

# Nomura Funds Ireland Plc

## Asia Pacific Ex-Japan Fund

### Fund Price Changes

The fund outperformed the benchmark index (measured in terms of the base currency, USD) by 294 basis points over the one-month period from 30 September to 31 October 2008. Since inception, the fund has outperformed the benchmark by 283 basis points (after fees), delivering a performance of -42.60% compared with -45.43% for the benchmark index.

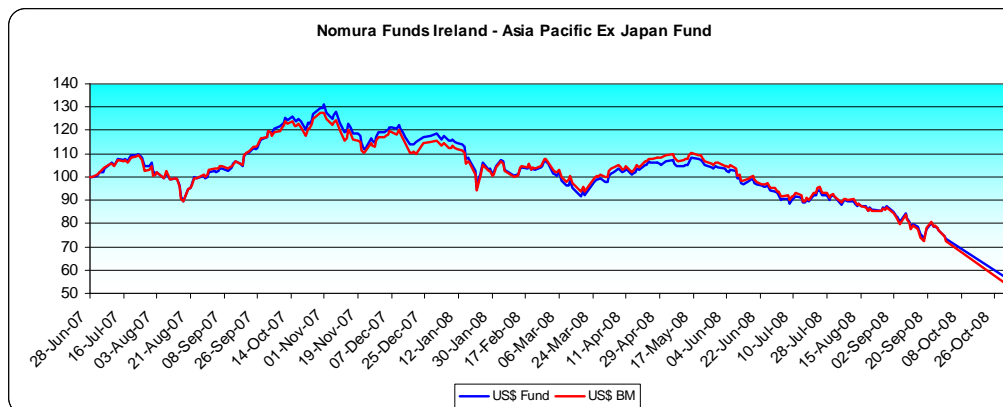
### Performance for the Fund since inception

	1 month	3 month	6 month	Year To Date	Since Inception*
USD NAVps** %	-21.54	-37.67	-45.47	-50.63	-42.60
Index (MSCI Asia Pacific Ex Japan) %	-24.47	-41.04	-49.48	-51.94	-45.43
Excess Return %	2.94	3.37	4.01	1.31	2.83
Rolling Year Performance	Sep 07 – Sep 08 -37.04				

\*Inception date: 27<sup>th</sup> June 2007

\*\* Net Asset Value per share (NAVps) is calculated by BBH.

Since inception performance has been calculated using prices as at close of business, 28<sup>th</sup> June 07. Benchmark is MSCI All Countries Asia Pacific Ex Japan (Net dividends reinvested.)



Source: Nomura Asset Management U.K. Ltd based on Net Asset Value per share calculated by BBH

### Monthly Performance Review for October 2008

Following from the September downturn, US equity prices posted sharp falls despite the ban on short selling of financial stocks, as the credit and liquidity crises started to manifest themselves in economic statistics. The MSCI AC Asia Pacific Free Index excluding Japan Index fell by 24.5%, with China and Thailand leading the declines, while Australia and Malaysia outperformed. Sectors that held up well during the sell off in October were the typical defensives, such as telecommunications, utilities, and healthcare while sectors such as financials, and cyclicals like technology and materials were the worst performers.

## October 2008

### Investment Objective

To achieve long-term capital growth through investment in an actively managed portfolio of Asia Pacific (ex Japan) securities and to outperform the Benchmark (being the MSCI All Countries Asia Pacific Ex Japan Index).

NAV Currencies:  
USD

Launch Date: 27<sup>th</sup> June 2007

ISIN no: IE00B1Z8PF50

Total Net Assets as at 31 October 2008:

USD 6,380,673.45

NAV Per Share as at 31 October 2008:

USD 57.9008

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## Monthly Performance Review for October 2008 (continued)

The attribution analysis indicates that asset allocation and stock selection both contributed to the relative performance. In terms of asset selection, the higher cash position added value to the portfolio in the midst of a decline of the overall equity market. Stock selection also contributed to the positive relative performance. Defensive and high quality stocks tended to perform strongly amid concerns over the global economic growth prospects. Stock selection in Australia, Korea and China made large positive contributions to the relative return.

In Australia, the portfolio benefited from stock selection decisions, such as the investment in Woolworths, which proved resilient due to steady top line growth despite a slowing economy. Overweight positions in ASX and QBE Insurance Group also added value to the portfolio, as investors continued to favour those names that have limited exposures to the failing US financial institutions.

In Korea, overweight position in Samsung electronics contributed to the portfolio. Although the recent earnings results were slightly below consensus estimates due to tough competition, especially in the semiconductor and LCD panel fields, Samsung's relative strength compared with its global peers seemed to support the share price towards the month end. Investors also welcomed the withdrawal of its bid for SanDisk. Our underweight exposure to shipbuilding companies including Hyundai Heavy and Samsung Heavy worked favourably, as the sharp decline in the spot freight price drove investors away from these companies. KT&G outpaced the market and contributed to the relative return, as investors continued to favour defensive quality stocks.

In China, China Resources Power outpaced the market due to its defensive nature amid a falling market. The overweight position in China Mobile also worked positively. Real estate holdings including China Overseas Land & Investment also outpaced the market, on the back of the Chinese government's announcement that it would take steps to boost the real estate market including a cut in real estate transaction taxes.

On the other hand, stock selection results in the Taiwan portfolio were negative. Concerns over an earnings slowdown due to sharply declining demand in consumer electronics products worldwide pushed down the share prices of major electronics companies including Hon Hai Precision. Continuing concerns over the slowdown in the global economic growth rate and a decline in overall commodity prices dragged down the share prices of China Steel and Taiwan Fertilizer. In contrast, the overweight exposure to Formosa Plastics was successful this month. In Indonesia, Bank Mandiri underperformed the market and worked against the portfolio, as investors expressed concerns about the bank's exposure to Indover, a Dutch unit of Indonesia's central bank whose accounts were recently frozen by an Amsterdam court because of liquidity shortages.

## Market Outlook

After one of the worst months ever for stock market performance our central premise is that Asian markets are due for a significant rally. This is due to a number of factors including the prospect of further aggressive cuts in global interest rates; various capital market support measures likely to be introduced; the fact that we are now entering a seasonally strong period for Asian equities, and the very attractive valuations that currently apply. Furthermore, this rebound could last into early 2009. However, we will also use this rally to reduce exposures to cyclical markets and sectors in favour of more defensive stocks, because we also expect Asian markets to face some renewed difficulties in the New Year.

As has been obvious for some time now, the Asian markets are currently going through a period of extreme volatility. And as we highlighted earlier in the year, this makes country and sector allocation decisions very difficult. Consequently, we have limited our investment activity to just a few minor changes.

We will look to reduce the Korea exposure. The market has rebounded strongly on co-ordinated support from the Korean government and domestic institutions.

Additionally, the actual underweight exposure to Indonesia will be validated given the majority of stocks we hold there are high beta. Therefore any recovery should enable us to outperform and revert back to the strategy target. We will add half a percentage point to the Taiwan exposure. Our market specialist can find good value among Taiwanese stocks especially on a dividend yield basis.

## Sector Allocation (as at 31 October 2008)

<u>GICS Sector</u>	<u>Portfolio (%)</u>	<u>MSCI (%)</u>
CONSUMER DISCRETIONARY	0.97	5.18
CONSUMER STAPLES	11.33	5.94
ENERGY	8.71	7.97
FINANCIALS	33.02	33.11
HEALTHCARE	0.00	1.50
INDUSTRIALS	7.45	9.41
INFORMATION TECHNOLOGY	9.01	12.98
MATERIALS	13.22	11.38
TELECOMMUNICATIONS SERVICES	11.69	8.69
UTILITIES	4.61	3.83
TOTAL	100.00	100.00

## Top 5 Holdings (as at 31 October 2008)

<u>Company Name</u>	<u>%</u>
WOOLWORTHS LIMITED	4.92
CHINA MOBILE LTD	4.54
SAMSUNG ELECTRONICS	4.31
BHP BILLITON LIMITED	3.77
IND & COMM BK OF CHINA-H	3.03

## Top 3 Positive Contributors\*

WOOLWORTHS LTD  
FORMOSA PLASTIC CORP  
SAMSUNG ELECTRONICS CO

## Top 3 Negative Contributors\*

EQUINOX MINERALS LTD  
BANK MANDIRI  
BHARTI TELE LTD

As at 31 October. \*Performance contributors of the fund relative to the benchmark. Source: Nomura Asset Management Singapore

## Top 10 Active Overweight Positions\*\*

<u>Company Name</u>	<u>% Active Weight</u>
WOOLWORTHS LTD	3.95
SAMSUNG FIRE & MARINE	2.81
ICBC H	2.11
CHINA RESOURCES POWER	2.01
CHEUNG KONG HOLDINGS	1.87
SAMSUNG ELECTRONICS CO	1.85
QBE INSURANCE GROUP	1.80
PTT	1.75
CHINA MOBILE	1.70
KT&G CORP(KOREA TOBACCO)	1.64

## Top 10 Active Underweight Positions\*\*

<u>Company Name</u>	<u>% Active Weight</u>
NATIONAL AUSTRALIA BANK	(1.57)
ANZ BANKING GROUP	(1.34)
CHINA CONSTRUCTION BK H	(0.98)
CSL	(0.87)
CLP HOLDINGS	(0.84)
WOODSIDE PETROLEUM	(0.81)
INFOSYS TECHNOLOGIES	(0.78)
CNOOC	(0.77)
CHINA PETRO & CHEM H	(0.66)
ST GEORGE BANK	(0.62)

As at 31 October. \*\*Active weight of the fund relative to the benchmark. Source: Nomura Asset Management Singapore

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