Monthly Performance % - *as at 30 April 2009*

	NAV	April	YTD	Asset size
Offshore Feeder	$9.48	4.75%	-8.93%	$204M
US Feeder	$9.77	4.49%	-6.95%	$8M

The rally that began during March continued in April as global equity markets all moved higher. It was remarkable to see the gains in sectors that benefit from stronger global growth as the market's best sectors included cars, steel, electricals, non-ferrous metals as well as the domestic high-beta sectors of brokers and real estate.

As is always the case when coming out of the valley of stock market despair, the rises in equity markets were not accompanied by corresponding hard evidence of recovering demand and profits. The best that anyone could say was that the rate of decline was slowing – and in fact one was deluged by market commentary that pointed this out wherever it possibly could be.

One area where this is yet to occur is Japan's GDP. In Q4 of 2008, the Japanese GDP fell 14.4% QoQ annualised whereas we have just learned that in Q1 2009, the GDP fell at a rate of 15.2%. The plunge in industrial output is unprecedented, and is particularly severe in the auto sector. As this sector accounts for nearly 10% of total industrial production, its weakness is especially pernicious. Despite this, the sector rose 23% in April - led by Nissan Motor with a rise of 45%. We do not own this company, but have continued to hold Suzuki Motor which has fortunately performed equally well this year with a rise of over 70% - so far. Suzuki - which is the majority shareholder in India's largest passenger car company Maruti Suzuki – peaked in November 2007 (at a price of Y3,790) when India's NIFTY index also peaked, and troughed (at Y1,040) in tandem with the NIFTY in December 2008. It is a perfect example of a Japanese company that is increasingly seen as being driven by demand outside Japan.

We mentioned in last month's report that the abolition of tax on dividends from overseas subsidiaries would be of particular benefit to the big Japanese car companies and whether this is part of the outperformance or not, the auto sector has certainly been a big winner over the past couple of months. So great is the relative outperformance that their share of the total index is now approaching the all time high seen in late 2006/early 2007. Just as most people (including us) failed to time the recovery in higher-beta cyclical stocks that began in mid-March, it is hard to say when the current winning form will end, but it seems likely that the auto sector – and indeed all the cyclicals – will again have a performance slump before too long. We certainly do not believe that the auto sector's stock prices will re-test their lows and nor do we think the Topix index will again reach 700, but a change in the market to more defensive sectors is approaching.

The Fund's return in April was disappointing given the rise in the Topix index of over 8%. Stock selection was mildly negative, as two of our top five positions (Nintendo and Shin-Etsu Chemical) failed to rally with the market and in fact both finished down for the month of April. Real Estate, after a long period of poor performance, was one of the market's better sectors and both Mitsui Fudosan and Tokyo Tatemono made strong contributions. Fanuc, another large holding, gained 6.6% and failed to match the market's 8.3% rise, but May has been better with the stock up over 9% as we write. The biggest factor behind the Fund's return lagging that of the market however, was the fact that the cash position was high at approximately 40%. While the cash buffer held the Fund in good stead in the first couple of months in 2009, it has been a drag in the past two. We expect to steadily add to the Fund's investments in the coming months, but think we will have a lower entry point than current levels.

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Recent 3 month Fund Exposure

% of NAV in	Feb 09	Mar 09	Apr 09
Long Stock Position	60.05	51.82	59.89
Index Futures	-	-	-
Net Exposure	60.05	51.82	59.89

Optimal FUND MANAGEMENT

*Should you wish to make an investment or further enquiry about the Optimal Japan Absolute Long Fund, please see our website – **www.optimalasia.com** or contact us at – **optimal@optimalasia.com***

Position Concentration

	Top 5	Top 10
Longs	20.90%	38.24%
Total no. positions	26	

Top Five Positions

Nippon Telegraph & Telephone Corp
Mitsui Fudosan Co Ltd
Mitsubishi UFJ Lease & Finance Company
Toyota Motor Corp
Shin-Etsu Chemical Co Ltd

Winners

Rohm Co

Tokyo Tatemono
Mitsui Fudosan

Yamada Denki
Press Kogyo

Losers

Star Micronics

Shin-Etsu Chemical
Nintendo

KDDI Corp
Japan Retail Fund Investment

Sector Exposure as at 30 April 2009

	Longs	Shorts
Materials	9.03%	
Industrials	5.45%	
Technology	8.26%	
Financials	11.86%	
Energy	-	

	Longs	Shorts
Consumer. Non Disc	3.16%	
Consumer Disc	12.60%	
Utilities	2.06%	
Telecom	7.47%	

Historical Returns

Below we provide a table detailing the monthly returns of the Fund since its inception in September 2004.

Optimal Japan Absolute Long Fund Monthly Returns in USD (before Performance Fees) %

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004									-1.6	-1.32	6.18	2.52	5.70
2005	1.61	2.05	-3.83	-0.47	-1.81	-0.58	1.17	6.66	9.32	-0.75	3.25	8.64	27.25
2006	3.57	1.22	3.55	2.74	-4.40	-1.32	-1.55	-0.29	-1.51	3.73	1.48	1.94	9.14
2007	1.50	3.69	-1.88	0.33	1.71	1.49	1.27	-4.97	2.18	-1.04	-5.37	-6.57	-7.97
2008	-6.00	2.60	0.15	4.21	1.40	-9.57	-3.85	-7.26	-5.49	-5.14	-4.01	8.78	-22.95
2009	-5.28	-11.56	3.78	4.75									-8.93