

OPTIMAL JAPAN TRUST
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2001

OPTIMAL JAPAN TRUST

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2001**

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OPTIMAL JAPAN TRUST

ADMINISTRATION

Trustee

Bermuda International (Australia) Pty Limited
45 Clarence Street
Sydney NSW 2000
Australia

Prime Broker

Goldman Sachs International
Daniel House
133 Fleet Street
London EC4A 2BB
England

Investment Manager

Optimal Fund Management Pty Limited
Level 36, The Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Auditors

PricewaterhouseCoopers
22/F Prince's Building
Central
Hong Kong

Registrar

Bank of Bermuda (Cayman) Limited
36C Bermuda House
Dr Roy's Drive, George Town
Grand Cayman
Cayman Islands

Legal Advisors

Baker & McKenzie
AMP Centre
50 Bridge Street
Sydney NSW 2000
Australia

Custodian and Trustee's Agent

Bermuda Trust (Far East) Limited
39/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

羅兵咸永道會計師事務所

PricewaterhouseCoopers
33rd Floor Cheung Kong Center
2 Queen's Road Central
Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

**REPORT OF THE AUDITORS
TO THE MEMBERS OF OPTIMAL JAPAN TRUST**

We have audited the accompanying balance sheet of Optimal Japan Trust (the "Trust") as of 30th June 2001 and the related statement of operations and cash flow statement for the year then ended. These financial statements set out on pages 3 to 15 are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Trustee, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as of 30th June 2001 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 OCT 2001

OPTIMAL JAPAN TRUST


**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 30TH JUNE 2001**

	Note	2001 AUD	For the period from 12.11.1999 to 30.6.2000 AUD
Income			
Dividends		78,326	42,556
Bond interest		119	321
Bank interest		108,188	57,692
		<u>186,633</u>	<u>100,569</u>
Withholding tax on dividends	4	(11,749)	(6,383)
		<u>174,884</u>	<u>94,186</u>
Expenses			
Investment management fee	3(a)	87,406	30,798
Trustee fee	3(b)	17,913	8,319
Performance fee	3(c)	-	401,396
Administration fee	3(d)	16,793	7,799
Interest expenses		24,084	11,988
Amortisation of formation costs	6	19,406	15,000
Safe custody and bank charges		38,677	14,277
Auditors' remuneration		18,728	29,000
Stock lending fees		44,909	10,949
Dividend payment on securities sold, not yet purchased		11,770	902
Legal fees		5,275	-
Goods and service tax	4	10,668	-
Other operating expenses		13,434	4,489
		<u>309,063</u>	<u>534,917</u>
Net operating loss before equalization		(134,179)	(440,731)
Equalisation on units issued	5	(722,007)	(20,521)
Net operating loss		<u>(856,186)</u>	<u>(461,252)</u>
Realised and unrealised gain/(loss) on investments			
Net realised gain on investments		753,396	1,570,345
Net realised gain/(loss) on futures contracts		288,833	(57,039)
Net realised loss on foreign exchange forward contracts		(448,040)	(362,368)
Change in net unrealised gain on investments		(391,502)	1,116,823
Change in net unrealised gain on futures contracts		(9,960)	9,960
Change in net unrealised gain on foreign exchange forward contracts		131,993	94,421
Net foreign exchange gain/(loss)		234,959	(25,594)
		<u>559,679</u>	<u>2,346,548</u>
Net (loss)/income for the year/period before taxation		<u>(296,507)</u>	<u>1,885,296</u>


OPTIMAL JAPAN TRUST

**BALANCE SHEET
AS AT 30TH JUNE 2001**

	Note	2001 AUD	2000 AUD
Assets			
Formation costs	6	45,000	60,000
Investments – long positions	7	7,620,509	7,370,872
Deposits pledged with the Prime Broker	8	5,342,802	2,068,442
Amounts receivable on foreign exchange contracts	13	226,414	94,421
Amounts receivable on equity index future contracts	13	-	9,960
Amount due from the Prime Broker		745,546	555,285
Other receivable		2,585	112
Bank balances		646,797	2,191
		<u>14,629,653</u>	<u>10,161,283</u>
Liabilities			
Investments – short positions	7	3,770,986	1,936,714
Borrowings from the Prime Broker		232,384	78,950
Amount due to the Prime Broker		129,043	441,429
Other payable		74,685	548,374
		<u>4,207,098</u>	<u>3,005,467</u>
Net assets		<u><u>10,422,555</u></u>	<u><u>7,155,816</u></u>
Representing:			
Capital Account		<u><u>10,422,555</u></u>	<u><u>7,155,816</u></u>
Number of units in issue	10	<u><u>817,329.593</u></u>	<u><u>514,844.201</u></u>
Net asset value per unit	9	<u><u>AUD 12.75</u></u>	<u><u>AUD13.90</u></u>



 Trustee



 Manager

OPTIMAL JAPAN TRUST

STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS
FOR THE YEAR ENDED 30TH JUNE 2001

	Note	2001 AUD	For the period from 12.11.1999 to 30.6.2000 AUD
Balance at beginning of the year/period		7,155,816	-
Proceeds on issue of units		4,292,162	5,270,520
Net (loss)/income for the year/period		(296,507)	1,885,296
Distribution	11	<u>(728,916)</u>	<u>-</u>
Balance at end of the year/period		<u><u>10,422,555</u></u>	<u><u>7,155,816</u></u>

OPTIMAL JAPAN TRUST

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2001

	Note	2001 AUD	For the period from 12.11.1999 to 30.6.2000 AUD
Operating activities			
Interest received on investments		231	209
Interest received on bank deposits		106,568	57,692
Dividends received		77,361	42,556
Investment management fee paid		(93,701)	-
Trustee fee paid		(20,345)	(4,311)
Performance fee paid		(401,396)	-
Administration fee paid		(19,072)	(4,042)
Interest paid		(24,084)	(11,988)
Dividend paid		(10,378)	(902)
Tax paid		(11,749)	(6,383)
Others		(119,371)	(25,300)
Net cash (outflow)/inflow from operating activities	(a)	<u>(515,936)</u>	<u>47,531</u>
Investing activities			
Formation costs paid		(79,405)	-
Purchase of investments		(42,348,950)	(25,898,401)
Proceeds from sale of investments		43,792,832	23,037,555
Net realised loss on futures and forex exchange forward contracts		(159,207)	(419,407)
Decrease in deposits with the Prime Broker		(3,274,360)	(2,068,442)
Net cash (outflow)/inflow from investing activities		<u>(2,069,090)</u>	<u>(5,348,695)</u>
Financing activities			
Proceeds on issue of units		3,570,155	5249,999
Distribution		(728,916)	-
Borrowings from the Prime Broker		153,434	78,950
Net cash inflow from financing activities		<u>2,994,673</u>	<u>5,328,949</u>
Increase in cash and cash equivalents		409,647	27,785
Cash and cash equivalents at beginning of the year/period		2,191	-
Effect of exchange rate differences		234,959	(25,594)
Cash and cash equivalents at end of the year/period represented by bank balances		<u>646,797</u>	<u>2,191</u>

OPTIMAL JAPAN FUND

CASH FLOW STATEMENT (Continued)
FOR THE YEAR ENDED 30TH JUNE 2001

- (a) Reconciliation of net operating (loss)/income for the year/period to net cash (outflow)/inflow from operating activities

	2001 AUD	For the period from 12.11.1999 to 30.6.2000 AUD
Net operating loss before equalisation	(134,179)	(440,731)
Amortisation of formation costs	19,406	15,000
Increase in other receivables	(2,473)	(112)
(Decrease)/increase in other payables	(398,690)	473,374
Net cash (outflow)/inflow from operating activities	<u>(515,936)</u>	<u>47,531</u>

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

1 General

The Optimal Japan Trust (the "Trust") is a unit trust which is governed by its Trust Deed dated 12th November 1999. The Trust is governed by, and construed in accordance with, the laws of New South Wales, Australia.

The objective of the Trust is to achieve above average returns through investing in quoted securities in Japan. In addition, up to 20 per cent of the Trust's gross assets may be invested in quoted securities in Korea and Taiwan. Investments will be predominately in equities but may include fixed interest instruments, money market instruments, derivatives and foreign exchange contracts. The Trust may invest in ADRs and GDRs. The Trust may sell short equities that the Investment Manager believes are overvalued and with respect to which there is a strong likelihood of a price decline. The Investment Manager of the Trust is Optimal Fund Management Pty Limited which is incorporated in Australia and is a joint venture between Warwick Johnson and Babcock & Brown.

2 Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

(a) Basis of preparation

The financial statements are prepared in accordance with International Accounting Standards except for the accounting for formation costs as stated in note 2(i) below.

The financial statements are prepared under the historical cost convention as modified by the fair valuation of investments, securities sold, not yet purchased and all derivative financial instruments.

In view of the international nature of the Trust's operation, the amounts shown in the financial statements are presented in Australian dollars.

(b) Investments

Quoted investments are stated at market value on a security by security basis. Securities that are quoted on a stock exchange are valued at their last trade price, or, if no sales occurred on such day, at the mean between the last available bid and ask prices.

If no bid and ask prices are available, the value of the investments shall be determined by the Investment Manager. If the quoted price for any security held by the Trust does not accurately reflect the value of such security, the Investment Manager may exercise his discretion to value such security at its assessment of what represents the security's fair value.

Unquoted investments are stated at price quoted by any person, firm or institution making a market in that investment or Investment Manager's valuation, being the Investment Manager's best estimate of the fair value.

Purchases or sales of investments are accounted for on a trade date basis.

Increase or decrease in the carrying amount of marketable securities is credited or charged to the statement of operations.

On disposal of investments, the difference between the net disposal proceeds and the carrying amount is credited or charged to the statement of operations.

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

2 Principal accounting policies (Continued)

(c) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Trust's right to receive payment is established.

Fixed returns on non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the shares. Other returns on non-equity shares are recognised when the right to the returns are established.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(d) Expenses

All expenses including borrowing costs are accounted for on an accruals basis.

(e) Proceeds and payments on issue and redemption of shares

The net asset value of the Trust is computed weekly. Prices for issues and redemptions are based on the latest available preceding unaudited computed net asset value.

Proceeds and payments for units issued and redeemed are shown as movements in the statement of changes in unitholders' funds.

Income accruing to units on issue or redemption is credited or charged to the statement of operations.

(f) Translation of foreign currencies

All monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated into Australian dollars at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies during the year are translated into Australian dollars at the rates of exchange prevailing at the transaction dates. Realised and unrealised gains and losses on translations of transactions and balances denominated in foreign currencies are dealt with through the statement of operations.

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

2 Principal accounting policies (Continued)

(g) Financial instruments

Financial instruments include futures and forwards undertaken by the Trust in the foreign exchange and equity markets. These instruments are recorded on the Trust's balance sheet on a trade date basis. The accounting for these instruments is dependent upon whether the transactions are undertaken for trading purposes or to hedge risk.

Quoted equity index futures contracts undertaken for trading purposes are marked to market at quoted market prices. Any gain and loss is recognised in the statement of operations as "Net change in unrealised gain/loss on futures contracts".

Foreign exchange forward contracts designated as hedges are valued on an equivalent basis to the assets, liabilities or net positions. Any gain and loss is recognised in the statement of operations as "Net change in unrealised gain/loss on foreign exchange forward contracts".

(h) Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short term, highly liquid investment that are readily convertible to known amount of cash and which are subject to insignificant changes in value.

(i) Formation costs

As stated in the Information Memorandum dated 1st December 1999, formation costs incurred in the formation of the Trust are capitalised and amortised on a straight line basis over a period of five years. This accounting policy is not in compliance with International Accounting Standard No. 38 "Intangible Assets" which requires such costs to be expensed as incurred. The Investment Manager believes that the accounting treatment adopted by the Trust best reflects a fairer treatment of such expenses. As the amount involved is not significant, the Investment Manager and the Trustee do not believe that the departure from International Accounting Standards is critical to the fair presentation of the Trust's financial statements.

3 Fees

(a) Investment management fee

The Investment Manager is entitled to receive a fee, payable monthly in arrears, at the rate of 1% p.a. of the value of the Trust's weekly net assets.

(b) Trustee fee

The Trustee is entitled to receive a trustee fee consisting of two elements: the first being a fixed amount of US\$5,000 which is paid quarterly in arrears; the second part of the fee is paid monthly in arrears in US dollars, which is calculated as 0.05% per annum of the gross asset value of the Trust's assets held by the Prime Broker and 0.1% per annum of the gross asset value of the Trust's assets held by the Bank of Bermuda Group, subject to a minimum fee of US\$800 per month.

Gross asset value is the total asset values before deduction of other liabilities.

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

3 Fees (Continued)

(c) Performance fee

Performance fee

The Investment Manager is entitled to an annual performance fee equal to 20% of the increase in the net asset value per unit as at the balance sheet date point over the performance benchmark multiplied by the average number of units in issue during the financial period. The performance fee is calculated on the following basis:

$$(\text{NAV} - \text{NAV}_{\text{pb}}) \times 20\% \times \text{average number of units in issue}$$

Where NAV is the net asset value at the year end
NAV_{pb} is the performance benchmark which is based on the higher of the Net Asset Value per Unit as at the last Valuation Point in the financial year immediately preceding the relevant financial year multiplied by 105 per cent. or the Net Asset Value per Unit as at the last Valuation Point in any previous financial year

When an investor redeems units during the course of a financial year, the accrued performance fee in respect of the shares redeemed will be paid to the Investment Manager.

Supplementary Performance fee

In addition to the performance fee detailed above, pursuant to the Supplemental Trust Deed dated 14th September 2000, for subscriptions on or after 14th September 2000, the Investment Manager is entitled to receive a supplementary performance fee with respect to the units of the Trust issued at a subscription price which was lower than the performance benchmark ("low tide units"). The supplementary performance fee is calculated on the following basis:

$$[(\text{the lower of NAV or NAV}_{\text{pb}}) - (\text{the higher of NAV}_{\text{sub}} \times 1.05 \text{ or NAV}_{\text{h}})] \times 20\% \times \text{Number of Units}_{\text{L}}$$

Where NAV is the net asset value at the year end
NAV_{pb} is the performance benchmark which is based on the higher of the Net Asset Value per Unit as at the last Valuation Point in the financial year immediately preceding the relevant financial year multiplied by 105 per cent. or the Net Asset Value per Unit as at the last Valuation Point in any previous financial year
NAV_{sub} is the subscription price for the low tide units
NAV_h is the highest net asset value per low tide unit in respect of which the performance fee shall have been paid
Number of Units_L is the number of low tide units net of redemption with respect to such units

No supplementary performance fee was paid or accrued to the Investment Manager for the year ended 30th June 2001 (2000: Nil), as the required criteria above was not met.

(d) Administration fee

The Trustee is also entitled to receive an administration fee, payable monthly in arrears in US dollars at the rate of 0.1% per annum of gross asset value of the Trust subject to a minimum of US\$750 per month.

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

4 Taxation

The Trust is not liable to any Australian income tax or capital gains tax.

Overseas withholding tax was charged on certain dividend income received during the year.

Australian goods and service tax is payable on the fees charged by the Investment Manager, Trustee and Administrator and is disclosed separately in the statement of operations.

5 Equalisation

Equalisation is the accrued income or loss included in the issue price and redemption price of the units which, after averaging, is dealt with in the statement of operations following the issue or redemption of units.

6 Formation costs

Formation costs represent legal, professional and other related expenses in respect of the formation of the Trust.

	2001 AUD	2000 AUD
Balance at the beginning of the year/period	60,000	
Formation costs incurred during the year/period	4,406	75,000
Amount amortised during the year/period	(19,406)	(15,000)
Balance at the end of the year/period	<u>45,000</u>	<u>60,000</u>

7 Investments – long and short positions

<u>Investments – long positions</u>	2001 AUD	2000 AUD
Market value	<u>7,620,509</u>	<u>7,370,872</u>
Cost	<u>7,086,665</u>	<u>6,445,160</u>
<u>Investments – short positions</u>		
Market value	<u>(3,770,986)</u>	<u>(1,936,714)</u>
Cost	<u>(3,962,463)</u>	<u>(2,127,825)</u>

8 Deposits pledged with the Prime Broker

As of 30th June 2001, deposits in the amount of AUD5,342,802 (2000: AUD2,068,442) were pledged as collateral to the Prime Broker in respect of securities borrowed.

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

9 Net asset value per unit

The calculation of the net asset value per unit is based on the net assets of AUD10,422,555 (2000: AUD7,155,816) and the number of units in issue as at the year end of 817,329.593 (2000: 514,844.201).

10 Movement in units

	2001 No. of Units	2000 No. of Units
Balance at beginning of the year/period	514,844.201	-
Units issued during the year/period	302,485.392	514,844.201
Balance at end of the year/period	<u>817,329.593</u>	<u>514,844.201</u>

11 Distribution

On 30th August 2000, the Trust made distribution in the amount of AUD728,916.

12 Related party transactions

In addition to the fees paid by the Trust to the various services providers as stated in note 3 above, the Investment Manager held 25,000 (2000: 25,000) units in the Trust representing 3.06% of the Trust's total units in issue as at 30th June 2001(2000: 4.86%).

13 Financial instruments

Derivative instruments with off-balance sheet market risk

The Trust may enter into futures contracts which to varying degrees, represent a market risk in excess of the amount reflected on the Trust's balance sheet. The notional amounts of the futures contracts represents the extent of the Trust's participation in these financial instruments.

Market risks associated with futures contracts arise due to the possible movements in indices and securities values underlying these instruments. Other market and credit risks include the possibility that there may be an illiquid market for the future contracts, that the change in the value of the future contract may not directly correlate with changes in the value of the underlying currencies, commodities, indices, or securities, or that the counterparty to a future contract defaults on its obligation to perform under the terms of the contract.

As at 30th June, the Trust's outstanding equity index futures contracts were as follows:

	2001		2000	
	Notional amount	Unrealised gain US\$	Notional amount	Unrealised gain US\$
Equity index futures (Short)	Nil	Nil	JPY 95 million	9,960
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

No deposits are pledged with the Prime Broker for index futures trading at 30th June 2001 (2000: US\$102,074).

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

13 Financial instruments (Continued)

Short equity security positions with off-balance sheet market risk

The Trust may sell borrowed securities which are subsequently repurchased and returned to the lender, thereby creating a liability to repurchase the security in the market at prevailing prices. Short selling allows the investor to profit from declines in market prices.

The liability for such securities sold short is marked to market based on the current value of the underlying security at the date of valuation. These transactions result in off-balance sheet risk as the Trust's ultimate obligation to satisfy the delivery of securities sold short may exceed the amount which may be reflected on the balance sheet. At 30th June 2001, the outstanding short sale position amounted to AUD3,770,986 (2000: AUD1,936,714). The net realised gain on short sales during the year amounted to AUD1,196,546 (2000: AUD76,798).

Concentration of credit risk

Financial assets which potentially subject the Trust to concentration of credit risk consist of investments, bank balances and deposits with the Prime Broker. The Trust's investment portfolio consists of principally quoted equity securities issued by corporations in Japan. The Trust's investment in a single investment is restricted to 10% and accordingly the Company has no significant concentrations of credit risk of a particular corporate.

Derivative instruments are entered into with, and cash is placed with one sole Prime Broker. Accordingly The Trust has a credit risk exposure to the Prime Broker.

Interest rate risk

As at 30th June 2001, the Trust did not have any investments in the debt and fixed income instruments (2000:AUD216,956). Accordingly the Trust is subject to limited interest rate risk exposure.

Currency risk

The Trust hedges its foreign currency exposure to maintain limited exposure to non-AUD currencies by using foreign exchange forward contracts. As at 30th June 2001, the net assets held in foreign currency was JPY 574 million (equivalent to AUD9 million) (2000: JPY349million (equivalent to AUD5.5million)).

As at 30th June, the Trust's outstanding foreign exchange forward contracts (all maturing within one month) are as follows:

		30th June 2001		30th June 2000	
		Notional amount	Unrealised gain AUD	Notional amount	Unrealised gain AUD
JPY/AUD	Short	<u>JPY 538 million</u>	<u>226,414</u>	<u>JPY 277 million</u>	<u>94,421</u>

OPTIMAL JAPAN TRUST

NOTES TO THE FINANCIAL STATEMENTS

13 Financial instruments (Continued)

Market price risk

As at 30th June, the Trust's investments consisted principally of equity securities quoted on the Tokyo Stock Exchange.

The Trust's equity securities and derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Trust's market price risk is managed through diversification of the investment portfolio to different industry sectors in Japan.

Liquidity risk

The Trust's quoted securities are considered to be readily realisable as they are quoted on the Tokyo Stock Exchange.

Fair value

At 30th June 2001 and 30th June 2000, the carrying amounts of investments, bank balances, amounts due to and from the Prime Broker, other receivables and payables approximated their fair values. Information on their fair values is included above.

14 Approval of financial statements

The financial statements were approved by the Trustee and the Investment Manager on 16 OCT 2001

OPTIMAL JAPAN TRUST

INVESTMENT PORTFOLIO
AS AT 30TH JUNE 2001

	Holding	Market value AUD	Market value as a % of NAV
<u>LONG POSITIONS - LISTED</u>			
EQUITIES			
Japan			
Autos & Trucks			
Honda Motor Co. Ltd	2,000	174,102	1.67
Mazda Motor Corporation	35,000	173,467	1.66
		<u>347,569</u>	<u>3.33</u>
		-----	-----
Bank/Securities Companies			
UFJ Holdings, Inc	19	202,521	1.94
		<u>202,521</u>	<u>1.94</u>
		-----	-----
Building/Construction			
Obayashi Corporation	23,000	177,200	1.70
		<u>177,200</u>	<u>1.70</u>
		-----	-----
Glass/Ceramics			
Central Glass Co. Ltd.	26,000	287,460	2.76
		<u>287,460</u>	<u>2.76</u>
		-----	-----
Chemical			
Asahi Kasei Corporation	20,000	166,478	1.60
Sumitomo Chemical Co. Ltd.	23,000	205,698	1.97
		<u>372,176</u>	<u>3.57</u>
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OPTIMAL JAPAN TRUST

INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30TH JUNE 2001

	Holding	Market value AUD	Market value as a % of NAV
<u>LONG POSITIONS - LISTED</u>			
Computer/Software			
MKC - STAT Corporation	5,000	135,740	1.30
		<u>135,740</u>	<u>1.30</u>
		-----	-----
Department Stores			
Mitsukoshi Ltd.	28,000	229,955	2.21
		<u>229,955</u>	<u>2.21</u>
		-----	-----
Diver. Resource			
Ishikawajima-Harima Heavy Industries Co. Ltd	44,000	215,277	2.07
		<u>215,277</u>	<u>2.07</u>
		-----	-----
Electronics Manufacturing			
Chiyoda Integre Co. Ltd.	6,000	114,374	1.10
Daito Electron Co. Ltd.	4,400	80,379	0.77
Fanuc Ltd.	2,100	207,160	1.99
Yokowo Co. Ltd.	5,900	131,212	1.26
Nitto Electric Works Ltd	8,000	134,072	1.29
Oki Electric Industry Co. Ltd.	20,000	192,212	1.84
Toshiba Corporation	18,000	188,431	1.81
Yokogawa Electric Corp	7,000	123,428	1.18
		<u>1,171,268</u>	<u>11.24</u>
		-----	-----
Entertainment			
Toei Company Ltd.	26,000	182,553	1.75
		<u>182,553</u>	<u>1.75</u>
		-----	-----
Finance			
Nomura Securities Co. Ltd	7,000	265,760	2.55
		<u>265,760</u>	<u>2.55</u>
		-----	-----

OPTIMAL JAPAN TRUST

INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30TH JUNE 2001

	Holding	Market value AUD	Market value as a % of NAV
<u>LONG POSITIONS - LISTED</u>			
Food & Beverage			
Japan Foods Co. Ltd.	3,000	118,663	1.14
		<u>118,663</u>	<u>1.14</u>
		-----	-----
Machine Tools			
Minebea Co. Ltd.	2,000	26,084	0.25
Miura Co. Ltd.	7,100	203,014	1.95
Nippon Yusoki Co. Ltd.	5,000	27,958	0.27
		<u>257,056</u>	<u>2.47</u>
		-----	-----
Media			
Nippon Television Network Corp.	390	187,097	1.80
Wowow Inc	16	157,582	1.51
		<u>344,679</u>	<u>3.31</u>
		-----	-----
Manufacturing			
Nippon Pillar Packing Co. Ltd.	6,000	71,484	0.69
		<u>71,484</u>	<u>0.69</u>
		-----	-----
Metal Products			
Sumitomo Metal Industries Ltd.	99,000	117,948	1.13
		<u>117,948</u>	<u>1.13</u>
		-----	-----
Office Equipment			
Canon Inc.	3,000	240,185	2.30
		<u>240,185</u>	<u>2.30</u>
		-----	-----
Oil & Gas			
Japan Energy Corporation	85,000	356,465	3.42
		<u>356,465</u>	<u>3.42</u>
		-----	-----

OPTIMAL JAPAN TRUST

**INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30TH JUNE 2001**

	Holding	Market value AUD	Market value as a % of NAV
<u>LONG POSITIONS - LISTED</u>			
Real Estate			
Mitsubishi Estate Co. Ltd.	11,000	200,424	1.92
Toc Co. Ltd	19,000	211,274	2.03
Tokyu Land Corporation	81,000	231,607	2.22
		643,305	6.17
		-----	-----
Tire & Rubber			
Bridgestone Corporation	10,000	207,303	1.99
Toyo Tire & Rubber Co. Ltd.	63,000	232,179	2.23
		439,482	4.22
		-----	-----
Transport-Ship			
Kawasaki Kisen Kaisha Ltd.	109,000	410,364	3.94
Mitsui O.S.K. Lines, Ltd.	63,000	366,282	3.51
		776,646	7.45
		-----	-----
Public Utility			
Kddi Corporation	30	277,357	2.66
		277,357	2.66
		-----	-----
Wholesale			
Inabata & Co. Ltd.	11,000	140,140	1.34
Sumitomo Corporation	18,000	249,620	2.40
		389,760	3.74
		-----	-----
TOTAL INVESTMENTS - LONG POSITIONS		7,620,509	73.12

OPTIMAL JAPAN TRUST

**INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30TH JUNE 2001**

	Holding	Market value AUD	Market value as a % of NAV
<u>SHORT POSITIONS - LISTED</u>			
EQUITIES			
Japan			
Advertising			
Asatsu-DK Inc	2,400	(96,455)	(0.93)
		<u>(96,455)</u>	<u>(0.93)</u>
		-----	-----
Building/Construction			
Daiwa-House Industry Co. Ltd	10,000	(155,358)	(1.49)
		<u>(155,358)</u>	<u>(1.49)</u>
		-----	-----
Commercial Services			
Sanix Incorporated	1,600	(160,123)	(1.54)
Venture Link Co Limited	1,400	(217,723)	(2.09)
		<u>(377,846)</u>	<u>(3.63)</u>
		-----	-----
Communications			
NTT Docomo, Inc	8	(275,768)	(2.65)
		<u>(275,768)</u>	<u>(2.65)</u>
		-----	-----
Computer/Software			
Net One Systems Co Ltd	4	(176,644)	(1.69)
Oracle Corporation Japan	600	(156,692)	(1.50)
		<u>(333,336)</u>	<u>(3.19)</u>
		-----	-----
Electronic/Electron			
Sharp Corporation	7,000	(189,035)	(1.81)
Tokyo Electron Ltd	1,700	(203,887)	(1.96)
Tokyo Seimitsu Co. Ltd	1,700	(173,372)	(1.66)
		<u>(566,294)</u>	<u>(5.43)</u>
		-----	-----

OPTIMAL JAPAN TRUST

INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30TH JUNE 2001

	Holding	Market value AUD	Market value as a % of NAV
<u>SHORT POSITIONS - LISTED</u>			
Engine/Machine			
Nippon Comsys Corporation	6,000	(161,077)	(1.55)
		<u>(161,077)</u>	<u>(1.55)</u>
Machine Tools			
SMC Corporation	900	(190,861)	(1.83)
Union Tool Co.	1,900	(155,437)	(1.49)
		<u>(346,298)</u>	<u>(3.32)</u>
Medical-drugs			
Kyorin Pharmaceutical Co.	1,000	(75,137)	(0.72)
		<u>(75,137)</u>	<u>(0.72)</u>
Manufacturing			
Sammy Corporation	1,800	(194,436)	(1.87)
		<u>(194,436)</u>	<u>(1.87)</u>
Real Estate			
Goldcrest Co Ltd	1,650	(178,233)	(1.71)
		<u>(178,233)</u>	<u>(1.71)</u>
Retail			
Don Quijote Co Ltd	800	(101,666)	(0.98)
Yamada Denki Co Ltd	1,300	(210,639)	(2.02)
		<u>(312,305)</u>	<u>(3.00)</u>
Telecommunication			
Matsushita Communication Industrial Co	2,600	234,594	2.25
NTT Data Corporation	19	205,238	1.97
Yozan Inc	4	141,061	1.35
		<u>(580,893)</u>	<u>(5.57)</u>

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**INVESTMENT PORTFOLIO (CONTINUED)
AS AT 30TH JUNE 2001**

	Holding	Market value AUD	Market value as a % of NAV
<u>SHORT POSITIONS - LISTED</u>			
Wholesale			
Nichimen Corporation	40,000	(117,550)	(1.13)
		<u>(117,550)</u>	<u>(1.13)</u>
		-----	-----
TOTAL INVESTMENTS - SHORT POSITIONS		(3,770,986)	(36.19)
		-----	-----
TOTAL INVESTMENTS (Long less short positions)		3,849,523	36.93
Other net assets		<u>6,573,032</u>	<u>63.07</u>
NET ASSETS		<u>10,422,555</u>	<u>100.00</u>