

Close Investments Limited

Japanese Equity Fund – A Share Class

A sub-fund of Close Finsbury Global Investment Funds Plc

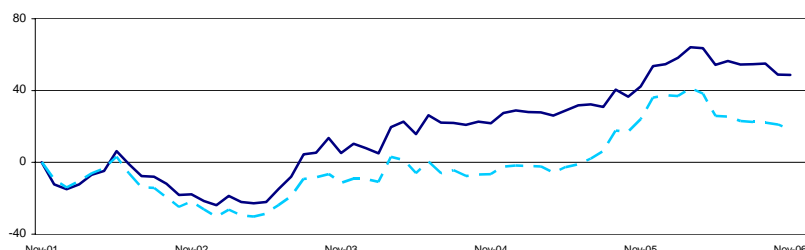
Investment Objective

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: 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	-3.2	-13.5
1 year	4.5	-5.0
3 years	41.2	32.8
5 years	48.7	17.8

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	Nov 01- Nov 02	Nov 02- Nov 03	Nov 03- Nov 04	Nov 04- Nov 05	Nov 05- Nov 06
12 Month Total Return	-17.7	28.0	15.7	16.8	4.5

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

All recent new positions have been in small companies, notably Sansei Food and Medikit. Over the last two months we have added to that roster with the initiation of a position in Earth Chemical. Earth Chemicals began as a drug maker in 1892 and has grown to dominate Japan's household insecticide market with a 50% market share. There are two main competitors, Dainihon Jochugiku, a private company with 25% market share and Fumakilla, with a 10% market share. Earth owns 4% of Fumakilla. Most householders require insect repellent in Japan. However, we cannot expect much growth from the company as the number of households in Japan will likely peak and begin falling in the next 10 years but we can anticipate consolidation (the small stake in Fumakilla hints at this) and a steady increase in profitability as the company establishes overseas production facilities. Not only will this cut the cost of manufacture but it should also allow the company to access much cheaper raw materials. The company also distributes oral hygiene products, notably GlaxoSmithKline's denture cleaner and fixing agents. These provide stable revenues but only low margins. A further 15% of the company's sales are accounted for by an environmental sanitation business, which is growing steadily and generating 10% margins. Overall the company generates 6% margins that we think could expand to 10%. The company has ample resources to fund the capacity expansion overseas, is looking to consolidate the 5 production facilities in Japan and to increase its dividend. It has already announced a 20% rise for this financial year. We were able to accumulate an initial position in the shares at an enterprise value equating to 35% of sales, a dividend yield of 2.5% and an earnings yield (post-tax operating profit/enterprise value) of 8%, from a business generating a steady 15% return on capital.

Two companies we own have acquired new businesses in the last month, which should enhance return on capital as low yielding cash is put to better use. Nissin Food is acting as a white knight to a competitor, Myojo Food, by tendering for a 33.4% stake and trumping the rival tender offer. Myojo has approximately 10% market share in the instant noodle market in Japan which when combined with Nissin's will amount to a market share of 55%. The cost of this is just Y12bn for influence over an extra 10% market share. To put it in perspective Nissin's enterprise value was Y250bn (Y55.5bn for each 10% of market share) before the announcement and not surprisingly has since logically risen to Y310bn.

Mercian is Japan's largest producer and distributor of wine in Japan. Wine commands a tiny share of alcoholic beverage sales in Japan but is growing fast and as beer, Kirin's core product, is losing share steadily it makes sense for Kirin to initiate a further diversification of its business. A majority stake of 50.1% values the business at the equivalent of 50% of sales, just above book value at Y49bn. Kirin looks as though it has paid a free cash flow yield of approximately 4%, which seems low. On the other hand it does not allow for the material potential synergies possible from integrating Mercian into the wider Kirin franchise, which we think could prove significant.

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

As at 30 November 2006

Fund Adviser
Lindsell Train Limited



Michael Lindsell

Biography

Michael Lindsell is the Investment Adviser to the 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 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.

Japanese Equity Fund A Share Class

Ten Largest Holdings as at 30/11/2006 (%)

Name	Total
Nintendo	9.9
Takefuji Corporation	9.6
Canon	8.7
Kao	6.1
Kansai Electric Power	5.7
Astellas Pharma	4.8
Meiko Network Japan	4.7
Fuji Photo Film	4.4
Aderans	4.2
Ito En	4.0
Total	62.1

Source: All portfolio information sourced from Close Investments Limited

Share Price Total Return on £100 (£)

YTD	96.8
1 year	104.5
3 years	141.2
5 years	148.7

Source: Close Investments Limited as at 30 November 2006

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 Investments 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.

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December 2006

As at 30 November 2006

Fast Facts

Launch Date	30/10/1998
Benchmark	Japan (TSE) First Section (TOPIX)
Minimum Investment	£1,000 Lump Sum £100 Direct Debit £100 Top-up
Charges	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	25
Total Fund Value (Million)	4.8 GBP/1.1 JPYbn 12.4GBP (A+B) 2.8JPY bn (A+B)
Yield	N/A
Currency	JPY
Fund Type	OEIC
Price	1.11GBP 252JPY
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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