



How the Fund Works

The Indexed Japanese Equity Fund is a passively managed fund which aims to track the FTSE® Japanese index. The aim is to eliminate manager selection risk, which is the risk of being with an investment manager who under performs.

This fund is 100% invested in Japanese equities. The amount invested in each company is based on the weighting of that company within the market as a whole. If, for example, Canon Inc. is 8% of the market, this fund will be 8% invested in Canon Inc.

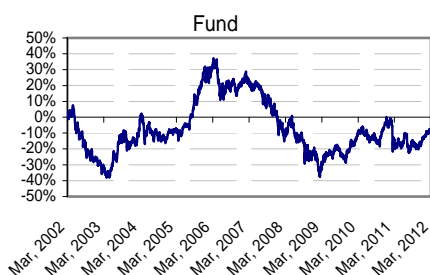
Investment Risk



This is a very high risk fund which can have a very high level of volatility. Therefore it may not be suitable for investors who have less than 13 years to retirement. The fund is most suitable for long term investment.

Warning: The value of your investment may go down as well as up.

Performance



Year	Return	Benchmark
2012 YTD	8.1%	8.1%
1 Year	6.5%	7.2%
3 Year %p.a.	11.0%	11.7%
5 Year %p.a.	-5.6%	-5.0%
10 Year %p.a.	-0.9%	-0.3%

These returns are based on a standard annual management charge of 0.65%. Management charges may vary.

The return of this fund since launch (1st January 1996) is -1.85% p.a.

Warning: Past Performance is not a reliable guide to future performance.

Warning: This fund may be affected by changes in currency exchange rates.

Stock List

Largest Stocks	Weight %
TOYOTA MOTOR CORP	4.53
Mitsubishi UFJ	3.11
CANON INC	2.78
HONDA MOTOR CO	2.28
SUMITOMO MITSUI	2.06

Market Commentary

Fourth quarter GDP in Japan was revised higher to -0.2% QoQ from -0.6% reflecting an upward revision to the private capital investment growth. Capital investment was very strong in the fourth quarter in Japan and grew by 12.2% as transport equipment increased by 17.2% and other machinery and equipment increased by 3.8%. Elsewhere the robust rally in Japanese equities since the start of February came to a halt in the middle of March and the selloff in the Japanese yen also paused. The decline in exports continued to slow in February and the trade balance showed a slight surplus as exports to the US saw a notable improvement. On the other hand exports to other parts of Asia declined by 7.9%, albeit at a slower pace than had been seen in January, while the declines to Europe steepened.

This fund may engage in securities lending to earn returns.





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The above refers to references to FSTE benchmarks throughout this document.

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