

15 March 2011

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## Japan exposure within the Global Treasury Funds (GTF)

The principle behind managing GTF is to offer daily liquidity at par, whilst preserving principal and delivering a competitive rate of return. This means that the list of eligible credits for inclusion in the funds is drawn from the most liquid of sectors namely sovereigns, supranationals, national champion banks and a small number of multinational corporates.

The funds' term exposure to Japan is small ( c. 3% within the Euro Fund, 3.75% within the Dollar Fund and 3% within the Sterling Fund) and is currently limited to Mitsubishi UFJ Trust & Bank, which we consider to be the strongest of the Japanese "mega banks" and the most systemically important for Japan.

Our longest exposure to Mitsubishi UFJ is 3 months within the Dollar Fund, with the average maturity across all funds closer to 2 months. We are monitoring the situation in Japan closely and are currently comfortable to hold our existing positions, but will reassess our investment options if necessary.

Finally within the Sterling Fund we have a c. 1% exposure to Toyota Motor Finance, which matures on 23<sup>rd</sup> March 2011. On the basis that from a credit perspective we remain comfortable with Toyota and the exposure is short term in nature, we will continue to hold this particular security and invest in this name.

For further information, please contact the sales team on +44 (0) 207 085 3942.

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