

## Close Investments Limited

### Japanese Equity Fund – A Share Class

A sub-fund of Close Finsbury Global Investment Funds Plc

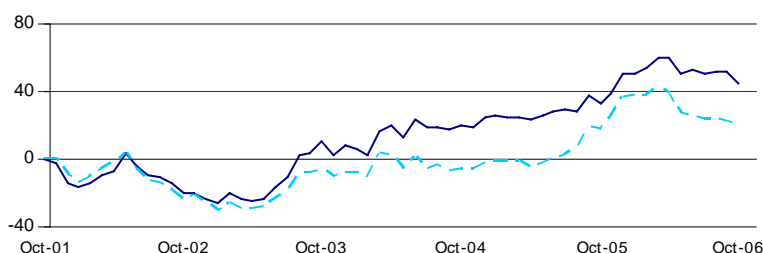
#### Investment Objective

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	-11.1
1 year	9.0	3.3
3 years	31.1	29.4
5 years	45.3	21.6

#### 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	Oct 01- Oct 02	Oct 02- Oct 03	Oct 03- Oct 04	Oct 04- Oct 05	Oct 05- Oct 06
12 Month Total Return	-20.1	38.7	8.1	11.2	9.0

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 by 2.8%, which compared to a rise of 0.4% in the TOPIX index. Most of this month's decline was due to the 22% fall in the price of Takefuji, which remains one of our 3 largest positions. New laws have been drafted by the Japanese Government that will reduce the maximum interest rates charged by consumer finance companies, such as Takefuji, to a lower level than previously proposed. In addition, Takefuji and other consumer finance companies have had to make higher than anticipated provisions against the 'excess interest' on existing higher rate loans, causing interim losses and a fall in book value. The result of these developments has been the recent weakness of the share price. Despite such obvious woes, we remain attracted by the value of the shares. The company is currently valued at a discount to book value of almost 30%. It has ample capital, with loans backed 60% by equity, and it operates one of the most widespread and recognised consumer franchises in Japan. We believe future cash flow returns should remain higher than most businesses even if they may be lower than they once were. The dividend yield is 5.4%, following the company's decision to maintain its dividend, a sign we think, of the true capital strength of the company in such torrid times. The proposed changes will doubtless impact both the extent and likely profitability of its future business, however we believe it may also lead to an elimination of many small and marginal competitors and raise barriers to entry.

Meiko Network, which offers a franchised extra-curricular education service to Japanese school children, reported results in line with expectations but still increased the dividend by 20%, a move that resulted in a monthly gain in the share price of 12%. Like most franchise business models, it is highly cash generative which makes us think that the payout ratio could rise materially from the current level of 30%. On the other hand Aderans, a provider of hair care services to both men and women alike, reported disappointing results. We plan to visit the management in November.

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

## As at 31 October 2006

### Lindsell Train Limited



Michael Lindsell  
Fund Adviser

#### 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 31/10/2006 (%)

Name	Total
Nintendo	9.6
Canon	9.2
Takefuji Corporation	7.8
Kao	6.2
Kansai Electric Power	5.9
Astellas Pharma	4.9
Meiko Network Japan	4.8
Fuji Photo Film	4.5
Aderans	4.2
Kirin Brewery	4.0
<b>Total</b>	<b>61.1</b>

Source: All portfolio information sourced from Close Investments Limited

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

YTD	96.8
1 year	109.0
3 years	131.1
5 years	145.3

Source: Close Investments 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 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.

Issued by Close Investments Limited

November 2006

As at 31 October 2006

### Fast Facts

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

### Fund Characteristics

<b>Number of Holdings</b>	25
<b>Total Fund Value (Million)</b>	5.0 GBP/1.1 JPYbn 14.0GBP (A+B) 3.1JPY bn (A+B)
<b>Yield</b>	N/A
<b>Currency</b>	JPY
<b>Fund Type</b>	OEIC
<b>Price</b>	1.11GBP 248JPY
<b>Dealing</b>	Daily

### Codes

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

### How to Invest

Available with wrapper products: ISA, Savings Scheme, PEP

Available outside wrapper: Direct Dealing

### How to Contact Us

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