

# Pacific Basin Equity Fund

## Performance Review

	One Month %	Three Months %	Year to Date %	One <sup>1</sup> Year %	Three Years %	Five Years %	Ten Years %	Since <sup>2</sup> Inception %
RIC Pacific Basin Equity Fund (US\$ Net of Class A Fees)	-16.7	-24.8	-38.3	-38.5	3.5	12.1	12.2	5.6
RIC Pacific Basin Equity Fund (US\$ Net of Class B Fees)	-16.8	-24.9	-38.6	-38.9	2.8	11.4	11.5	3.4 <sup>3</sup>
RIC Pacific Basin Equity Fund (US\$ Gross of Fees)	-16.6	-24.6	-37.8	-37.8	4.6	13.3	13.5	6.9
Fund Benchmark (US\$) <sup>4</sup>	-16.7	-23.8	-37.2	-37.5	6.0	14.2	12.4	4.4
Morningstar Median Manager (US\$) <sup>5</sup>	-16.2	-24.2	-38.7	-39.2	5.1	11.2	10.9	2.3
Fund Size US\$1,299 million								

<sup>1</sup> Returns greater than one year are annualised.

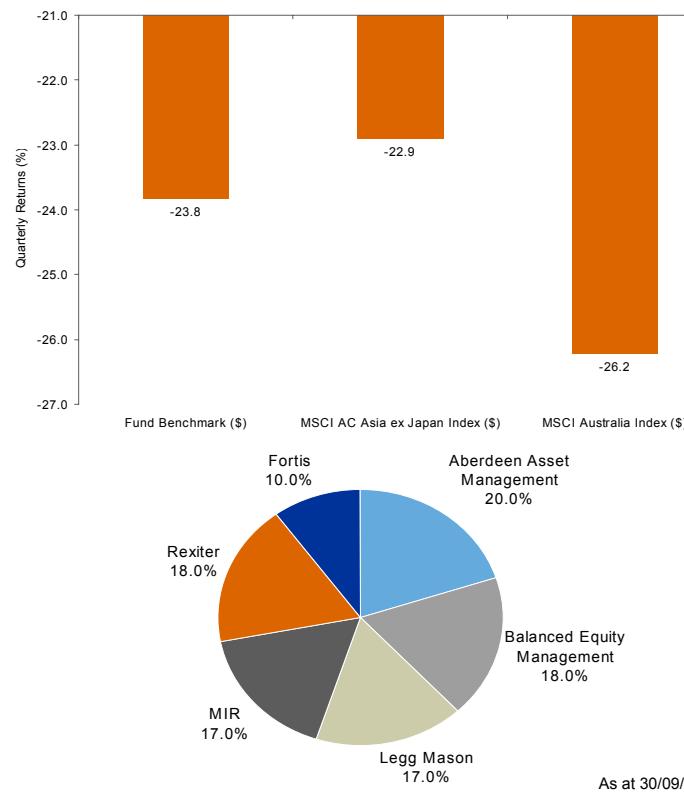
<sup>2</sup> Inception date 09/06/95. Performance is measured from 01/07/95. In order to enable accurate peer relative and total return benchmark relative performance comparisons, performance is calculated from the first full month following inception.

<sup>3</sup> Inception date Class B 09/07/1997.

<sup>4</sup> Benchmark prior to 10/2005 was the MSCI All Country Pacific ex-Japan Index. Benchmark currently MSCI All Country Asia Pacific ex-Japan Index.

<sup>5</sup> Morningstar Offshore & International Median Universe: Equity Asia Pacific ex Japan

## Fund Highlights and Portfolio Management Activity



- MSCI Asia Pacific Ex Japan fell 23.8% during the quarter amidst a seizure in the financial system and consequent slowdown of the global economy. Numerous US financial institutions filed for bankruptcy, triggering large falls in global markets. Large index weightings in materials and industrials meant that the region was one of the worst global performers during the period. Inflation concerns within the region have eased, partly due to the declines in commodities. China's CPI continued to fall during the quarter having reached a 12-year high at the end of the first quarter.
- The Fund lagged the benchmark during the quarter with Legg Mason the worst performer. The manager's momentum approach was very much out of favour and an overweight to Australian materials hurt performance given the sector's global exposure.
- Aberdeen was the best performer given their bias to quality, under-valued stocks. Good stock picks in Singapore and a large under-weight to China were the noticeable contributors to performance.
- Fortis, a manager focused on quality growth, was added to the Fund at the end of June. The manager runs an Asia Ex Japan mandate and their process seeks out stocks which satisfy four criteria GCMV; Growth prospects, good Cash flows, good Management and attractive Valuations.

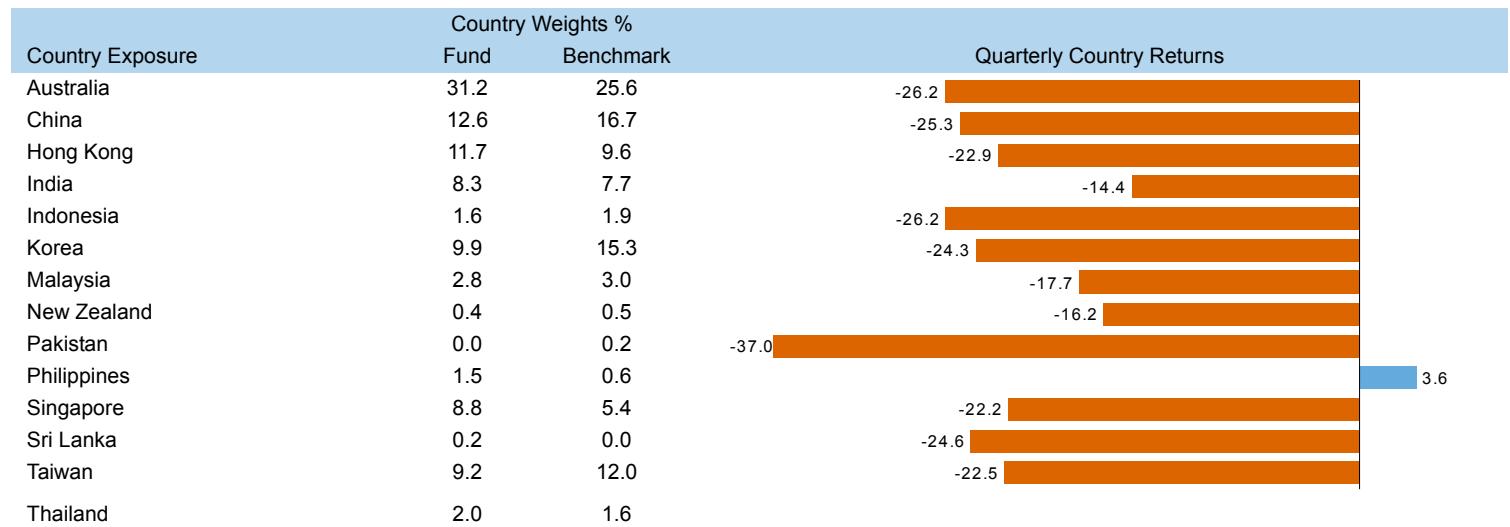
## Quarterly Manager Performance

Manager	Approach / Process	*Manager Performance	Russell Analysis
Aberdeen Asset Management	Asia - Quality Value	++	Aberdeen was the best-performing manager of the quarter. The majority of performance came from strong stock selection and their process, which identifies quality, under-valued stocks, was positive given the falling market. Aberdeen continues to see opportunities given falling stock prices.
Balanced Equity Management	Australia / New Zealand - Market - Oriented	++	BEM outperformed the benchmark during the quarter due to good stock selection in the materials sector. In particular, an overweight to Boral Limited, which outperformed the broader sector, contributed positively to performance. An overweight to Australian banks, which it believes are more robust than their UK and US counterparts, was also positive.

## Quarterly Manager Performance (continued)

Manager	Approach / Process	*Manager Performance	Russell Analysis
Fortis Investment Management	Asia ex Japan Best Selection	-	Fortis underperformed during the quarter due to weak stock selection in the Korean market. The manager adjusted its portfolio to a more defensive stance, out of materials and industrials stocks and into telecoms and utilities, during the period. This led to performance improving throughout the quarter.
Legg Mason	Asia - Market - Oriented	--	Legg Mason was the worst-performer during the quarter. Poor stock selection, especially in Australian materials stocks, was the main detractor.
MIR	Value and momentum blend, systematic process	--	MIR's underperformance was driven by its momentum bias which struggled during the quarter. An underweight to China and overweight to India was beneficial; however performance was hindered by weak stock selection in both regions.
Rexiter	Asia - Growth At a Reasonable Price	-	Rexiter was behind the benchmark for the quarter. Despite good stock selection in the telecoms sector, positive performance was more than offset by an overweight to the materials sector and an underweight to the defensive utilities sector.

## Country Analysis



## Top Ten Holdings

Company Name	Country	Sector	Fund %	Benchmark %
BHP Billiton, Ltd.	Australia	Materials	4.1	3.9
Australia & New Zealand Banking Group, Ltd.	Australia	Financials	2.1	1.4
China Mobile, Ltd.	Hong Kong	Telecommunication Services	1.9	2.8
Samsung Electronics Co., Ltd.	South Korea	Information Technology	1.9	2.6
Origin Energy, Ltd.	Australia	Energy	1.7	0.5
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	1.6	1.6
St. George Bank, Ltd.	Australia	Financials	1.5	0.6
National Australia Bank, Ltd.	Australia	Financials	1.4	1.5
Hang Seng Bank, Ltd.	Hong Kong	Financials	1.4	0.7
Westpac Banking Corp.	Australia	Financials	1.3	1.5

## Portfolio Profile Characteristics

Profile Characteristics	Fund	Benchmark
Sector Deviation	4.46	0.00
Market Weighted Nlog	-0.12	0.00
Valuation Characteristics:		
Price/Earnings (excl negative earnings)	12.57	12.66
Dividend Yield (%)	3.36	3.22
Price/Book	2.23	2.18
EPS Growth (1Year Forecast)	13.44	17.72

	One Year		Three Years		Five Years	
	Fund	Average Manager	Fund	Average Manager	Fund	Average Manager
Tracking Error	2.9	6.9	2.8	6.4	2.6	6.0

*Manager Attribution Key	Relative Performance vs Fund Benchmark	Manager	Manager Specific Benchmark
++	>1.5%	Aberdeen Asset Management	MSCI AC Asia ex Japan Index
+	0.25% to 1.5%	Balanced Equity Management	MSCI Australia + NZ Composite Index
Flat	-0.25% to 0.25%	Legg Mason	MSCI AC Asia Pacific ex Japan Index
-	-1.5% to -0.25%	Rexiter	MSCI AC Asia ex Japan Index
--	<-1.5%	Fortis	MSCI AC Asia ex Japan Index
		MIR	MSCI AC Asia Pacific ex Japan Index

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