

# Japanese Equity Fund – A Share Class

A sub-fund of Close Investments Global Funds plc  
(formerly Close Finsbury Global Investment Funds plc)

**Fund Adviser**  
Lindsell Train Limited



Michael Lindsell

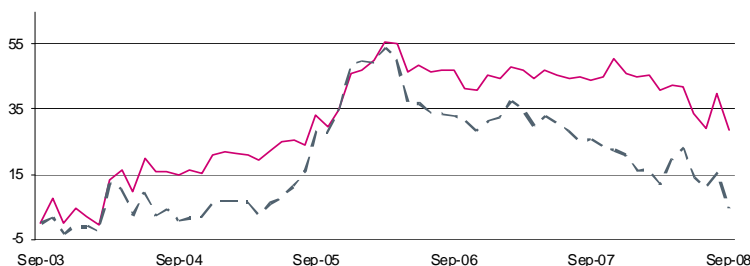
## Investment Objective

To increase real value of client capital over the longer term from a focused portfolio of equities (and if considered appropriate, convertible securities) primarily quoted on stock markets in Japan. The investment performance of the managers will be measured against the TOPIX Index (in Yen terms) and their target will be to secure out-performance over the long term.

## 5 Year Performance (GBP)

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

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



Source: Lipper. Percentage Growth Total Return, Gross Tax Default. Fund and Index performance has been rebased to sterling. Past performance is not a reliable indicator of future results.

## Cumulative Year Performance

	Fund%	Index%
YTD	-12.0	-11.8
1 year	-10.7	-15.1
3 years	-3.5	-14.9
5 years	28.6	11.8

## Discrete Year Performance

	Fund%	Index%
2007	0.4	-7.9
2006	-0.1	-11.5
2005	20.6	39.3
2004	15.4	7.4
2003	40.5	23.3

## Standardised Discrete Performance Information

Percentage Growth	Sept 03-Sept 04	Sept 04-Sept 05	Sept 05-Sept 06	Sept 06-Sept 07	Sept 07-Sept 08
12 Month Total Return	14.6	16.2	10.4	-2.1	-10.7

Source: Cumulative, Discrete and Standardised Discrete performance all sourced from Lipper. Basis: Percentage Growth, Total Return, Gross Tax Default, rebased to sterling. Past performance is not a reliable indicator of future results.

## Investment Outlook

The Fund had a sobering September, falling in value by 12%, but nonetheless a better one than the market, which fell 13.3%. Pleasingly, a number of our larger positions held up well in such a hostile environment. Notable outperformers included most of the consumer franchises - Kao, Mandom, Nissin Food, Ito En and Morinaga - and the healthcare companies - Astellas, Takeda and Taiho Pharmaceutical. Indeed, Nissin Food was up 4% making it look relatively expensive compared to most other companies, where valuations look unprecedently cheap. We took advantage by selling the remainder of our holding, having first cut its size two years ago. In contrast, Nintendo, one of our biggest positions, was weak, falling by 16%. In current market circumstances, where many other investors need to raise cash quickly, it is understandable why the shares might fall so much having delivered such good returns in the recent past, but from any fundamental perspective the company's value is increasingly alluring with the shares now trading on a dividend yield of 4% to March 2009. Canon, an equally large position, fell even more, 23%, on earnings concerns. Profits will definitely fall, this year and next in all probability, but in our view the current price already takes into account such concerns. The recent performance is probably driven by similar short-term considerations to that of Nintendo's. We added to the position. But the weakest positions were the financials, especially those extending mortgage loans. SFCG and Credit Saison (down 48% and 24% respectively) both have parts of their business exposed in such a way. Like credit markets overseas it is clear that the property market in Japan has seized up, with transactions falling to a minimal level. The concern for these companies is that even if the loan to value is conservative and the properties generate a healthy rental income, can the collateral in the event of default be liquidated? This is a relatively small part of Credit Saison's business but for SFCG it represents a more significant part. In anticipation of such problems SFCG has already reduced its property secured loans and plans substantial further reductions this year, obviating the need for further funding. In its recent results SFCG increased provisions materially and plans a similar level of provisioning this year, which is prudent. The company has a prodigious capital base, currently equating to over one third of outstanding loans.

We continue to accumulate cheap small company positions including Shinwa Art Auction and the Osaka Securities Exchange and have begun a new position in Ozeki, a fresh food retailer in a wealthy Tokyo suburb. The franchise is family owned, 50 years old, efficiently run and specialises in high quality products and services allowing it to differentiate itself from the national chains in this area of Tokyo. Growth is driven by existing store sales and in the future by a modest new opening programme. Valuation is enticing: 11% free cash flow yield, net cash at 55% of market capitalisation and a dividend yield of 1.8%.

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

## 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 stocks with the intention of holding them for the medium to long term. They have £443m funds under management as at June 2008.

## Investment Policy

The Japanese Equity Fund is an actively managed fund investing in a select portfolio of 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.

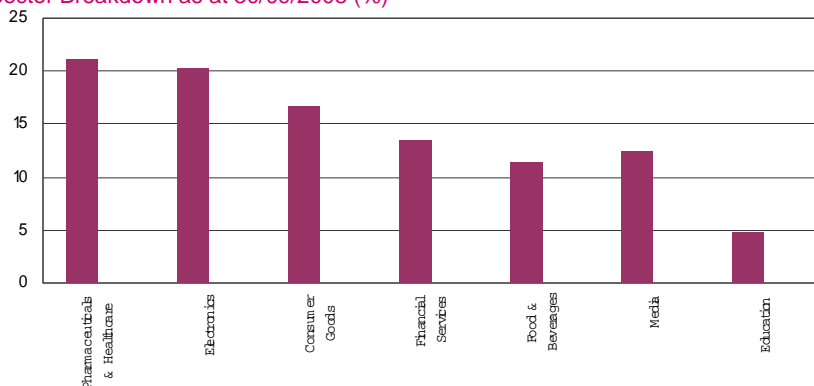
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### Ten Largest Holdings as at 30/09/2008 (%)

Name		Total
Nintendo	Media	8.9
Canon	Electronics	8.4
Kao	Consumer Goods	7.7
Astellas Pharma	Pharmaceuticals & Healthcare	7.6
Takefuji Corporation	Financial Services	4.9
Meiko Network Japan	Education	4.8
Takeda Pharmaceutical	Pharmaceuticals & Healthcare	4.7
Aderans	Consumer Goods	4.6
Ito En Ltd	Food & Beverages	4.6
Obic Business Consultants	Electronics	4.5
		<b>60.9</b>

Source: All portfolio information sourced from Close Investments Limited

### Sector Breakdown as at 30/09/2008 (%)



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

YTD	88.0
1 year	89.3
3 years	96.5
5 years	71.4

Source: Close Investments Limited

### Risk Warning

The information contained herein concerns a sub-fund of Close Investments Global 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. The performance information set out above refers to the past. Past performance is not a reliable indicator of future results. 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. The returns on the Japanese Equity may increase or decrease as a result of currency fluctuations. 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.

Please note that the views and information expressed should not be taken as a recommendation or advice on how the Fund or any holding mentioned is likely to perform. If you wish to obtain financial advice as to whether an investment is or remains suitable for your needs you should consult a financial advisor.

Issued by Close Investments Limited

October 2008

As at 30 September 2008

## Fast Facts

<b>Launch Date</b>	30/10/1998
<b>Benchmark</b>	Japan (TSE) First Section (TOPIX)
<b>Charges</b>	4.5% Initial
<b>Annual Management Charge</b>	1.5% Payable by the Fund
<b>Performance fee</b>	20% of the amount by which NAV growth has exceeded the growth in the benchmark

## Fund Characteristics

<b>Number of Holdings</b>	27
<b>Total Fund Value (Million)</b>	10.3GBP/2.0bnYen 30.9GBP (A+B) 5.8bnYen (A+B)
<b>Yield</b>	N/A
<b>Currency</b>	Yen
<b>Fund Type</b>	OEIC
<b>Price</b>	1.0112GBP 191.3616Yen
<b>Dealing</b>	Daily

## Codes

<b>Sedol</b>	0438418
<b>ISIN</b>	IE0004384180
<b>Bloomberg</b>	FINJEQI ID

## How to Invest

Minimum Investment Yen200,000 Lump Sum  
Yen20,000 Top-up

### New contact details

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