

MARTIN CURRIE INVESTMENT FUNDS Japan (OEIC)

OBSR Fund Rating
A /  Bronze

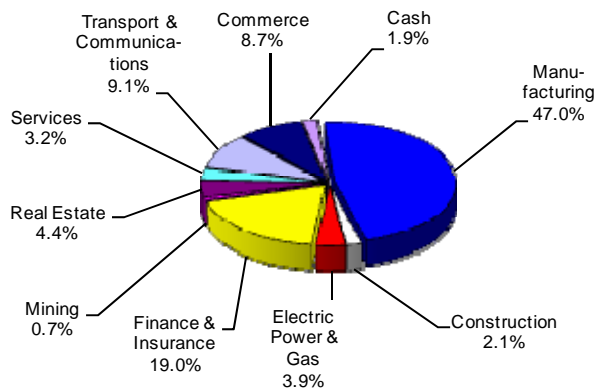
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RATINGS

Key Information

Launch Date	14 September 1989	
Fund Size	£77.0m	
Type of Shares Available	Accumulation	
Distribution Dates	30 April, 31 October	
Historic Yield	n/a	
ISA	Only through third party	
ISA Transfer	Only through third party	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%

Asset Distribution - Sector

Source: Martin Currie Investment Funds



Top Ten Holdings

	%
Toyota Motor	3.9
Mitsubishi Tokyo Financial	3.6
SMFG	3.5
Canon	3.1
Honda	3.1
Mizuho Financial	2.4
Nippon Telegraph & Telephone	2.4
NTT DoCoMo	2.3
Mitsubishi Corp	2.2
Tokio Marine Holdings	2.1
Concentration (Top 10)	28.6
Total Number of Holdings	70

Source: Martin Currie Investment Funds

Classification

Sector	Japan
Market Cap / Style	Large Cap Bias / Blend
Benchmark/Index	TOPIX

Management/Investment Style

Fund Manager	John Millar (2000)
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Offers investors exposure to a core portfolio of Japanese equities, mainly large and medium caps, managed by an experienced fund manager and team. The approach is growth-orientated with a quality bias; in essence the preference is for high quality companies that are displaying good growth characteristics, are undergoing positive change and are at sensible prices.

Investment Objective & Methodology

The aim of the fund is to achieve capital growth by investment in Japan in any economic sector. The fund aims to outperform the TOPIX index by 3.0% per annum.

The lead manager for the fund is John Millar. He forms part of the Japanese Investment Team, which includes three other experienced managers and three junior members. The team blends the research and portfolio management functions and each member covers specific sectors.

The team seeks opportunities for growth in Japan and regards change is the main driver behind stock price movement. The investment process, established more than a decade ago, incorporates top-down and bottom-up analysis generated largely by the team; however bottom-up research is the most important part of the process. From a top-down perspective, the economy is evaluated from a global and domestic perspective, as is market structure and the regulatory framework. These components help determine the overall outlook for growth within Japan and the global economy and form the basis of the team's expectation of market direction. From a bottom-up perspective, stocks are initially screened based upon market cap and liquidity to narrow down the investible universe (the cut off for market cap is 50bn yen (75bn for some sectors)) before further company specific research is conducted with a focus on top-line growth, the margin cycle, balance sheet and valuation. Meeting with company management is a crucial part of the process, with team members making frequent visits to Japan as well as organising meetings and calls at their offices in Edinburgh. They also use input from sell-side analysts and general market information to enhance their understanding. The team's analyses are presented at regular meetings at which the relative attraction of companies and sectors are debated. Companies that have barriers to entry, pricing power through technological advantage or a strong market position, strong balance sheets and positive free cash flow are preferred, although the team is also keen to be involved in companies in the process of repairing their balance sheets through restructuring or rationalisation of businesses. Management teams that are adding value for shareholders are also desirable, but companies where new management are looking to improve their business models are also considered. With regard to valuation, a range of metrics are considered and they also take into account IBES forecasts with a view to assessing whether they believe analysts are overly optimistic or pessimistic. The technical overlay, which incorporates technical indicators together with supply and demand factors, serves primarily to aid the timing of buying and selling of positions in the portfolio.

The portfolio is invested primarily in large and mid cap companies and typically, the fund will consist of 60 to 85 holdings. The portfolio will normally be fully invested with cash unlikely to exceed 10%. As guidelines, stock and sector positions may deviate up to +/-3% and +/-10% respectively relative to the benchmark. Active risk against the benchmark for individual positions is targeted to be at least 0.5% and portfolio structure is reviewed at team meetings and also assessed by the risk team. Liquidity risk is also closely monitored.

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Data as at 31 December 2011
Last Updated January 2012