

Japan Equity Fund

Performance Review

	One Month %	Three Months %	Year to Date %	One Year %	Three Years %	Five Years %	Ten Years %	Since ¹ Inception %
RIC Japan Equity Fund (Yen Net of Class A Fees)	-13.5	-18.8	-28.2	-36.0	-8.5	2.3	4.4	3.1
RIC Japan Equity Fund (Yen Net of Class B Fees)	-13.5	-18.9	-28.4	-36.3	-8.9	1.8	3.9	0.5 ²
RIC Japan Equity Fund (Yen Gross of Fees)	-13.4	-18.6	-27.7	-35.4	-7.6	3.3	5.4	4.2
Fund Benchmark (Yen) ³	-12.6	-16.9	-24.9	-31.3	-7.0	2.6	1.5	0.3
Morningstar Median Manager (Yen) ⁴	-12.7	-18.5	-28.2	-35.4	-10.1	0.6	0.1	-0.3
Fund Size Yen 215 million								

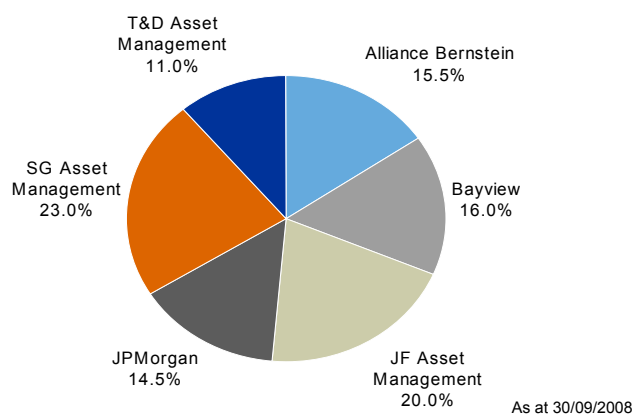
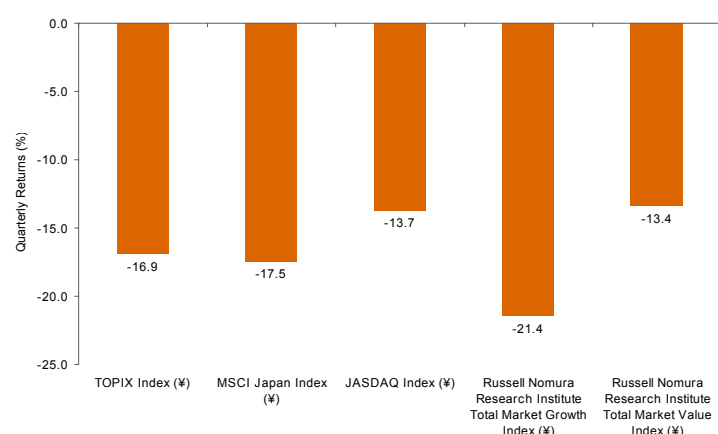
¹ Inception date 20/06/95. Performance is measured from 01/07/95. In order to enable accurate peer relative and total return benchmark relative performance comparisons, performance is calculated from the first full month following inception.

² Inception date Class B 27/06/1997.

³ Benchmark prior to 05/2003 was Topix Index. Benchmark currently Topix Dividends Included Index.

⁴ Morningstar Offshore & International Median Universe: Equity Japan

Fund Highlights and Portfolio Management Activity



- Japan's Topix Index declined 17% during the quarter on concerns over slowing global growth and fears of a recession. The downfall was further compounded in September on uncertainty over the US bailout plan, which was constructed to clean up the toxic debt in banks. Japanese cyclicals were hit hard as traders worried about falling commodity prices and decreasing exports. Stocks in defensive sectors such as foods, utilities and pharmaceuticals which are perceived to have relatively stable earnings held up better in the falling market.
- The Fund underperformed its benchmark over the quarter. The underweight to defensive stocks were the main detractors. The managers unanimously believe these stocks are overvalued given their limited growth prospects in Japan and unappealing dividend yields. SGAM performed well due to its deep value approach which led it to buy stocks which were already at depressed prices whereas T&D and Bernstein suffered from exposure to cyclical stocks that sold off sharply after growth expectations were revised down.
- Invest-Asia was terminated from the fund during the quarter. The majority of the assets were distributed to JF and Bayview in order to maintain exposure to the growth style which has been out of favour in the market.

Quarterly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Alliance Bernstein	Value	- -	Alliance Bernstein's overweight to cyclical stocks detracted from performance. The manager believes that, regardless of the downturn in the global economy, Japanese carmakers will benefit from increasing market share abroad.
Bayview	Above average earnings growth	-	Bayview increased its defensive exposure over the quarter which limited its losses. However, it was not enough to offset the negative impact of its positions in more cyclical stocks.

Quarterly Manager Performance (continued)

Manager	Approach / Process	*Manager Performance	Russell Analysis
JF Asset Management	Growth	-	JF's underperformance was driven by an underweight to defensive stocks. The growth manager believes there are better opportunities in banks, which it has been buying aggressively.
JPMorgan	Market - Oriented	- -	JPMorgan's dividend discount models led it to build positions in wholesale trading companies over the quarter. However, these positions detracted from performance due to the negative effect of falling commodity prices.
SG Asset Management	Deep Value	++	The manager performed strongly as deep value stocks held up in the falling market. Holdings in paper companies contributed to the outperformance as they were boosted by the decline in the oil price.
T&D Asset Management	Value	- -	T&D has held a long-standing view that resource-related stocks will benefit from strong demand in the future. Positions in wholesale trading companies were particularly detrimental as they fell sharply on lower commodity prices.

Sector Analysis

Sector Exposure	Sector Weights %		Quarterly Sector Returns
	Fund	Benchmark	
Air Transportation	0.2	0.5	-4.7
Banks	15.2	11.8	-12.4
Chemicals	5.6	5.2	-18.1
Construction	1.6	1.9	-12.4
Electric Appliances	12.7	13.1	-24.9
Electric Power & Gas	1.2	5.0	-2.9
Fishery, Agriculture & Forestry	0.4	0.1	-12.2
Foods	2.1	3.3	-5.0
Glass & Ceramics Products	1.7	1.1	-27.5
Information & Communication	6.8	5.7	-8.1
Insurance	1.4	2.9	-11.9
Iron & Steel	3.0	2.7	-31.9
Land Transportation	2.6	4.0	-6.2
Machinery	4.3	4.0	-28.2
Marine Transportation	0.8	0.8	-36.5
Metal Products	0.5	0.6	-19.2
Mining	0.1	0.4	-32.6
Nonferrous Metals	3.1	1.1	-24.2
Oil & Coal Products	1.2	0.7	-24.3
Other Financing Business	2.0	1.1	-18.6
Other Products	2.4	2.9	-22.5
Pharmaceutical	2.8	4.7	-1.4
Precision Instruments	0.5	1.4	-13.8
Pulp & Paper	2.4	0.4	1.7
Real Estate	1.4	2.5	-16.0
Retail Trade	4.7	3.6	-3.6
Rubber Products	1.0	0.6	12.7
Securities & Commodity Futures	1.9	1.7	-17.8
Services	0.8	1.6	-10.2
Textiles & Apparels	1.8	0.8	-13.4
Transportation Equipment	7.1	9.2	-17.0
Warehousing & Harbor Transportation Services	0.0	0.2	-4.2
Wholesale Trade	6.6	4.1	-36.1

Top Ten Holdings

Company Name	Country	Sector	Fund %	Benchmark %
Mitsubishi UFJ Financial Group, Inc.	Japan	Banks	5.9	3.7
Toyota Motor Corp.	Japan	Transportation Equipment	3.6	4.0
SUMITOMO MITSUI GR	Japan	Banks	3.1	1.9
Nippon Telegraph & Telephone Corp.	Japan	Information & Communication	2.2	1.5
Mitsubishi Corp.	Japan	Wholesale Trade	1.8	1.1
Mizuho Financial	Japan	Banks	1.8	1.9
Honda Motor Co., Ltd.	Japan	Transportation Equipment	1.6	1.9
Nippon Paper Group, Inc.	Japan	Pulp & Paper	1.6	0.1
Rohm Co., Ltd.	Japan	Electric Appliances	1.5	0.2
ORIX Corp.	Japan	Other Financing Business	1.5	0.4

Portfolio Profile Characteristics

Profile Characteristics	Fund	Benchmark
Sector Deviation	7.57	0.00
Market Cap Weighted Nlog	-0.16	0.00
Valuation Characteristics:		
Price/Earnings (excl negative earnings)	14.32	15.13
Dividend Yield (%)	1.81	1.72
Price/Book	1.32	1.49
EPS Growth (1 Year Forecast)	5.58	5.58

	One Year		Three Years		Five Years	
	Fund	Average Manager	Fund	Average Manager	Fund	Average Manager
Tracking Error	2.0	5.6	2.6	5.7	2.4	5.1

*Manager Attribution Key	Relative Performance vs Fund Benchmark
++	>1.5%
+	0.25% to 1.5%
Flat	-0.25% to 0.25%
-	-1.5% to -0.25%
--	<-1.5%

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