

Market Review

- Emerging markets stocks made marginal gains in July. The MSCI Emerging Markets Index rose 1%, with many of the areas worst hit by the recent bout of investor risk aversion springing back the most.
- Solid increases in Central and Eastern European stock markets and a rally in Financial, Information Technology and infrastructure related stocks helped to keep markets buoyant. Most emerging markets currencies appreciated against the US dollar and emerging markets bonds gained.
- The trend toward monetary policy tightening in developing nations continued; authorities in Brazil, India and South Korea, among several others, raised interest rates.
- The MSCI China IMI rose 5% in US dollar terms as investors took heart from signs that government efforts to cool the country's rapidly growing economy had begun to take effect, reducing the need for further tightening measures. The Industrials and Information Technology sectors climbed whilst Financials regained some ground after a dip in property prices in June calmed fears of a speculative bubble in China's housing market.
- Stocks in India fell 6% amid nationwide protests about the government's inability to contain rising prices. Wholesale price inflation levels in June defied the Reserve Bank of India's efforts to rein in inflationary pressures through four interest rate hikes this year.

- Smaller markets in Southeast Asia maintained their strong recent performance. Although Philippines fell 4% for the month, Taiwan was up nearly 2% over the same period, benefiting from a bounce in technology stocks. Shares of HTC surged more than 40% in US dollar terms.
- South Korea was buoyed by financials. Samsung Electronics, South Korea's largest exporter, announced record second-quarter profits. Shares of the company gained 8% in US dollar terms.
- Brazilian equities leapt 6%. Bank stocks led the rebound, climbing on strong quarterly results and continued credit growth. Vale shares jumped after the company posted a fourfold increase in second-quarter profits from a year earlier.
- Central and Eastern European stocks, bonds and currencies rallied sharply as stress tests on Europe's banks helped alleviate investors' concerns about weakness in the financial system, which had clouded the region's economic outlook. Russian equities rose 4%, spurred by commodity producers. Polish stocks finished almost 12% higher and Hungary gained about 6%.

Fund Results

Performance in AUD

	Month
NCP-Capital International Emerging Markets Equity Trust	-0.39%
MSCI Emerging Markets Index with net dividends reinvested	1.08%
Value Added	-1.47%

Contributors

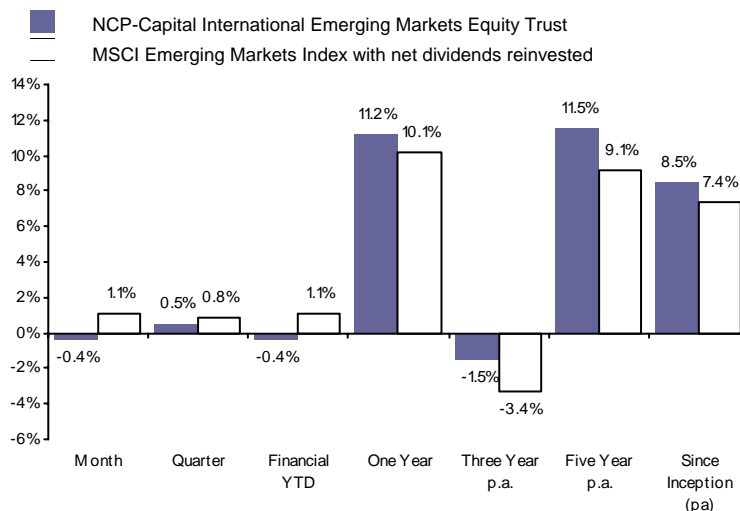
- Stock selection in Materials (LG Chem, Vale)
- Stock selection in Consumer Discretionary (Astra Intl)
- Stock selection in Financials

Detractors

- Stock selection in Consumer Staples
- Stock selection in Telecommunication Services
- Stock selection in Information Technology (Genpact)

Risk Information (4)

Standard Deviation (%)	17.40
Tracking Error (%)	4.39
Information Ratio	0.41



- Market value of the investment as at month end was \$373.45 Million
- Inception date is 31 October 1997. All returns are Gross.
- Benchmark = MSCI Emerging Markets Index with net dividends reinvested.
- Calculations based on monthly calculations over rolling 3 year periods
- This portfolio does not allow hedging and has a maximum cash weighting of 5%

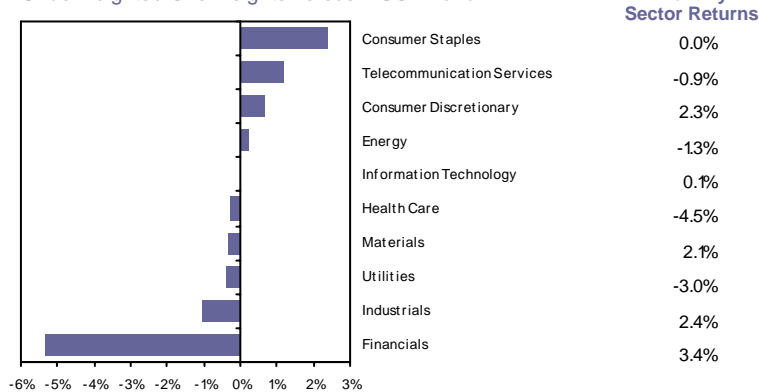
Fund Composition

Top 10 Holdings

	Sector	Country	%
Reliance Industries	Energy	India	3.5
HDFC Bank	Financials	India	3.1
Samsung Electronics	Information Technology	South Korea	3.1
Gazprom	Energy	Russia	2.8
LG Chem	Materials	South Korea	2.5
America Movil	Telecommunication Services	Mexico	2.3
China Shenhua Energy	Energy	China	2.0
Taiwan Semiconductor	Information Technology	Taiwan	1.6
Ind & Com Bank of China	Financials	China	1.6
ICICI Bank	Financials	India	1.6

Sector Diversification

- Underweights / Overweights versus MSCI World



Index Return: 1.1%

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