

**Monthly Performance % - as at 30 April 2009**

NAV	April	YTD	Asset size
A\$10.74	0.47%	-11.17%	A\$46M

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. Our biggest long positions failed to rally with the market and in fact both NTT (-1.6%) and Nintendo (-7.5%) finished down for the month of April. Fanuc, another top 5 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. All but a few of our short positions were a drag on the Fund's return with the biggest negative being the 17.6% short position in Nikkei index futures which cost over 1% to total performance.

**SYDNEY:** Level 5, Wyoming, 175 Macquarie St, Sydney NSW 2000 **Phone:** 61 2 8239 3300 **Fax:** 61 2 8239 3333 **Email:** optimal@optimalasia.com

**TOKYO:** KS Building 10th Floor, 2-9 Minami Aoyama 6-chome, Minato-ku, Tokyo 107-0062 **Phone:** 81 3 5774 6507 **Fax:** 81 3 5774 6508

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## Recent 3 month Fund Exposure

% of NAV in	Feb 09	Mar 09	Apr 09
Long Stock Position	53.80	50.44	55.61
Short Stock Position	-15.56	-19.33	-23.39
Index Futures	-12.07	-15.83	-16.23
Equity Derivatives			
Net Exposure	26.17	15.28	15.99

## Optimal FUND MANAGEMENT

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## Position Concentration

	Top 5	Top 10
Longs	20.15%	36.16%
Shorts	-9.16%	-16.59%
Total no. positions	44	

## Top Five Positions

Nippon Telegraph & Telephone Corp  
Toyota Motor Corp  
Nintendo Co Ltd  
Mitsui Fudosan Co Ltd  
Shin-Etsu Chemical Co Ltd

## Winners

Tokyo Tatemono  
Rohm Co  
Yamada Denki  
Mitsui Fudosan  
Suzuki Motor

## Losers

Nikkei Index Future (Short)  
Nippon Steel (Short)  
Komatsu (Short)  
SBI Holdings (Short)  
Sumitomo Realty & Deelopment (Short)

## Sector Exposure as at 30 April 2009

	Longs	Shorts	Net
Materials	8.79%	-2.73%	6.07%
Industrials	4.96%	-3.79%	1.17%
Technology	8.13%	-8.88%	-0.75%
Financials	10.06%	-5.45%	4.61%

	Longs	Shorts	Net
Consumer Non Disc	3.00%	-	3.00%
Consumer Disc	11.08%	-2.55%	8.53%
Telecommunication	7.58%	-	7.58%
Utilities	2.01%	-	2.01%
Futures	-	-16.23%	-16.23%

## Historical Returns - Distributions Reinvested

### Optimal Japan Trust Net Monthly Returns in AUD %

The table below outlines the monthly returns of the Fund's Series 1 since its inception in August 2002.

Year to June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2002													
2003			1.68	-4.38	-3.66	-0.42	1.80	1.98	0.41	-0.10	2.55	3.48	3.06
2004	1.54	5.20	3.86	3.55	-1.67	3.06	-0.33	1.24	7.11	0.15	-1.14	3.93	29.47
2005	-2.14	4.01	0.23	-1.21	1.30	1.51	2.74	2.02	0.07	-0.14	0.99	1.47	11.24
2006	1.81	3.68	6.81	1.36	2.41	4.38	1.82	0.43	3.86	0.35	-4.05	0.18	25.14
2007	-0.79	1.43	0.13	2.10	0.77	2.49	1.99	0.55	-1.03	1.35	3.45	2.28	15.66
2008	-0.87	-6.98	1.88	0.35	-6.70	-4.69	-6.67	2.21	-0.67	6.20	1.34	-5.91	-19.57
2009	-0.83	-5.34	-0.09	-0.44	-6.38	3.22	-1.74	-2.15	1.91	0.47			-11.17

The table below outlines the monthly returns of the Fund's Initial Series since its inception in December 1999.

2000						0.58	-0.32	12.76	8.99	-1.53	2.45	11.82	39.0
2001	-9.05	4.02	-0.37	0.90	-0.18	-3.86	-2.34	3.13	1.36	8.47	-2.14	3.96	2.82
2002	-2.88	1.49	-3.58	1.77	-3.89	-5.46	1.10	1.47	2.07	-0.26	7.13	2.92	-4.55
2003	-1.46	-1.39	2.04	-4.47	-3.65	-0.44	1.80	1.98	0.41	-0.20	2.65	3.97	0.89
2004	1.91	5.90	3.81	3.58	-1.73	3.02	-0.33	1.22	7.01	0.23	-1.20	3.95	30.56
2005	-2.26	4.03	0.82	-1.55	1.65	1.92	2.83	2.05	0.00	-0.14	1.04	1.37	12.22
2006	2.38	4.15	6.71	1.31	2.39	4.30	1.82	0.42	3.79	0.34	-4.04	0.24	26.09
2007	-0.77	1.46	0.13	2.72	0.99	2.62	1.96	0.58	-0.99	1.35	3.47	2.23	16.82
2008	-0.89	-6.99	1.85	0.40	-6.68	-4.73	-6.62	2.17	-0.71	6.19	1.42	-5.97	-19.60
2009	-0.78	-5.37	-0.08	-0.42	-6.38	3.23	-1.74	-2.21	1.90	0.53			-11.13

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