

# Close Finsbury Japanese Equity Fund A Share Class

Close Finsbury Global Investment Funds Plc

As at 31 July 2006



**Michael Lindsell**  
Fund Adviser

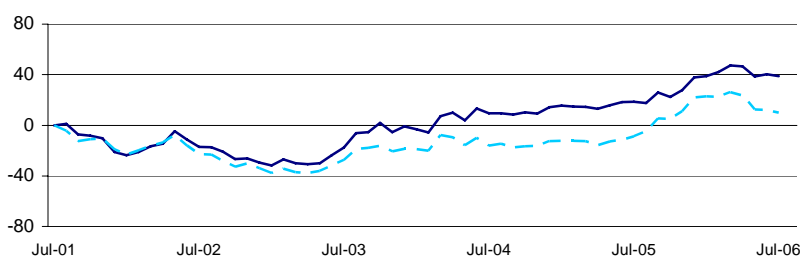
## Investment Objective

To maximise total return over the longer term from a well-diversified portfolio of equities, (and, if considered appropriate, convertible securities) primarily quoted on stock markets in Japan.

## 5 Year Performance

**Fund:** Close Finsbury Japanese Equity Fund A Share Class

**Index:** Japan (TSE) First Section (TOPIX) (JPY)



Source: Lipper. Percentage Growth Capital Return, Gross Tax Default. Fund and Index performance has been rebased to sterling. Past performance is not a guide to future performance.

## Cumulative Year Performance

	Fund%	Index%
YTD	0.6	-9.6
1 year	16.9	20.5
3 years	68.0	51.8
5 years	38.7	10.0

## Discrete Year Performance

	Fund%	Index%
2005	20.6	39.3
2004	15.4	7.4
2003	40.5	23.3
2002	-10.5	-18.4
2001	-26.0	-28.1

## Standardised Discrete Performance Information

Percentage Growth	July 01- July 02	July 02- July 03	July 03- July 04	July 04- July 05	July 05- July 06
12 Month Total Return	-17.1	-0.5	32.7	8.3	16.9

Source: Cumulative, Discrete and Standardised Discrete performance all sourced from Lipper. Percentage Growth Total Return, Gross Tax Default. Fund and Index performance has been rebased to sterling. Past performance is not a guide to future performance.

## Investment Outlook

The Fund fell in value marginally during July, by 0.2%, which compared with a fall of 0.9% in the market as measured by the TOPIX index. Like June it was a month when the market fell sharply mid-month before recovering to close almost unchanged by its end. Unlike last year the profit prospects for the quoted corporate sector are currently, at the beginning of the fiscal year (1 April 2006), less clear with current expectations indicating no change. With input costs having risen so much and with the threat of slower export growth, investors are understandably concerned about falling profits, which probably explains the market's skittishness.

The Fund benefited from the continued strong performance of Nintendo (up 12%) and the advance in Mabuchi Motor to a new 2006 high but suffered from the fall in the price of Impact 21 (down 13%) and Takefuji (down 18%). Takefuji's fall, caused by the threat and uncertainty of regulatory change, was more injurious as it is a large, approximately 9%, position. Looking beyond that we think the business offers exceptional value to investors not least because at this price level the business could offer a dividend yield over 4%.

It is results season in Japan once again and good to see that Kirin and Canon have both achieved half year performances ahead of target, with Canon forecasting a 34% advance in this year's dividend on top of last year's rise of 52% as well as the possibility of its first ever share buyback. In addition, two of the pharmaceutical companies, Astellas and Takeda, announced sizeable buybacks accompanying their results which confirms our suspicion that this is likely be another year of increased shareholder returns from the companies held by the Fund.

## Biography

Michael Lindsell is the Investment Adviser to the Close Finsbury Japanese Equity Fund. Michael's career and interest in Japanese equities started over 20 years ago at Lazard Brothers. Successful roles as a Japanese equities fund manager and Head of Japanese equities followed at Scimitar Asset Management Hong Kong, Warburg Asset Management and GT Management's Tokyo office followed over the next 15 years. After being relocated to the UK in 1997, he was appointed head of the combined global product team following the acquisition of GT by INVESCO in 1998. 18 months later, Michael left to establish Lindsell Train Limited, together with Nick Train in 2000.

## Adviser Profile

Lindsell Train Limited, which is authorised and regulated by the Financial Services Authority, was formed in December 2000 by Michael Lindsell and Nick Train who worked together at GT Management from 1992 through to GT's takeover by INVESCO in 1998. Both Michael Lindsell and Nick Train went on to fulfil senior roles at INVESCO and M&G PLC respectively, where they continued to develop an in depth knowledge of investment processes and the worlds' stockmarkets. Their shared investment philosophy is to invest in durable businesses that are significantly under priced or less durable businesses that are valued by the market at a significant discount to their net balance sheet financial assets. This is achieved by choosing a concentrated portfolio of a small number of stocks with the intention of holding them for the medium to long term. They have £400m funds under management as at 30 June 2006.

## Investment Policy

The Close Finsbury Japanese Equity Fund is an actively managed fund investing in a select portfolio between 20 to 30 stocks. The investment style is bottom-up, where companies are screened to find good medium-term growth prospects, strong balance sheets and attractive valuations.

Figures sourced from Lipper. Figures quoted in Japanese Yen (local currency)

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## Close Finsbury Japanese Equity Fund A Share Class

### Ten Largest Holdings as at 31/07/2006 (%)

Name	Total
Nintendo	9.7
Takefuji Corporation	9.4
Canon	8.5
Kansai Electric Power	6.1
Kao	5.9
Astellas Pharma	4.8
Aderans	4.6
Fuji Photo Film	4.4
Meiko Network Japan	4.4
Ito En	4.2
Total	62.0

Source: All portfolio information sourced from Close Finsbury Asset Management Limited

### Share Price Total Return on £100 (£)

YTD	100.6
1 year	116.9
3 years	168.0
5 years	138.7

Source: Close Finsbury Asset Management Limited

### Risk Warning

The information contained herein concerns a sub-fund of Close Finsbury Global Investment Funds Plc, an open ended investment company domiciled in Ireland and a recognised collective investment scheme for the purposes of the UK Financial Services and Markets Act 2000, which is managed by Close Finsbury Asset Management Limited. Any opinions on individual stocks are those of the Fund's Investment Adviser and no reliance should be placed on any such views. Any research in this document has been procured and may have been acted upon by Lindsell Train Limited for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the Close Brothers Group or any part thereof and no assurances are made as to their accuracy. Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Fund and has not been prepared in connection with any such offer or invitation.

Issued by Close Finsbury Management Limited

August 2006

## As at 31 July 2006

### Fast Facts

Launch Date	30/10/1998
Benchmark	Japan (TSE) First Section (TOPIX)
Minimum Investment	£1,000 Lump Sum £100 Direct Debit
Charges	£100 Top-up 4.5% Initial
Annual Management Charge	1.5% Payable by the Fund
Performance fee	20% of the amount NAV growth has exceeded the growth in the benchmark (high watermark)

### Fund Characteristics

Number of Holdings	24
Total Fund Value (Million)	GBP5.4/ JPY1.2bn GBP13.3 (A+B) JPY2.8bn (A+B)
Yield	N/A
Currency	JPY
Fund Type	OEIC
Price	GBP 1.16 JPY 246
Dealing	Daily

### Codes

Sedol	0438418
ISIN	IE0004384180
Bloomberg	FINJEQI ID

### How to Invest

Available with wrapper products: ISA, Savings Scheme, PEP

Available outside wrapper: Direct Dealing

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