it would increase borrowing costs in September 2007 and the Bank of England raised the U.K.'s interest rate to its six-year high at 5.75%. The yen gained almost 4% against the U.S. dollar because panic investors liquidated their riskier investments that were financed by borrowing in yen.

The three bond funds delivering the highest returns in July 2007 were **Parvest Asian Convertible Bond** (+6.98%), **Baring International Bond USD** (+4.62%), and **Parvest Japan Yen Bond** (+4.24%).

Parvest European High Yield Bond (-4.52%), **MLIIF US Dollar High Yield Bond A2 USD** (-4.22%), and **Fidelity Funds–US High Yield A USD** (-4.13%) were the three bond funds incurring the heaviest losses for the month.

Figure 7 Ten Top and Bottom H.K.-Authorized Bond Funds Under LGC in July 2007



Source: Lipper

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Table 5 Ten Top and Bottom H.K.-Authorized Bond Funds in July 2007

Name	% Growth TR HKD 1M 29/06/2007 To 31/07/2007	% Growth TR HKD 3M 30/04/2007 To 31/07/2007	% Growth TR HKD 7M 29/12/2006 To 31/07/2007	% Growth TR HKD 1Y 31/07/2006 To 31/07/2007	% Growth TR HKD 3Y 30/07/2004 To 31/07/2007	% Growth TR HKD 5Y 31/07/2002 To 31/07/2007
Parvest Asian Convertible Bond C	6.98	12.97	14.85	29.82	54.09	77.68
Baring International Bond USD	4.62	-0.17	1.08	1.66	8.61	33.43
Parvest Japan Yen Bond C	4.24	-0.16	0.28	-2.37	-5.75	-1.18
UBS (Lux) Bond Fund - JPY B	4.13	-0.27	0.37	-2.19	-5.56	-0.46
Baring Directional USD A	4.07	-1.07	-0.44	-2.42		
Coutts Equator UK Sovereign Bond Indx Prgm Srs 2	3.86	1.98	3.58	9.79	26.55	60.48
GAM Star GBP Bond Acc	3.83	0.90	2.39	7.41	15.07	41.42
Parvest Global Inflation-Linked Bond C	3.76	0.41	5.10	9.38		
Threadneedle Sterling Bond C1	3.72	1.31	2.17	8.56	23.65	53.10
Baring Sterling World Bond GBP	3.60	-0.42	0.87	2.73	12.28	39.53
Franklin High Yield Euro A Ydis	-3.27	-5.29	1.55	9.76	36.07	124.85
AIG Global Funds - AIG US High Yield Bond A	-3.42	-4.21	-0.19	5.88		
Schroder ISF Global High Yield A Acc	-3.42	-4.36	0.39	7.21	23.64	
Legg Mason WA Global High Yield Bd A Acc USD	-3.59	-4.70	-0.82	6.27	20.85	68.01
Janus US High Yield A2 USD	-3.94	-4.99	-1.10	5.36	16.87	40.31
MFS Meridian Funds US High Yield Bond A1 USD	-3.95	-5.55	-1.31	5.73		
INVESCO US High Yield Bond USD A	-4.06	-5.49	-1.53	4.79		
Fidelity Funds - US High Yield A USD	-4.13	-5.43	-1.51	5.18	21.54	66.98
MLIIF US Dollar High Yield Bond Fund A2 USD	-4.22	-5.46	-1.20	4.21	12.60	47.35
Parvest European High Yield Bond C	-4.52	-6.42	-0.33	8.08		

Source: Lipper, calculated until July 31, 2007

Since not all fund NAVs are reported at the same intervals, the last available price is used for performance calculations. The preceding month's figures may also be readjusted as a result.

Table 6 Technical Analysis of Ten Top and Bottom H.K.-Authorized Bond Funds in July 2007

Name	% Growth TR HKD 1Y 31/07/2006 To 31/07/2007	Std Dev Ann TR HKD 1Y 31/07/2006 To 31/07/2007	Sharpe Ratio RFR= 1Y HIBOR 1Y 31/07/2006 To 31/07/2007	Lipper Score			
				3 Years			
				Consistent Return	Expense	Preservation	Total Return
Parvest Asian Convertible Bond C	29.82	7.55	3.35			3	
Baring International Bond USD	1.66	8.30	-0.35	5	3	5	5
Parvest Japan Yen Bond C	-2.37	7.23	-0.95			5	
UBS (Lux) Bond Fund - JPY B	-2.19	7.10	-0.95			5	
Baring Directional USD A	-2.42	6.42	-1.08				
Coutts Equator UK Sovereign Bond Indx Prgm Srs 2	9.79	7.44	0.71	2	Leader	5	2
GAM Star GBP Bond Acc	7.41	7.56	0.38	5	2	5	5
Parvest Global Inflation-Linked Bond C	9.38	9.24	0.52				
Threadneedle Sterling Bond C1	8.56	7.46	0.54	4	4	5	4
Baring Sterling World Bond GBP	2.73	7.68	-0.23	3	4	5	3
Franklin High Yield Euro A Ydis	9.76	7.81	0.67			5	
AIG Global Funds - AIG US High Yield Bond A	5.88	5.05	0.27				
Schroder ISF Global High Yield A Acc	7.21	5.32	0.50	4		2	4
Legg Mason WA Global High Yield Bd A Acc USD	6.27	5.51	0.32				
Janus US High Yield A2 USD	5.36	5.73	0.14	3	3	3	3
MFS Meridian Funds US High Yield Bond A1 USD	5.73	5.97	0.20				
INVESCO US High Yield Bond USD A	4.79	6.07	0.04				
Fidelity Funds - US High Yield A USD	5.18	5.90	0.11	Leader	Leader	2	2
MLIIF US Dollar High Yield Bond Fund A2 USD	4.21	5.85	-0.05	5	2	3	5
Parvest European High Yield Bond C	8.08	8.20	0.43				



Source: Lipper, calculated until July 31, 2007

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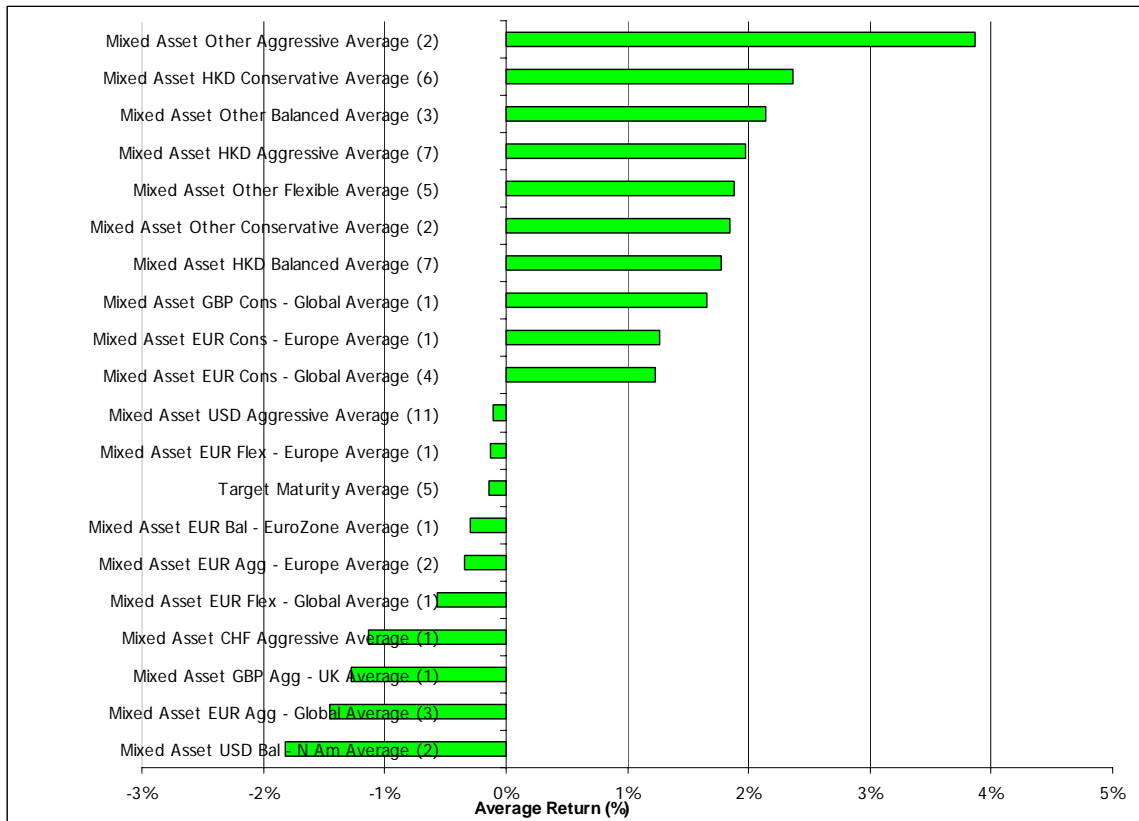
H.K.-Authorized Mixed-Asset Funds

Mixed-asset funds gained 0.74% on average in July 2007, with those having a larger allocation to Asian equities generally outperforming all others, since Asian equity markets were less affected by the U.S. subprime mortgage crisis compared with their peers in Europe and the U.S.

The three mixed-asset funds delivering the highest monthly returns in July 2007 were: **AIG Global Funds–AIG Asia Balanced** (+5.79%), **JF Asia One** (+5.52%), and **Baring Asia Balanced** (+4.16%).

Meanwhile, **Franklin Income A MDis** (-2.58%), **SIS High Growth** (-2.50%), and **UBS (Lux) Strategy Fund–Growth USD A Acc USD** (-2.08%) lay at the bottom of the ranking table.

Figure 8 Ten Top and Bottom H.K.-Authorized Mixed-Asset Funds Under LGC in July 2007



Source: Lipper



Table 7 Ten Top and Bottom H.K.-Authorized Mixed-Asset Funds in July 2007

Name	% Growth TR HKD 1M 29/06/2007 To 31/07/2007	% Growth TR HKD 3M 30/04/2007 To 31/07/2007	% Growth TR HKD 7M 29/12/2006 To 31/07/2007	% Growth TR HKD 1Y 31/07/2006 To 31/07/2007	% Growth TR HKD 3Y 30/07/2004 To 31/07/2007	% Growth TR HKD 5Y 31/07/2002 To 31/07/2007
AIG Global Funds - AIG Asia Balanced L	5.79	17.21	25.63	55.51	136.33	177.98
JF AsiaOne Fund	5.52	16.51	31.58			
Baring Asia Balanced	4.16	10.29	19.34	39.34	96.07	140.43
BOCHK China Income Fund A	3.73	9.37	12.99	25.92	46.16	
JF Pac Balanced A Dist USD	3.40	6.71	13.79	28.13	65.10	115.06
Standard Life IPT-Global Balanced-Class Three	2.99	8.57	18.80	38.04	87.67	
PCIIM Global Balanced	2.82	11.92	19.60	37.65	69.75	82.27
BOCHK Hong Kong Income Fund A	2.78	3.47	9.17	15.43	37.18	
Fidelity Global Invt-Life Style-Balanced	2.71	6.86	12.42	25.77	70.13	112.60
Allianz GIS RCM Oriental Income A Dis	2.67	9.20	19.45	29.67	105.38	
SIS Growth	-1.76	-2.09	2.81	11.98	34.52	67.64
Templeton Global Balanced A QDis USD	-1.80	-1.21	4.32	15.71	46.95	93.49
ABN AMRO Model Fund 5 EUR	-1.80	-2.21	4.24	17.08	57.66	91.44
Schroder STS Very Agg Portf A Acc	-1.82	-0.54	6.91	21.27		
CitiSelect Asia Tilt Growth A USD	-1.92	0.50	5.20	16.81	49.13	70.44
CitiSelect Global Growth A USD	-1.98	-1.29	2.97	12.46	34.34	53.74
JPM Global Total Return USD A Acc USD	-2.03	-3.69	-0.27	0.32		
UBS (Lux) Strategy Fund - Growth USD B	-2.08	-0.69	3.76	14.71	38.04	64.08
SIS High Growth Fund	-2.50	-3.02	2.69	13.45	41.08	80.38
Franklin Income A MDis	-2.58	-3.51	2.42	10.03	32.60	81.52

Source: Lipper, calculated until July 31, 2007

Since not all fund NAVs are reported at the same intervals, the last available price is used for performance calculations. The preceding month's figures may also be readjusted as a result.

Table 8 Technical Analysis of Ten Top and Bottom H.K.-Authorized Mixed-Asset Funds in July 2007

Name	% Growth TR HKD 1Y 31/07/2006 To 31/07/2007	Std Dev Ann TR HKD 1Y 31/07/2006 To 31/07/2007	Sharpe Ratio RFR= 1Y HIBOR 1Y 31/07/2006 To 31/07/2007	Lipper Score			
				3 Years			
				Consistent Return	Expense	Preservation	Total Return
AIG Global Funds - AIG Asia Balanced L	55.51	6.39	7.98			5	
JF AsiaOne Fund							
Baring Asia Balanced	39.34	4.59	7.58	Leader	3	5	Leader
BOCHK China Income Fund A	25.92	5.51	3.88	Leader	3	2	Leader
JF Pac Balanced A Dist USD	28.13	3.46	6.82			3	
Standard Life IPT-Global Balanced-Class Three	38.04	3.78	8.87			3	
PCIIM Global Balanced	37.65	5.56	5.96	Leader	Leader	4	Leader
BOCHK Hong Kong Income Fund A	15.43	2.77	3.94	3	4	Leader	3
Fidelity Global Invt-Life Style-Balanced	25.77	4.12	5.16			2	
Allianz GIS RCM Oriental Income A Dis	29.67	4.78	5.26	Leader	3	4	Leader
SIS Growth	11.98	4.88	1.53	5	Leader	4	5
Templeton Global Balanced A QDis USD	15.71	5.80	1.93	3	3	4	3
ABN AMRO Model Fund 5 EUR	17.08	6.24	2.01			5	
Schroder STS Very Agg Portf A Acc	21.27	6.06	2.76				
CitiSelect Asia Tilt Growth A USD	16.81	5.31	2.31	4		5	4
CitiSelect Global Growth A USD	12.46	5.31	1.49	5		5	5
JPM Global Total Return USD A Acc USD	0.32	4.62	-0.91				
UBS (Lux) Strategy Fund - Growth USD B	14.71	5.73	1.78	5	5	3	5
SIS High Growth Fund	13.45	6.19	1.44	4	2	5	4
Franklin Income A MDIs	10.03	5.70	0.96			4	



Source: Lipper, calculated until July 31, 2007

Since not all fund NAVs are reported at the same intervals, the last available price is used for performance calculations. The preceding month's figures may also be readjusted as a result.

Outlook

With the prevailing correction among the global equity markets that commenced on July 24, 2007, many have become undervalued. Also, technical analysis indicates they have become oversold.

However, it appears the U.S. subprime mortgage crisis will continue to haunt the financial markets and deprive the equity markets of the momentum to stage a sustainable recovery. More importantly, there are already some economic figures implying that the U.S. subprime mortgage crisis has decelerated consumer spending and business investment. Should more evidence be released subsequently to reinforce such a scenario, confidence—already fragile—will be shaken further and market liquidity will be trimmed. Also, corporate earnings growth may inevitably need to be reduced. All these factors can increase the downside risk of equities.

Leading Fund Intelligence

Page 15 of 18

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For the fixed income sector the perception of higher credit risk appears unlikely to be dissipated in the near term. As such, the investment appeal of riskier credits will remain lackluster, and capital will continue to be parked in securities with low credit risk such as government and investment-grade corporate bonds.

Summing up, the financial markets will remain volatile and buy signals may not reappear until the U.S. subprime mortgage crisis is successfully resolved. Nevertheless, volatility is not a bad thing because it creates investment opportunities. Investors must assess their risk tolerance and other constraints when making investment decisions.

Table 9 Forward P/E Ratios and Dividend Yields of Global Equity Markets

Name	Closing price as of 10/08/2007	1-year forward P/E ratio	2-year forward P/E ratio	1-year forward dividend yield	2-year forward dividend yield
Bombay SE Sensex (BSE 30)	14,868.25	18.50	16.13	1.40	1.60
Bovespa Brazil	52,638.13	10.55	9.45	3.03	3.36
CAC 40	5,448.63	12.19	11.22	3.27	3.60
Dow Jones Industrial Average	13,239.54	14.99	13.59	N/A	N/A
FTSE 100 CR	6,038.30	11.65	11.12	3.76	4.06
Hang Seng China Enterprise	12,276.06	19.43	16.23	1.80	2.14
Hang Seng	21,792.21	15.39	14.97	2.97	3.34
Hungary Budapest	27,520.87	12.95	12.07	2.69	3.05
Kuala Lumpur SE Composite	1,287.70	15.31	14.01	3.51	3.80
Mexico IPC	29,420.47	14.54	12.66	1.81	2.74
NASDAQ Composite	2,544.89	21.56	18.21	N/A	N/A
Nikkei 225	16,764.09	18.70	17.49	1.22	1.30
Philippine PSE Composite	3,281.96	15.94	13.84	2.84	3.22
S&P 500	1,453.64	15.02	13.56	N/A	N/A
Shanghai A Share	4,984.51	39.22	31.44	0.81	0.98
Shenzhen A Share	1,380.61	39.21	30.33	N/A	N/A
Singapore Straits Time	3,359.18	16.29	14.93	3.08	3.37
Taiwan Weighted Price	8,931.31	14.32	12.56	3.96	4.26
Thailand SET	804.84	11.69	10.58	3.88	4.23

Source: Reuters

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“While MPFs are a long-term investment, diversifying one’s portfolio is critical to reduce volatility if a particular market or sector is wiped out. The key message remains the same: performance should not be used in isolation when selecting a fund for investment. Regular reviews of portfolio performance, consultation with an investment professional, and the use of an independent third-party analysis will help investors find funds that fit their investment needs.”

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Page 17 of 18

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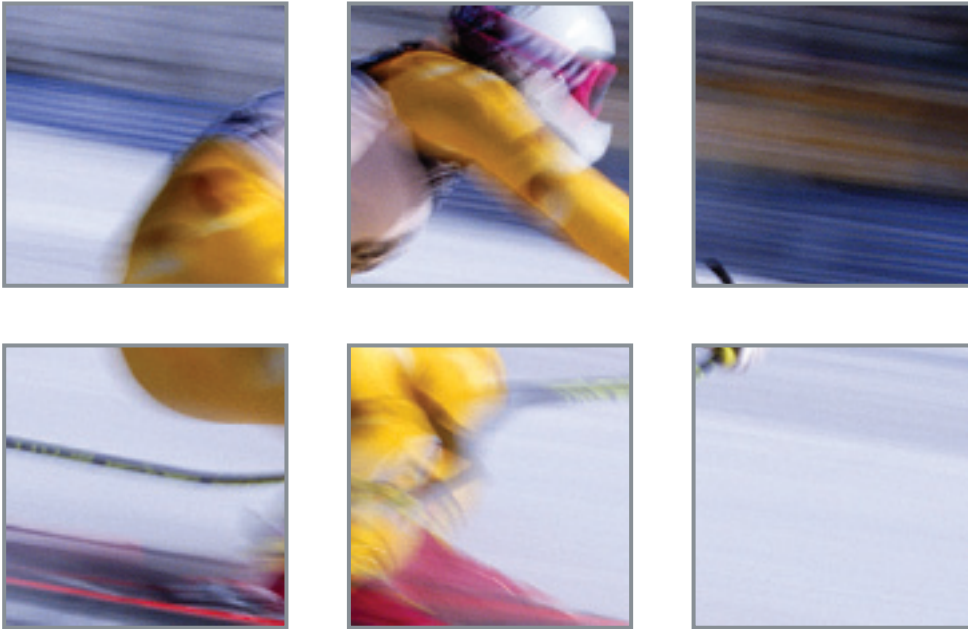
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