

RIC Japan Equity Fund

Performance Review

	Three Months %	Year to Date %	One Year % ¹	Three Years %	Five Years %	Ten Years %	Fifteen Years %	Since Inception % ²
RIC Japan Equity Fund (¥ Gross of Fees)	-4.5	-16.0	-16.0	-0.7	-13.5	-0.8	0.1	1.6
RIC Japan Equity Fund (¥ Net of Class A Fees)	-4.7	-16.8	-16.8	-1.7	-14.3	-1.8	-0.9	0.6
Japanese Equity Fund Benchmark (¥) ³	-4.2	-17.5	-17.5	-3.9	-14.1	-2.2	-3.5	-1.9
Morningstar Median Manager (¥) ⁴	-4.2	-18.4	-18.4	-3.9	-15.7	-3.7	-3.5	-2.0
Quartile Ranking	3	2	2	1	2	1	1	1
Fund Size ¥ 47bn								

¹ Returns greater than one year are annualised.

² Inception date 30/06/1995

³ Prior to 1st January 2009, benchmark was gross of withholding tax, total return. Benchmark currently net of withholding tax.

⁴ Morningstar Offshore & International Equity Japan Universe

Market Performance

Overview

The Japanese Equity market weakened over the fourth quarter, with the Topix closing the period 4.2% lower amid increasing uncertainty over the state of European sovereign debt. Initial hopes of a resolution to the region's debt woes soon gave way to further doubts after the core European economies of Italy and Spain entered the mix of troubled nations and officials failed to agree on a suitable and practicable plan to end the crisis. Not surprisingly, Japanese banks and exporters – particularly those with the greatest exposure to the euro-zone – were among the hardest hit over the period. Importantly, though, the losses were tempered somewhat by a series of improving Chinese and US economic data; the latter suggesting that the recovery in the world's largest economy may be gathering momentum. At the sector level, financials and materials were among the worst performers over the quarter. Financials weakened as Europe's debt woes showed little sign of abating while materials fell in line with softer global growth expectations. By contrast, energy and telecommunication services were the only sectors to record positive gains over the period. Energy stocks gained as oil prices rose while telecommunication services benefited mainly from the sector's more defensive qualities.

Fund Performance

Performance History (1)



(1) Performance is quoted gross of management fees.

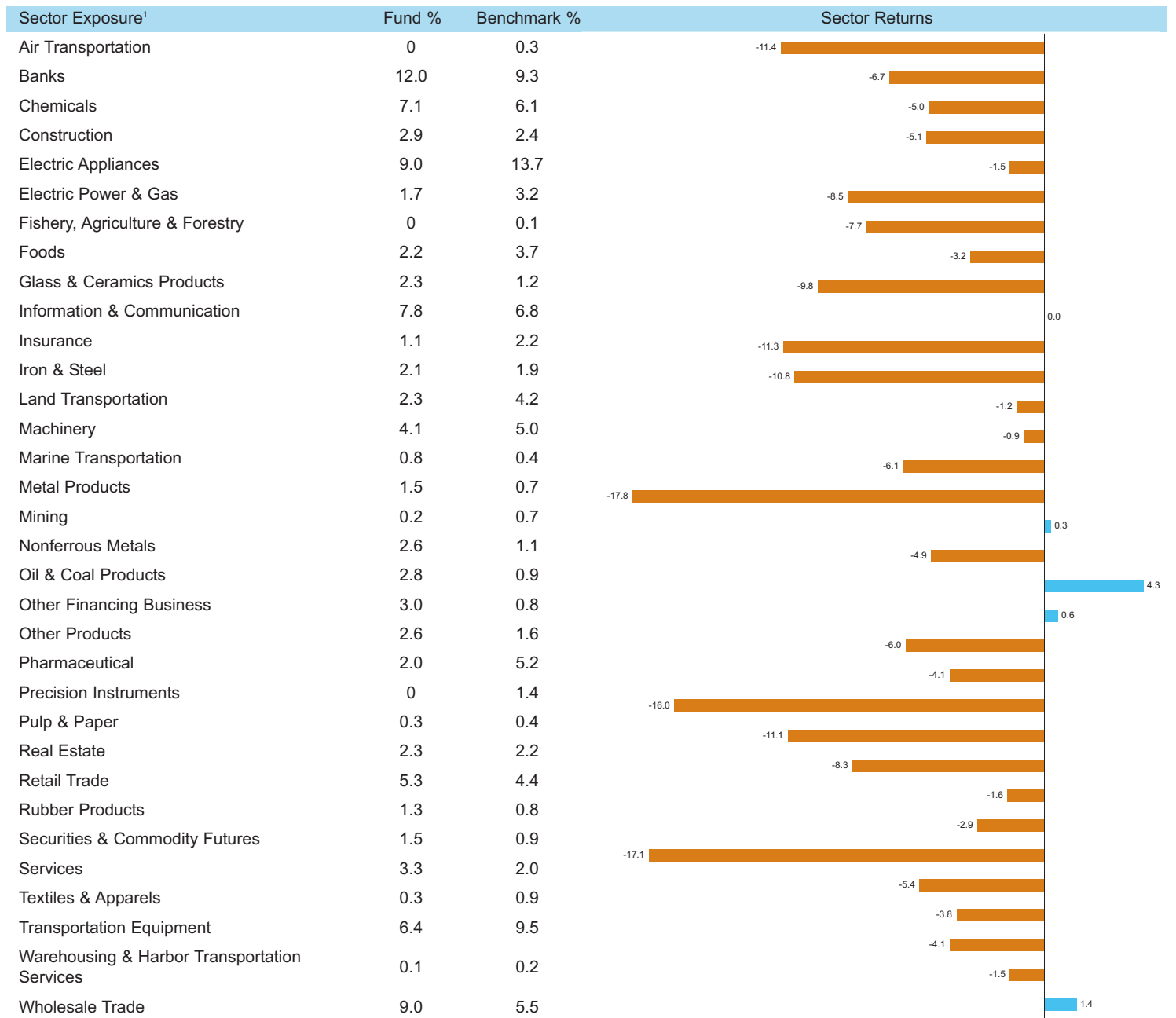
Key Drivers

The Fund underperformed the benchmark over the period. At the sector level, poor stock selection within the industrials and information technology sectors weighed the most on overall returns. In terms of individual stocks, an underweight holding in Honda Motors and overweight exposures to DeNA Co. and Sumitomo Mitsui Trust Holdings impacted returns. Honda gained on hopes that the US recovery is strengthening while DeNA fell in part because of the uncertainty caused by the company's acquisition of the Yokohama BayStars baseball team. Meanwhile, Sumitomo Mitsui Trust Holdings weakened on the back of Europe's persistent sovereign debt woes.

Manager Review

Manager	Approach / Process	Excess Return	Russell Analysis
Alliance Bernstein	Value	2.0%	Alliance Bernstein outperformed over the period, benefiting in part from strong stock selection within the financials and materials sectors. At the stock level, the key contributors to performance were overweight holdings in Nippon Telegraph & Telephone and Tokyo Electron. Both companies have exposure to the US market and were buoyed by signs the US economy may be strengthening. The manager's underweight exposure to the poor-performing financials sector also added value.
JPMorgan	Market - Oriented	1.3%	JP Morgan Focus outperformed over the quarter, benefiting in part from strong stock selection within the information technology, consumer discretionary and health care sectors. At the stock level, the manager's overweight holdings in Sumitomo Corp. and Idemitsu Kosan added the most value. Sumitomo rose after reporting a sharp jump in first-half gross profit while Idemitsu Kosan strengthened on the back of higher oil prices.
Lazard	Neutral to slightly below average valuation, low momentum.	-2.3%	Lazard underperformed over the quarter, due in part to poor stock selection within the industrials and health care sectors. At the stock level, overweight holdings in JS Group and Olympus were among the main detractors from returns. JS Group weakened amid a softer outlook for housing markets globally while Olympus fell sharply in the wake of the scandal involving the advisory fee paid as part of the company's takeover of medical equipment maker Gyrus.
RIS	Deep Value	-0.4%	The Deep Value ISP underperformed the benchmark over the period, due in part to poor stock selection within the industrials and utilities sectors. At the stock level, overweight holdings in Tohoku Electric Power and Nomura Holdings were among the key detractors from returns. Tohoku Electric Power, which counts nuclear energy amongst its power sources, continued to weaken on the back of the fallout from the March earthquake while Nomura Holdings fell amid the ongoing uncertainty caused by Europe's debt crisis.
Zebra	Value	-0.6%	Zebra Capital underperformed over the period. Poor stock selection within the health care and information technology sectors impacted the most on the manager's returns. At the stock level, overweight holdings in Taisho Pharmaceutical Holdings and Sumitomo Mitsui Trust Holdings were among the key detractors from performance. Taisho Pharmaceutical fell after the company cut its 30 September net income forecast by 20% while Sumitomo Mitsui Trust Holdings weakened on the back of Europe's persistent sovereign debt woes.
CouplandCardiff	Growth / Momentum	-0.6%	Coupland Cardiff underperformed over the period. Poor stock selection within the information technology sector weighed the most on returns, including a significant overweight exposure to DeNA Co. DeNA fell in part because of the uncertainty caused by the company's acquisition of the Yokohama BayStars baseball team. Also hurting the manager's performance was an overweight holding in Denso Corp., which declined after reporting a 75% drop in its first-half net profit.
Sumitomo Trust & Banking	Growth style with GARP bias	0.4%	Sumitomo Trust & Banking outperformed over the period. Strong stock selection within the health care sector benefited the manager's performance, including an underweight exposure to Olympus. Olympus fell as the company remained under investigation for having admitted to concealing investment losses. An overweight holding in Sanrio also added value after the stock gained on news the company had raised its year-end dividend forecast.

Fund Analysis



¹ Sector Weights may not sum to 100% due to rounding.

Fund Statistics

Manager Weights	Characteristics	Fund	Benchmark
<ul style="list-style-type: none"> ■ Alliance Bernstein: 20.0% ■ JPMorgan: 12.0% ■ Lazard: 18.0% ■ RIS: 10.0% ■ Zebra: 15.0% ■ CouplandCardiff: 10.0% ■ Sumitomo Trust & Banking: 15.0% 	Sector Deviation	6.54	--
	Market Cap Weighted Nlog	-0.12	--
	Price/Earnings (excl negative earnings)	10.73	12.77
	Dividend Yield	2.41	2.51
	Price to Book	0.85	0.92
	EPS Growth (1 Year)	28.23	28.51
	Tracking Error	Fund	Average Manager
One Year	1.2	4.9	
Three Years	3.6	5.2	
Five Years	3.4	5.8	

Top Ten Holdings

Company Name	Fund %	Benchmark %	Country	Sector
Mitsubishi UFJ Financial Group, Inc.	3.3	2.5	Japan	Banks
Toyota Motor Corp.	2.4	3.3	Japan	Transportation Equipment
Nippon Telegraph & Telephone Corp.	2.4	1.8	Japan	Information & Communication
Mitsubishi Corp.	2.2	1.1	Japan	Wholesale Trade
Mitsui & Co., Ltd.	2.1	1.0	Japan	Wholesale Trade
SUMITOMO MITSUI GR	1.8	1.6	Japan	Banks
ORIX Corp.	1.6	0.3	Japan	Other Financing Business
NTT DoCoMo, Inc.	1.5	1.2	Japan	Information & Communication
MTSUI TRST HLDGS	1.5	0.4	Japan	Banks
JX HOLDINGS INC	1.5	0.5	Japan	Oil & Coal Products

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