KUDU FUND

EMERGING EUROPE, MIDDLE EAST, AFRICA

MONTHLY REPORT JULY 07

KUDU

KUDU

TOP 15 LONG POSITIONS

	%
SBERBANK	4.79%
HELLENIC BANK	4.48%
OTP BANK	4.05%
ALPHA BANK	3.56%
BULGARIAN LAND DEVELOPMENT	3.19%
MICHANIKI	2.97%
OPAP	2.96%
SWEDBANK	2.91%
FIRST GULF BANK	2.69%
ORIENTAL WEAVERS	2.64%
MTN GROUP	2.59%
BANK MUSCAT	2.58%
AKSIGORTA	2.57%
NOVOLIPET STEEL	2.49%
HALYK SAVINGS BANK	2.35%

TOP 5 CONTRIBUTORS MTD

	BPS
HELLENIC BANK	60
VIVARTIA	46
SEVERSTAL	36
ILLIAD AFRICA	33
AKSIGORTA	28

TOP 5 CONTRIBUTORS YTD

	BPS
AFRICA ISRAEL	243
HELLENIC BANK	202
EVRAZ GROUP	185
ALDAR PROPERTIES	156
VIVARTIA	149

FUND SHARE PRICE

	€	£	$
CLASS A		101.79	101.95
CLASS B	208.87	218.43	218.70

FUND INFORMATION

CLASS A
ISIN
€ BMG532541270
£ BMG532541197
$ BMG532541015

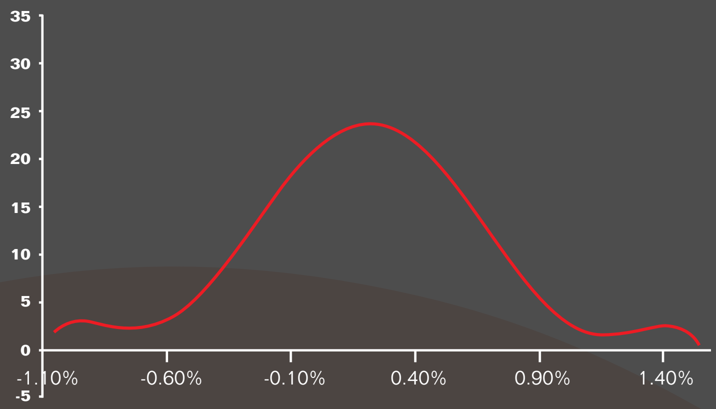
SEDOL
£ B1W7LS0
$ B1W7LR9

BBG TICKER
£ CLACTAS BH
$ CLACTAD BH

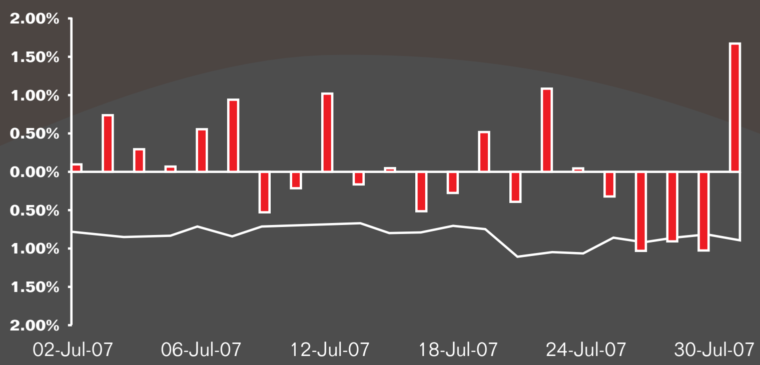
US DELAWARE FEEDER
$ US5011831071

Domicile: Bermuda and Delaware, USA
Listing: Irish Stock Exchange
Assets: $200mln
Start Date: Jul-01
Liquidity: Quarterly
Lock up: 1 year soft lock up (3% redemption fee)
Currency: €/$/£
Minimum: Class A £/€/$100,000
Man Fee: 2%
Performance: 20% with HWM
Manager: Kudu Emerging Markets Limited
Administrator: BISYS
Auditors: Ernst and Young
Prime Broker: UBS AG

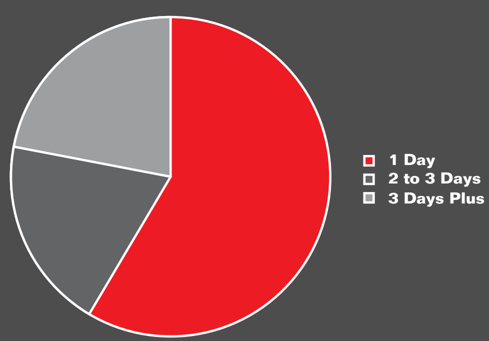
Daily Volatility - 1 Year



Daily % Change Vs Projected VAR



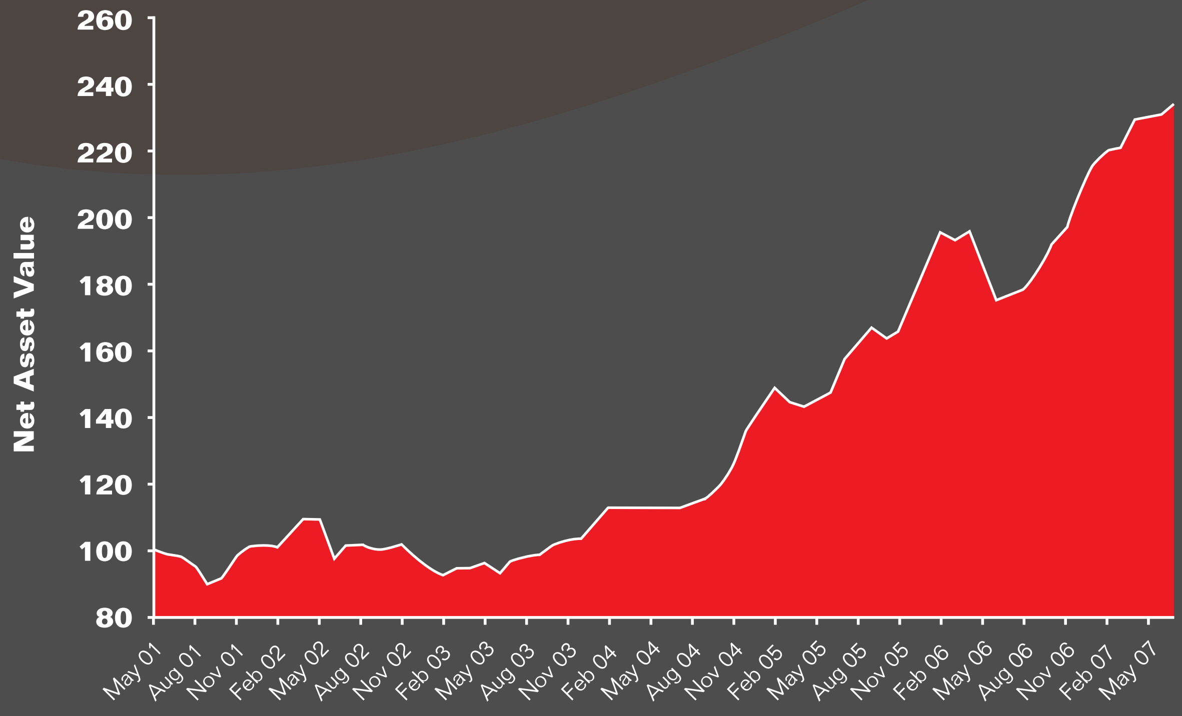
Position Liquidity - Number Days Average Volume



	2001	2002	2003	2004	2005	2006	2007
Jan		0.6	-2.9	3.9	4.6	6.0	4.6
Feb		-0.5	-2.3	4.7	4.1	5.0	2.0
March		5.3	2.6	-0.1	-2.9	-1.4	0.2
April		2.9	-0.3	0.1	-1.0	1.5	3.7
May		0.0	1.5	-0.1	1.5	-5.3	0.5
June	-1.0	-10.5	-3.0	0.1	1.8	-5.5	0.3
July	-1.3	4.8	3.9	-0.2	7.1	0.8	1.5
August	-3.0	-0.5	1.7	1.4	2.6	0.8	
September	-5.4	-1.5	0.3	1.4	3.2	3.3	
October	2.0	0.0	3.1	3.5	-2.4	4.5	
November	7.4	1.4	1.2	5.1	1.3	2.6	
December	2.4	-4.0	1.1	8.6	6.3	5.0	
Year	**0.6**	**-3.5**	**6.9**	**31.8**	**29.1**	**17.7**	**13.5**

€ class monthly returns since inception - net of all fees

Kudu Absolute return fund (Euro class)



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Monthly Report

The Kudu Fund rose by 1.5% in July, compared to a fall of 3.5% in the Morgan Stanley Pan European Index and a gain of 1.7% in the Morgan Stanley EMEA Index.

The month was highlighted by extreme levels of volatility. Strong early performance, particularly in the emerging markets of Asia, was followed by steep declines at the end of the month, precipitated by mounting global concern about the potential impact of the US sub-prime crisis on global liquidity.

EMEA markets have not been immune to the widespread nervousness in global markets, and in particular areas there have been sharp falls in some valuations. The Kudu Fund's approach at times like this is to reduce portfolio risk and to put additional effort into researching and analyzing the prospects and valuations of each individual position in the fund.

From the perspective of individual companies trading in Turkey, Kazakhstan, Israel, Russia, Greece or the other countries represented in the fund, there is no evidence of any slowdown or softness in demand. In many countries the opposite is true, as business conditions improve and profit growth is robust. At a valuation level, continued worries about a US slowdown in the second half of 2007 have kept valuations at low levels, in both absolute and relative terms. There has been little investor enthusiasm for EMEA in 2007, with either flat fund flows or small outflows. Whatever 'irrational exuberance' there has been in emerging markets has been directed towards Asia and Latin America.

It is unlikely that EMEA markets or economies will decouple from America if the US slows markedly, but there are so many possible macroeconomic outcomes that it is pointless to try to shape a long and short stock portfolio on the basis of one particular prediction. The fund has always concentrated on stock valuation, relative price opportunities, and portfolio management to deal with whatever economic conditions turn up.

Turkey remains an important market for the fund. Turkey is a young dynamic country of 80 million people situated between Europe, Russia and the Middle East, with high growth rates, and a vibrant democracy.

For much of the year Turkey has been the subject of political uncertainty, with elections causing an overhang in the market. The political environment worsened following Prime Minister Recep Erdogan's nomination of Abdullah Gul, the Foreign Minister, for President. Concerned with Gul's previous flirtations with political Islam, the military felt it necessary to intervene to protect the secular Republic from religious fundamentalism through a cautionary open letter published on their website

The resulting early elections called by Erdogan have led to something of a goldilocks scenario in the Turkish political outlook. The ruling AK party's resounding victory of 341 of 550 seats is a comfortable majority, but still short of the 367 needed to force through their own choice of president. The CHP, pro-secular and founded by the father of the Republic, Kemal Ataturk, won only 21 percent of votes.

This outcome has substantial implications for the country. Firstly, despite the rhetoric, Turkey clearly remains a fully functioning democracy. Nonetheless, it is unlikely that the military's actions will go unheeded by the AK Party and some compromise looks likely. Under the AKP, Turkey's GDP has grown at an average annual rate of 7.3% and the problem of chronic inflation continues to subside, albeit with temporary blips. The party's continued rule creates a sound and investor friendly environment for companies to operate.

The economic developments have resulted in a construction boom from Istanbul to Antalya. Pent up demand has resulted in double digit growth in much needed residential accommodation in recent years and this is likely to accelerate as interest rates decline with inflation, increasing the affordability of financing. Cimsa Cimento, the third largest producer of white cement in the world, has a 20% market share in the fast growing Central Anatolia and Mediterranean regions. Insufficient local capacity strengthens the company's competitive position and its merger with partial subsidiary Oysa will result in substantial synergies. Despite its competitive advantages and market position the company trades at a substantial discount to global peers.

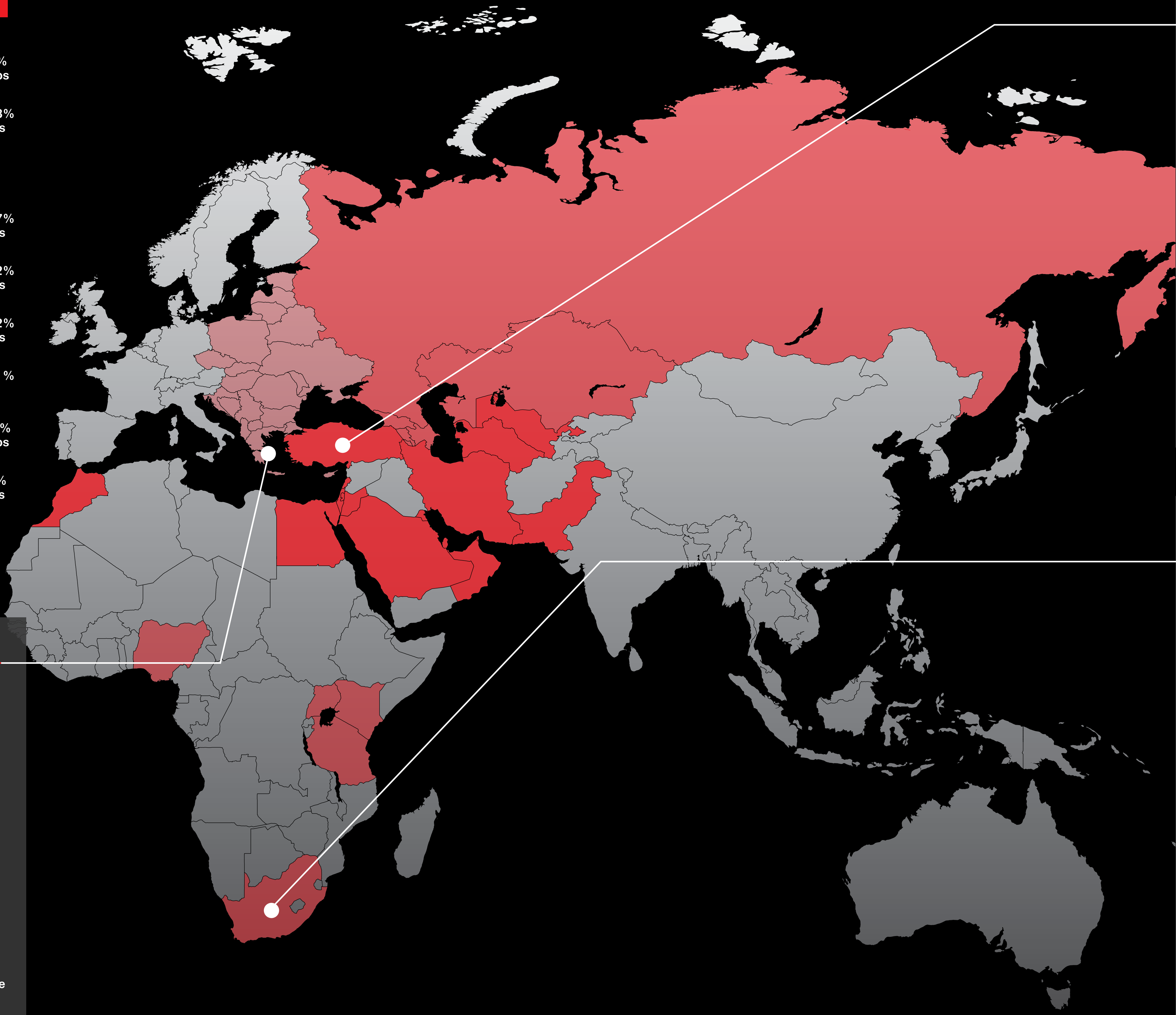
The geographical location of Turkey is strategically important, bridging the oil and gas producers of Iraq and Iran to the South-East with the waterways of the Mediterranean to the West. Petrol Ofisi is the leading distributor of refined oil products in Turkey, with a 35% market share. Highly cash generative assets such as these are particularly appealing from an investor perspective. Petrol Ofisi has been quick to identify the structural shortage of energy supply in Turkey resulting from its young and growing population and increasing spending power of consumers. They have teamed up with OMV, the leading oil and gas company in Central Europe, to integrate upstream into refining. Provisional license approval for a 10m-ton/year refinery has been received and Environmental Impact Assessments are ongoing. The value of refining assets in such a strategic geographic location are phenomenal. The market's focus on distribution fines, which have now been resolved and paid, has again resulted in another interesting opportunity for the Kudu Fund.

The fund continues to find opportunities. Many fast-growing emerging market banks have seen their valuations fall in a general markdown of all financial stocks. As the current crisis clears, there will be a good opportunity to buy quality companies oversold in the recent correction. We have two important research trips on the horizon and look forward to briefing you on our findings.

The Kudu Team

GEOGRAPHICAL EXPOSURES/ATTRIBUTION

Emerging Europe:		
	Beta adjusted net exposure:	+2.13%
	Performance attributions:	-16bhps
Greece:		
	Beta adjusted net exposure:	+10.68%
	Performance attributions:	+20bps
Israel:		
	Beta adjusted net exposure:	+2.6%
	Performance attributions:	-4bps
Russia and the CIS:		
	Beta adjusted net exposure:	+14.87%
	Performance attributions:	+55bps
Turkey:		
	Beta adjusted net exposure:	+11.22%
	Performance attributions:	+78bps
Africa:		
	Beta adjusted net exposure:	+12.32%
	Performance attributions:	+40bps
Middle East:		
	Beta adjusted net exposure:	+13.61%
	Performance attributions:	-4bps
Others:		
	Beta adjusted net exposure:	-15.70%
	Performance attributions:	-22bhps
Total monthly attribution:		
	Beta adjusted net exposure:	51.73%
	Performance attributions:	147bps



JUMBO BABYLAND – GREECE

Jumbo is the largest retailer of toys and baby products in Greece and is expanding into the Balkans. The investment case is based upon the obvious success of its business model, being a one-stop shop for parents and children. Continued double digit like-for-like growth remains impressive and the expansion plans are clearly well researched. A key driver is the ability of the stores to cross-sell to parents more than just children's toys and baby products, a concept that is clearly appreciated by consumers. On our estimates, the company trades on a PEG ratio of 0.7, and we remained convinced that the exceptional management and skill of Mr. Vakakis, the founder, will continue to execute the business plan.

BANK ASYA – TURKEY

Bank Asya is Turkey's largest participation bank, or what is more commonly known as Islamic bank. Participation banking is fast gaining acceptance in the Islamic world as an increasing number of products obtain the necessary Sharia approvals. The result is sustained loan growth well above the market. Margins are also higher with the niche products offered to a captive audience. Bank Asya trades on 9.5x estimated 2008 earnings and a price to book multiple of 2, despite a return on equity of some 25% and company guidance of nearly 40% loan growth for the year. Dubai Islamic Bank, a world leader in Islamic finance, has the stated intention of acquiring a Turkish participation bank due to the clear attractiveness of the market. Such a move is likely to stimulate the sector as a whole and strongly benefit Bank Asya as the market leader.

PICK'N PAY STORES LTD – SOUTH AFRICA

Pick 'n Pay is a leading food retailer in South Africa, with a smaller subsidiary in Australia. Founded and controlled by Raymond Ackerman, the company is extremely cash generative and benefits from the structural trends of growing purchasing power across the 42 million South African population. Previous expansion into the Australian market has proven extremely difficult for the company, with operations remaining loss-making for some time. However, the implementation of the higher margin franchise model across Australia, together with the domestic expansion of its hypermarket format is rapidly returning the company to a more predictable level of solid earnings growth. The current valuation, on our estimates, of 7x 2008 annualised EV/EBITDA is a substantial discount to the premium that this company has historically commanded. The recent market turmoil, together with the impact of the unexpected rate rise, provide a very attractive entry price into the stock.