



Dresdner RCM Japan Trust

Final Report and Accounts 23rd April 2001

Manager

Dresdner RCM Funds (UK) Ltd
PO Box 191
10 Fenchurch Street
London EC3M 3LB

Regulated by IMRO and the
Personal Investment Authority.
A member of the Association of
Unit Trusts and Investment Funds.

A member of the Dresdner Asset
Management Marketing Group.
A member of the Dresdner
Bank Group.

Auditors

PricewaterhouseCoopers
32 London Bridge Street
London SE1 9SY

Registrar

European Financial Data Services
(UK) Ltd
Kings House
101-135 Kings Road
Brentwood
Essex CM14 4DR

Regulated by IMRO

Trustee

Chase Manhattan Trustees Limited
Chaseside
Bournemouth BH7 7DA

Regulated by IMRO

Investment Manager

Dresdner RCM Global Investors
(UK) Ltd
PO Box 191
10 Fenchurch Street
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Regulated by IMRO

A member of the Dresdner Asset
Management Marketing Group.

A member of the Dresdner
Bank Group.

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Authorised Status of the Trust

The Dresdner RCM Japan Trust is an authorised unit trust scheme within the meaning of the Financial Services Act 1986 (“the Act”) and is a securities fund as defined in Part 2.07 of the Financial Services (Regulated Schemes) Regulations 1991.

It is the intention of the Manager that the Dresdner RCM Japan Trust will be managed so as to meet the requirements necessary for it to be included in a Personal Equity Plan and Individual Savings Account.

Investment Objectives and Policy

The objective of the Trust is to achieve capital growth through investment in leading Japanese shares and other permitted equity based investment instruments.

The Trust’s main emphasis is on companies with larger market capitalisations. Exposure to smaller companies may be obtained either through the purchase of shares or through warrants up to the permitted limit.

The Trust is able to use techniques and instruments for the purpose of Efficient Portfolio Management provided that they are used for the reduction of relevant risk (whether in prices, interest rates or exchange rates) or the reduction of relevant costs and not for speculation.

Investing in Unit Trusts

A unit trust is a collective investment vehicle which allows investors to pool their money to obtain a spread of investments and thus reduce their risk in the financial markets of the world without incurring the costs associated with investing individually. It allows investors access to the expertise of professional investment managers, who manage the underlying investments of the unit trust on a day to day basis.

A unit trust is divided into equal portions called units and investors are allocated units in proportion to the size of their investment. The price of these units is calculated by reference to the value of the underlying investments held by the Trust, and can fluctuate according to the movements within the portfolio of investments.

Basic Information

| | |
|---|----------------------------|
| Launch Date | 13th March 1984 |
| Annualised Net Yield to 24th April 2001 | 0% |
| Ex-Dividend Date | 23rd April 2001 (F) |
| Distribution Date | 14th June 2001 (F) |
| Manager's Charges: | |
| Initial | 4% |
| Annual | 1.5% |
| Minimum Initial Investment | £500 |
| Savings Scheme (minimum monthly investment) | £25 |

Performance of the Trust

The performance data for the Trust for the period under review is shown below:

| | Income Units | Accumulation Units |
|-------------------------------------|--------------|--------------------|
| Quoted Bid Price at 25th April 2000 | 555.93p | 562.10p |
| Quoted Bid Price at 24th April 2001 | 391.95p | 396.30p |
| Performance over the period | (29.5%) | (29.5%) |
| TOPIX Index (Capital Return)* | | |
| Index at 25th April 2000 | 9.97 | n/a |
| Index at 24th April 2001 | 7.57 | n/a |
| Performance over the period | (24.1%) | n/a |
| TOPIX Index (Total Return)* | | |
| Index at 25th April 2000 | n/a | 3.52 |
| Index at 24th April 2001 | n/a | 2.69 |
| Performance over the period | n/a | (23.6%) |

For the purpose of indicating capital and total returns, unit prices are quoted as at noon on the first dealing day after the ex-dividend date. The comparative indices are valued as at the opening level on the same day.

*Source: Datastream (Sterling adjusted)

On 24th April 2001, the quoted offer prices of units were:

| | |
|--------------|------------|
| Income | 409.61p xd |
| Accumulation | 414.15p xd |

There will be no distribution of Income and Accumulation Units on 14th June 2001, as there is a net deficit of £492,411 on the Income Account which has been funded from the Capital Account.

Note: The past is not necessarily a guide to future performance.

Manager's Investment Report

Performance Summary

The investment objective of the Fund is long-term capital growth through investing in a portfolio of larger Japanese equities. During the period, the fund declined by 29.5% in Sterling. The Japan TSE 1st Section Index ("TOPIX") fell by 24.1% over the same period. As in many markets, the period saw a sharp under performance of growth and out performance of value stocks. Although we substantially reduced the technology and telecom weighting, our residual holdings were enough to result in under performance for the period.

During most of the period higher interest rates, lower liquidity growth and a draconian fiscal policy had a debilitating effect on the economy and this was reflected in the stock market. Employment growth dipped back into negative territory on a year on year basis reinforcing the trend to weaker consumer spending. Given the weaker consumer outlook and the lower profit growth, we would expect Japanese capital spending to slow over the next few quarters. Fiscal 2001's GDP growth may well be closer to zero percent.

Breaching 1,200 on TOPIX prompted some more aggressive policy responses from the government, including:-

- An effective return to zero interest rates and a degree of inflation targeting by the Bank of Japan
- The creation of a fund to buy the banks' equity cross-shareholdings
- Discussion in changes in the tax laws to encourage individual share ownership
- Abolition of the minimum lot size for trading shares

The market's rally was nicely timed for the fiscal year end, although the market still ended down 25% for the period. These policy shifts mark a turning point in that they illustrate that the authorities now recognise the need for action. The new Koizumi administration, which has been given a mandate for reform by the LDP, now has to deliver reform on a broader scale than ever previously contemplated by the ruling party. We believe that the market has found a floor for the time being and have upgraded our vote to neutral, although this says more about the prospects for the rest for the world.

Within the market, we continue to favour telecommunication stocks and particularly NTT DoCoMo, as well as non-technology orientated exporters and niche retailers. Until NASDAQ recovers and there is more certainty as to earnings we will continue to underweight the technology sector. The economic outlook remains poor and earnings have peaked however Japanese equities are relatively cheap in global terms, particularly mid and small caps which are now more fully represented in the portfolio.

Financial Reporting Standard 13 – Derivatives and other Financial Instruments: Disclosures (FRS13)

FRS13 requires entities to disclose narrative and numerical information about the financial instruments they use.

The purpose of these disclosures is to ensure that enough information is provided to investors to enable them to make their own decisions about the risk profile of the entity in which they have invested and to assess for themselves the impact of the use of financial instruments on the performance of the entity.

This report contains both narrative disclosure discussing risk and corresponding numerical disclosure (see note 16). The risk profile of the Trust has not changed in the year to 23rd April 2001.

Risk Profile

The Trust's financial instruments, excluding short-term debtors and creditors, comprise equities, the liability to unitholders to redeem their units on demand, and bank balances. The purpose for holding the financial instruments is to meet the Trust's investment objectives.

Market Price Exposure

The main risk arising from the Trust's financial instruments is the market price risk inherent in equity investments. Through holding a diversified portfolio, the market price risk attributable to individual stocks is mitigated.

Interest Rate Exposure

During the period under review, the Trust did not hold any investments whose value would be affected directly by changes in prevailing interest rates. This policy has been consistently applied by the Trust for both this period and the prior period.

Foreign Currency Exposure

As the majority of the Trust's investments are denominated in currencies other than Sterling (see note 16(b)), both the value of the investments and the income from them can be affected by currency movements. No hedge transactions were entered into during the year.

Liquidity Profile

The main liability of the Trust is the amount due to unitholders following redemption of units. Suitable cash facilities have been arranged to meet the usual liquidity requirements of unit redemptions (see note 16).

Stamp Duty Reserve Tax

Section 122 and Schedule 19 of the Finance Act 1999 introduced with effect from 6th February 2000, a new Stamp Duty Reserve Tax (SDRT) regime for surrenders and other transfers of units of Unit Trusts in place of the existing Stamp Duty charges. The new regime generally imposes a 0.5% SDRT charge on the value of surrenders of units to the Managers or Trustees. This charge for SDRT will be met by the assets of the Unit Trust. The Manager is allowed to make a SDRT provision as part of an entry or exit fee but has chosen not to do so.

Given that SDRT is charged on UK equities and the investment objective of this Trust is to invest in predominantly Japanese equities, it is unlikely that significant charges relating to SDRT will arise.

Statement of the Manager's responsibilities in relation to the Report and Accounts of the Scheme

The Financial Services (Regulated Schemes) Regulations 1991 as amended ("the Regulations") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Scheme and of its income and expenditure for the period. In preparing the financial statements the Manager is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Unit Trust Schemes issued by IMRO in January 1997;
- ▶ follow generally accepted accounting principles and applicable accounting standards;
- ▶ keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the Scheme in accordance with its Trust Deed, Scheme Particulars and the Regulations.

Statement of the Trustee's responsibilities in relation to the Report and Accounts of the Scheme

The Trustee is under a duty to take into custody and to hold the property of the Scheme in trust for the holders of units. Under the Regulations relating to Reports it is the duty of the Trustee to enquire into the conduct of the Manager in the management of the Scheme in each annual accounting period and report thereon to unitholders in a report which shall contain the matters prescribed by the Regulations. A copy of the Trustee's Report is included in this Report on page 24.

Performance Statistics

Performance History

| | Income Unit Quoted Bid Price (p) | Accumulation Unit Quoted Bid Price (p) |
|-----------------|--|--|
| 25th April 1996 | 476.90 | 482.20 |
| 30th April 1997 | 345.10 | 348.90 |
| 29th April 1998 | 269.95 | 272.95 |
| 28th April 1999 | 353.99 | 357.92 |
| 25th April 2000 | 555.93 | 562.10 |
| 24th April 2001 | 391.95 | 396.30 |

Distribution History

| Calendar Year | Net distribution (p) per Unit | | Net distribution (£) per £1,000 invested on 2/1/96 in | |
|------------------|----------------------------------|----------------------|---|----------------------|
| | Income Unit | Accumulation Unit | Income Unit | Accumulation Unit |
| 1996 | — | — | — | — |
| 1997 | — | — | — | — |
| 1998 | — | — | — | — |
| 1999 | — | — | — | — |
| 2000 | — | — | — | — |
| 2001* | — | — | — | — |

*to 14th June 2001.

Note: Investors are reminded that income is not guaranteed.

Net Asset Values

| Accounting Period End | Total Net Asset Value (£) | Net Asset Value per Unit (£) | Total No. of Income Equivalent Units |
|-----------------------|---------------------------|------------------------------|--------------------------------------|
| 26th April 1999 | 17,090,098 | 3.55 | 4,808,257 |
| 24th April 2000 | 73,585,430 | 5.55 | 13,248,767 |
| 23rd April 2001 | 16,605,886 | 3.92 | 4,233,347 |

Highest Offer Prices & Lowest Bid Prices

| Calendar Year | Highest Offer Price | | Lowest Bid Price | |
|---------------|---------------------|------------------|------------------|------------------|
| | Income (p) | Accumulation (p) | Income (p) | Accumulation (p) |
| 1996 | 507.30 | 513.00 | 339.60 | 343.40 |
| 1997 | 403.80 | 408.30 | 270.90 | 273.90 |
| 1998 | 335.60 | 339.30 | 211.70 | 214.00 |
| 1999 | 634.07 | 641.11 | 271.70 | 274.70 |
| 2000 | 622.43 | 629.34 | 382.25 | 386.49 |
| 2001* | 418.25 | 422.90 | 334.35 | 338.06 |

*to 23rd April 2001

Statement of Total Return

for the period 25th April 2000 to 23rd April 2001

| | Notes | 23rd April 2001 | | 24th April 2000 | |
|---|-------|-----------------|----------------------|-----------------|--------------------|
| | | £ | £ | £ | £ |
| Net (losses)/gains on investments during the period | 2 | | (15,066,651) | | 18,546,688 |
| Other losses | 3 | | (439,655) | | (465,597) |
| Gross income | 4 | 244,909 | | 472,845 | |
| Expenses | 5 | (718,198) | | (858,780) | |
| | | | | | |
| Net expense before taxation | | (473,289) | | (385,935) | |
| Taxation | 6 | (31,862) | | (58,556) | |
| | | | | | |
| Net expense after taxation for the period | | | (505,151) | | (444,491) |
| Total (deficit)/return for the period | | | (16,011,457) | | 17,636,600 |
| | | | | | |
| Distributions for the period | 7 | | 0 | | 386 |
| | | | | | |
| Net (decrease)/increase in unitholders' funds from investment activities | | | (£16,011,457) | | £17,636,986 |

Statement of Movements in Unitholders' Funds

for the period 25th April 2000 to 23rd April 2001

| | 23rd April 2001 | | 24th April 2000 | |
|--|-----------------|--------------------|-----------------|--------------------|
| | £ | £ | £ | £ |
| Net assets at the start of the period | | 73,585,430 | | 17,090,098 |
| Movement due to sales and repurchase of units: | | | | |
| Amounts received on creations of units | 1,594,101 | | 40,788,995 | |
| Amounts paid on cancellations of units | (42,562,188) | | (1,930,649) | |
| | | | | |
| | | (40,968,087) | | 38,858,346 |
| Net (decrease)/increase in unitholders' funds from investment activities (see above) | | (16,011,457) | | 17,636,986 |
| | | | | |
| Net assets at the end of the period | | £16,605,886 | | £73,585,430 |

Portfolio Statement

as at 23rd April 2001

| Holding | | Mid Market Value £ | % of Net Assets |
|---|----------------------------|-----------------------|--------------------|
| RESOURCES 2.09% (24th April 2000 – 0.00%) | | | |
| Mining 2.09% (24th April 2000 – 0.00%) | | | |
| 90,000 | Shimura Kako Co JPY50 | 346,590 | 2.09 |
| BASIC INDUSTRIES 14.62% (24th April 2000 – 23.58%) | | | |
| Chemicals 3.45% (24th April 2000 – 9.68%) | | | |
| 80,000 | Aica Kogyo Co JPY50 | 354,634 | 2.14 |
| 89,000 | Denki Kagaku Kogyo JPY50 | 217,322 | 1.31 |
| Construction & Building Materials 11.17% (24th April 2000 – 6.19%) | | | |
| 200,000 | Central Glass Co Ltd JPY50 | 755,367 | 4.55 |
| 51,000 | Daito Trust Const JPY50 | 640,122 | 3.85 |
| 43,000 | Tostem Corp JPY50 | 459,245 | 2.77 |
| GENERAL INDUSTRIALS 17.28% (24th April 2000 – 13.70%) | | | |
| Diversified Industrials 7.03% (24th April 2000 – 1.97%) | | | |
| 15,000 | Bandai Co ord | 372,263 | 2.24 |
| 3,600 | Nintendo Co JPY50 | 404,612 | 2.44 |
| 37,000 | Nippon Elec Glass JPY50 | 389,887 | 2.35 |
| Electronic & Electrical Equipment 8.14% (24th April 2000 – 9.93%) | | | |
| 6,000 | Kyocera Corp JPY50 | 417,277 | 2.51 |
| 36,000 | Matsushita Eic Ind JPY50 | 425,151 | 2.56 |
| 41,000 | Nec Corp JPY50 | 509,930 | 3.07 |
| Engineering & Machinery 2.11% (24th April 2000 – 1.80%) | | | |
| 21,000 | Hosiden Corp JPY50 | 350,441 | 2.11 |
| CONSUMER GOODS 20.73% (24th April 2000 – 10.66%) | | | |
| Automobiles & Parts 2.77% (24th April 2000 – 3.95%) | | | |
| 95,000 | Nissan Motor Co JPY50 | 459,610 | 2.77 |
| Food Producers & Processors 7.15% (24th April 2000 – 0.00%) | | | |
| 51,000 | Fuji Oil JPY50 | 259,540 | 1.56 |
| 20,300 | Hokuto Corp JPY50 | 520,011 | 3.13 |
| 1,660 | Hokuto JPY50 (Unavailable) | 42,334 | 0.25 |
| 21,000 | Kao Corp JPY50 | 367,813 | 2.21 |
| Household Goods & Textiles 3.27% (24th April 2000 – 1.57%) | | | |
| 2,060 | Bellsystem24 Inc JPY50 | 543,562 | 3.27 |
| Health 1.79% (24th April 2000 – 3.28%) | | | |
| 9,000 | Takeda Chem Inds JPY50 | 297,811 | 1.79 |
| Personal Care & Household Products 5.75% (24th April 2000 – 0.00%) | | | |
| 36,000 | Morishita Jintan JPY50 | 466,228 | 2.81 |
| 10,000 | Otsuka Kagu Ltd JPY50 | 488,935 | 2.94 |

Portfolio Statement

(continued)

as at 23rd April 2001

| Holding | | Mid Market Value £ | % of Net Assets |
|--|---|-----------------------|--------------------|
| SERVICES 20.73% (24th April 2000 – 16.52%) | | | |
| General Retailers 13.11% (24th April 2000 – 11.40%) | | | |
| 26,000 | Belluna Co JPY50 | 519,172 | 3.13 |
| 2,600 | Belluna Co JPY50 (Unavailable) | 51,991 | 0.31 |
| 6,500 | Fast Retailing Co JPY50 | 953,422 | 5.74 |
| 17,200 | Ryohin Keikaku Co JPY50 | 325,789 | 1.96 |
| 6,500 | Yamada Denki JPY50 | 326,708 | 1.97 |
| Leisure, Entertainment & Hotels 3.30% (24th April 2000 – 1.47%) | | | |
| 120,000 | Konica Corporation JPY50 | 548,383 | 3.30 |
| Support Services 2.28% (24th April 2000 – 0.00%) | | | |
| 35,000 | MKC Stat Corp JPY50 | 378,596 | 2.28 |
| Transport 2.04% (24th April 2000 – 3.65%) | | | |
| 187,000 | OSK Mitsui JPY50 | 338,198 | 2.04 |
| FINANCIALS 12.18% (24th April 2000 – 17.27%) | | | |
| Banks 7.28 % (24th April 2000 – 4.89%) | | | |
| 120,000 | Sumitomo Trust & Bkg JPY50 | 523,736 | 3.15 |
| 80,000 | Suruga Bank JPY50 | 385,214 | 2.32 |
| 70 | UFJ Holdings | 300,720 | 1.81 |
| Speciality & Other Finance 4.90% (24th April 2000 – 12.38%) | | | |
| 6,000 | Aiful Corp JPY50 | 379,623 | 2.29 |
| 5,800 | Japan Assoc Finance Co ord | 433,480 | 2.61 |
| INFORMATION TECHNOLOGY 10.76% (24th April 2000 – 14.42%) | | | |
| Information Technology Hardware 10.76% (24th April 2000 – 9.37%) | | | |
| 90 | NTT Docomo NPV | 1,293,936 | 7.80 |
| 107 | Nippon Tel&Tel Cp JPY50000 | 491,416 | 2.96 |
| Beverages 0.00% (24th April 2000 – 1.86%) | | | |
| Forestry & Paper 0.00% (24th April 2000 – 5.74%) | | | |
| Software & Computer Services 0.00% (24th April 2000 – 5.05%) | | | |
| Steel & Other Metals 0.00% (24th April 2000 – 1.97%) | | | |
| | Investments as shown in the balance sheet | 16,339,069 | 98.39 |
| | Net Current Assets | 266,817 | 1.61 |
| | Net Assets | £16,605,886 | 100.00 |

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Balance Sheet

as at 23rd April 2001

| | | 23rd April 2001 | 24th April 2000 |
|---------------------------------|-------|---------------------------|---------------------------|
| | Notes | £ | £ |
| Portfolio of Investments | | 16,339,069 | 70,748,810 |
| Current Assets | | | |
| Debtors | 8 | 218,385 | 1,055,724 |
| Cash and bank balances | | 675,185 | 4,247,756 |
| | | <hr/> 893,570 | <hr/> 5,303,480 |
| Current Liabilities | | | |
| Creditors | 9 | (94,899) | (1,876,727) |
| Bank overdrafts | | (531,854) | (590,133) |
| | | <hr/> (626,753) | <hr/> (2,466,860) |
| Net Current Assets | | <hr/> 266,817 | <hr/> 2,836,620 |
| Net Assets | | <u>£16,605,886</u> | <u>£73,585,430</u> |
| Unitholders' Funds | | <u>£16,605,886</u> | <u>£73,585,430</u> |

Summary of Material Portfolio Changes

for the period 25th April 2000 to 23rd April 2001

The summaries below identify those purchases and sales exceeding 2% of the total net assets of the Trust at the start of the accounting period, subject to a minimum disclosure of the twenty largest purchases and sales.

| Purchases | Cost £ | Sales | Proceeds £ |
|--|---------------------------|--|---------------------------|
| Japan Assoc Finance Co ord | 3,045,757 | Toyota Motor Corp JPY50 | 2,756,242 |
| Trans Cosmos Inc JPY50 | 2,055,600 | Fast Retailing Co JPY50 | 2,535,877 |
| Yahoo Japan Corp JPY50000 | 1,808,898 | NTT Docomo NPV | 2,461,397 |
| Softbank Corp JPY50 | 1,692,410 | Funai Electric Co JPY50 | 2,405,525 |
| OSK Mitsui JPY50 | 1,639,706 | Sumitomo Corp JPY50 | 2,216,082 |
| Aruze Corp NPV | 1,610,741 | Tokyu Corp JPY50 | 2,108,481 |
| Fuji Oil JPY50 | 1,496,743 | Denki Kagaku Kogyo JPY50 | 2,012,606 |
| Shimura Kako Co JPY50 | 1,467,934 | Daito Trust Const JPY50 | 1,979,123 |
| Nec Corp JPY50 | 1,405,895 | Japan Airport Term JPY50 | 1,689,741 |
| Skylark Co JPY50 | 1,399,822 | Japan Assoc Finance Co ord | 1,611,550 |
| Advantest JPY50 | 1,313,090 | Obayashi Corp JPY50 | 1,581,851 |
| Kyocera Corp JPY50 | 1,298,083 | Nippon Tel&Tel Cp JPY50000 | 1,567,245 |
| Otsuka Kagu Ltd JPY50 | 1,263,224 | Rengo Co JPY50 | 1,538,072 |
| NOF Corp JPY50 | 1,233,241 | Orix Corp JPY50 | 1,533,819 |
| Central Glass Co Ltd JPY50 | 1,231,232 | Coca-Cola West Japan JPY50 | 1,529,518 |
| Nissan Motor Co JPY50 | 1,213,918 | Takefuji Corp JPY50 | 1,526,275 |
| Bellsystem24 Inc JPY50 | 1,203,515 | Nippon Suisan JPY50 | 1,525,168 |
| Belluna Co JPY50 | 1,154,459 | Sumitomo Bakelite JPY50 | 1,503,519 |
| C Two-Network NPV | 1,115,304 | Capcom Co JPY50 | 1,491,918 |
| Matsushita Elc Ind JPY50 | 1,106,643 | Takeda Chem Inds JPY50 | 1,489,917 |
| | | OSK Mitsui JPY50 | 1,472,974 |
| Other Purchases | 17,614,612 | Other Sales | 48,175,804 |
| Total of all purchases for the period | <u>£47,370,827</u> | Total of all sales for the period | <u>£86,712,704</u> |

Notes to the Financial Statements

1. Accounting Policies

These accounts have been compiled in accordance with the Statement of Recommended Practice for Authorised Unit Trust Schemes issued by IMRO in January 1997 and in accordance with generally accepted accounting principles.

(a) Income: Dividends from overseas authorities are treated as receivable on the date on which the security is quoted ex-dividend where the amounts can be reasonably determined. Foreign dividends are grossed up at the appropriate rate of withholding tax.

Deposit interest is accounted for on an accruals basis.

(b) Valuation: The investments of the Trust have been valued as at the close of business on 23rd April 2001 at mid-market price net of any accrued interest.

(c) Foreign currencies: Assets and liabilities have been translated into Sterling at the exchange rates prevailing at the close of business on the last business day of the period. The resulting exchange differences are included in the Statement of Total Return.

(d) Taxation: Deferred tax is provided for in respect of all timing differences.

(e) Management expenses: All expenses are charged against income except for Handling charges, which are borne by the capital account for the purposes of determining the distribution (see Note 10).

(f) Distribution policy: Net income is accumulated in the Trust throughout the year and is distributed at the year end according to Regulation guidelines.

(g) No Statement of Recognised Gains and Losses as required by Financial Reporting Standard 3 has been prepared. The Manager considers that the additional information provided would not add materially to the information disclosed in the Statement of Movements in Unitholders' Funds from which recognised gains and losses can be derived.

Notes to the Financial Statements

(continued)

2. Net (losses)/gains on investments

The net (losses)/gains on investments during the period comprise:

| | 23rd April 2001 £ | 24th April 2000 £ |
|---|-----------------------------|---------------------------|
| Proceeds from sales of investments during the period | 86,712,704 | 115,339,859 |
| Original cost of investments sold during the period | (89,296,525) | (106,792,987) |
| (Losses)/gains realised on investments sold during the period | (2,583,821) | 8,546,872 |
| Net appreciation thereon already recognised in earlier periods | (9,147,270) | (1,545,114) |
| | (11,731,091) | 7,001,758 |
| Net unrealised (depreciation)/appreciation for the period | (3,335,560) | 11,544,930 |
| | <u>(£15,066,651)</u> | <u>£18,546,688</u> |

3. Other losses

Other losses comprise:

| | 23rd April 2001 £ | 24th April 2000 £ |
|------------------------|--------------------------|--------------------------|
| Net losses on currency | <u>(£439,655)</u> | <u>(£465,597)</u> |

4. Gross income

| | 23rd April 2001 £ | 24th April 2000 £ |
|-----------------------|-------------------------|-------------------------|
| Overseas dividends | 212,411 | 390,375 |
| Bank deposit interest | 32,498 | 82,470 |
| | <u>£244,909</u> | <u>£472,845</u> |

Notes to the Financial Statements

(continued)

5. Expenses

| | 23rd April 2001 £ | 24th April 2000 £ |
|--|-------------------------|-------------------------|
| Payable to the Manager or associate of the Manager: | | |
| Manager's annual charge | 618,707 | 793,791 |
| Payable to the Trustee or associate of the Trustee: | | |
| Trustee's fees | 13,771 | 18,674 |
| Handling charges* | 12,740 | 11,102 |
| Overdraft interest | 44,065 | 7,161 |
| Safe custody fees | 6,930 | 6,833 |
| | <u>77,506</u> | <u>43,770</u> |
| Other expenses: | | |
| Registrar's fees | 15,363 | 14,597 |
| Auditors' fee | 6,022 | 6,022 |
| FSA fee | 600 | 600 |
| | <u>21,985</u> | <u>21,219</u> |
| Total expenses | <u>£718,198</u> | <u>£858,780</u> |

*These expenses are ultimately borne by the capital account for the purposes of determining the distribution (see note 10).

All expenditure stated above is inclusive of irrecoverable VAT where applicable.

6. Taxation

| | 23rd April 2001 £ | 24th April 2000 £ |
|-------------------|-------------------------|-------------------------|
| Overseas taxation | <u>£31,862</u> | <u>£58,556</u> |

Notes to the Financial Statements

(continued)

7. Distributions for the period

The distributions take account of income received on the creation of units and income deducted on the cancellation of units and comprise:

| | 23rd April 2001 £ | 24th April 2000 £ |
|---|-------------------------|-------------------------|
| Income deducted on cancellation of units | 0 | 7 |
| Less income received on creation of units | 0 | (393) |
| | £0 | (£386) |

8. Debtors

| | 23rd April 2001 £ | 24th April 2000 £ |
|----------------------------------|-------------------------|-------------------------|
| Sales awaiting settlement | 107,523 | 811,572 |
| Accrued income | 56,565 | 244,152 |
| Amounts receivable for creations | 54,297 | 0 |
| | £218,385 | £1,055,724 |

9. Creditors

| | 23rd April 2001 £ | 24th April 2000 £ |
|-----------------------------------|-------------------------|-------------------------|
| Purchases awaiting settlement | 77,778 | 1,480,437 |
| Amounts payable for cancellations | 0 | 309,268 |
| Accrued Manager's annual charge | 14,401 | 76,290 |
| Other accrued expenses | 2,382 | 8,939 |
| Accrued Trustee's fees | 338 | 1,793 |
| | £94,899 | £1,876,727 |

Notes to the Financial Statements

(continued)

10. Reconciliation of Net expense after taxation to Distributions for the period

| | 23rd April 2001 £ | 24th April 2000 £ |
|--|-------------------------|-------------------------|
| Net expense after taxation for the period | (505,151) | (444,491) |
| Add expenses borne by the capital account: | | |
| Handling charges | 12,740 | 11,102 |
| Add Funding of income deficit from the capital account | 492,411 | 433,003 |
| Distributions for the period | £0 | (£386) |

11. Equalisation

Equalisation applies only to units purchased during the distribution period (Group 2 Units). It is the average amount of income included in the purchase price of all Group 2 Units which, in the case of Income Units, is refunded as part of a unitholder's first distribution and in the case of Accumulation Units, is automatically reinvested in the Trust at the first accounting date after the units were purchased. Being a capital repayment it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

12. Related Party Transactions

The Manager and the Trustee together are deemed to be controlling parties under the definition of Financial Reporting Standard 8.

Details of any related party transactions occurring during the period with the Manager and Trustee including commissions paid and any balances due at the year end are fully disclosed in the Balance Sheet, the Statement of Movements in Unitholders' Funds and Notes 5 and 9 to the accounts. All unit creations and liquidations were transacted with the Manager.

The aggregate value of transactions in the Trust's investments with associates of the Manager was £1,049.

13. Soft Commission

Dresdner RCM Global Investors may use certain goods and services which assists Dresdner RCM in the management of customers investments and which are paid for by various brokers. These services may include, for example, research and analysis of the relative merits of individual shares or markets or the use of computer and other information facilities. In return Dresdner RCM Global Investors place business with those brokers including transactions relating to unit trusts.

Dresdner RCM Global Investors has satisfied itself that it obtains best execution on behalf of its clients and that these arrangements are to the benefit of its clients.

Notes to the Financial Statements

(continued)

14. Units in Issue and Average Net Assets

| | 23rd April 2001 | 24th April 2000 |
|--------------------|--------------------|--------------------|
| Income Units | 3,411,016 | 10,088,803 |
| Accumulation Units | 813,304 | 3,125,273 |

The average net assets of the Trust, amounting to £40,078,696, is based on the average of the net assets on the last business day of each month.

15. Contingent Liabilities and Commitments

As at 23rd April 2001 there were no contingent liabilities in respect of underwriting commission or nil/partly paid shares.

Notes to the Financial Statements

(continued)

16. Disclosures required under Financial Reporting Standard 13 – Derivatives and Other Financial Instruments: Disclosures (FRS13)

(a) Interest rate risk profile

The table below summarises in Sterling terms the financial assets and financial liabilities whose values are affected by changes in interest rates, together with the weighted average rates and periods rates are fixed for fixed rate bearing instruments.

For the purposes of FRS13, the liability to redeem units is considered to be a liability of the Trust, which is unaffected by changes in interest rates.

| | Currency | Floating rate interest | | Nil interest | | Total | |
|---|--------------|------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| | | 2001 £000's | 2000 £000's | 2001 £000's | 2000 £000's | 2001 £000's | 2000 £000's |
| Financial assets | | | | | | | |
| Values affected by changes in interest rates: | | | | | | | |
| Equities | Japanese Yen | 0 | 0 | 16,339 | 70,749 | 16,339 | 70,749 |
| Cash and bank balances | Sterling | 620 | 2,424 | 0 | 0 | 620 | 2,424 |
| | Japanese Yen | 55 | 1,824 | 0 | 0 | 55 | 1,824 |
| Total financial assets | | 675 | 4,248 | 16,339 | 70,749 | 17,014 | 74,997 |
| Financial liabilities | | | | | | | |
| Values affected by changes in interest rates: | | | | | | | |
| Bank overdrafts | Sterling | (532) | (590) | 0 | 0 | (532) | (590) |
| Redemption of units | Sterling | 0 | 0 | (16,606) | (73,585) | (16,606) | (73,585) |
| Total financial liabilities | | (532) | (590) | (16,606) | (73,585) | (17,138) | (74,175) |
| Net non-financial assets/liabilities† | | 0 | 0 | 124 | (822) | 124 | (822) |
| Total instruments | | £143 | £3,658 | (£143) | (£3,658) | £0 | £0 |
| Addback: liability to redeem units | | | | | | 16,606 | 73,585 |
| Net Assets per the balance sheet | | | | | | £16,606 | £73,585 |

*See note 16(b) for analysis of currencies.

†Net non-financial assets/liabilities include short-term debtors, creditors and provisions.

The rate for determining interest receipts for the floating rate financial instruments denominated in Sterling is the higher of the UK base rate and the average overnight rate as calculated by Chase Manhattan Bank. At 23rd April 2001 this was 3.8%. (2000 – 6%.) Overdraft interest is calculated at UK base rate plus 1%. At 23rd April 2001 this was 6.5% (2000 – 7%).

As at 23rd April 2001 and 24th April 2000, the Trust had no fixed rate instruments.

Notes to the Financial Statements

(continued)

b) Currency exposure

A portion of the assets and liabilities of the Trust are denominated in currencies other than Sterling, with the effect that the net assets and total return can be affected by currency movements.

| Currency | Investments | | Current Assets | | Current Liabilities | | Net Currency Exposure | |
|------------------------------------|----------------|----------------|----------------|----------------|---------------------|-----------------|-----------------------|----------------|
| | 2001 £000's | 2000 £000's | 2001 £000's | 2000 £000's | 2001 £000's | 2000 £000's | 2001 £000's | 2000 £000's |
| Sterling | 0 | 0 | 674 | 2,424 | (549) | (987) | 125 | 1,437 |
| Japanese Yen | 16,339 | 70,749 | 220 | 2,879 | (78) | (1,480) | 16,481 | 72,148 |
| Total per the balance sheet | £16,339 | £70,749 | £894 | £5,303 | (£627) | (£2,467) | £16,606 | £73,585 |

(c) Maturity of financial liabilities

The maturity profile of the Trust's liabilities are as follows:

| | 2001 £000s | 2000 £000s |
|---|------------------|------------------|
| Financial liabilities due in one year or less or on demand: | | |
| Redemption of units | (16,606) | (73,585) |
| Bank overdraft | (532) | (590) |
| Non-financial liabilities | (95) | (1,877) |
| Total liabilities | (£17,233) | (£76,052) |

Represented by:

| | | |
|--------------------------|----------------|----------------|
| Portfolio of investments | 16,339 | 70,749 |
| Current assets | 894 | 5,303 |
| Total Assets | £17,233 | £76,052 |

(d) Fair value disclosure

As at 23rd April 2001 and 24th April 2000, the book values of the Trust's financial assets and liabilities were not materially different from their fair values.

(e) Hedging instruments

As at 23rd April 2001 and 24th April 2000, the Trust did not have any hedging arrangements in place.

Directors' Report

In accordance with the requirements of the Financial Services (Regulated Schemes) Regulations 1991, we hereby certify the report on behalf of the Directors of Dresdner RCM Funds (UK) Ltd.

N. D. Alford

7th June 2001

P. Allen

Trustee's Report to the Unitholders

OF DRESDNER RMC JAPAN TRUST (the "Scheme") FOR THE ANNUAL ACCOUNTING PERIOD 25th April 2000 to 23rd April 2001.

Prepared pursuant to and in accordance with Regulation 10.06 and Part V of Schedule 3 of the Financial Services (Regulated Schemes) Regulations 1991.

As Trustee of the Scheme we wish to report that, in our opinion, the Manager of the Scheme has, in all material respects, managed the Scheme in the period above mentioned in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Trustee by the Trust Deed constituting the Scheme, by the Scheme Particulars relating to the Scheme and by all regulations for the time being in force under Section 81 of the Financial Services Act 1986, and otherwise, in all material respects, in accordance with the provisions of that Trust Deed and those regulations.

Bournemouth

7th June 2001

CHASE MANHATTAN TRUSTEES LTD

Trustee

Auditor's Report to the Unitholders

OF DRESDNER RCM JAPAN TRUST (the "Scheme")

We have audited the financial statements on pages 11 to 23 which have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out in note 1.

Respective responsibilities of the Manager and Auditors

The Manager is responsible for preparing the annual report. As described on page 8, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by The Financial Services (Regulated Schemes) Regulations 1991 as amended, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with generally accepted accounting principles, the Statement of Recommended Practice for Authorised Unit Trust Schemes issued by IMRO in January 1997, The Financial Services (Regulated Schemes) Regulations 1991 as amended and the Trust Deed. We also report to you if, in our opinion, the Manager's report is not consistent with the financial statements, if the Manager has not kept proper accounting records for the Scheme, if the financial statements are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of the Scheme as at 23rd April 2001, the net expenditure and the net losses on the property of the Scheme for the year then ended; and have been properly prepared in accordance with generally accepted accounting principles, the Statement of Recommended Practice for Authorised Unit Trust Schemes issued by IMRO in January 1997, the Financial Services (Regulated Schemes) Regulations 1991 as amended, and the Trust Deed.

London
7th June 2001

PricewaterhouseCoopers
Chartered Accountants

The Dresdner RCM Japan Trust

Questions you might like to ask

What level of income can I expect to receive?

Given that the Trust aims for capital appreciation, the provision of income is not a major requirement. The Trust aims to invest in companies where the share price will rise, thereby causing the price of units to rise.

You have the choice of purchasing Income Units, where any income is paid out to you, or Accumulation Units, where the income remains within the Trust to maximise the potential for future gains. If you choose to take income out, it is paid on 14th June each year, although you need to have invested by 23rd April to qualify for the respective payments. The Savings Scheme only offers accumulation units.

Yields can change over time, and the latest yield is printed in the Financial Times every day or can be obtained from Dresdner RCM Global Investors on 0845 712 7128.

How do I invest?

Where you wish to invest a lump sum, you can make either telephone or postal applications. Units will be allocated to your account at the next valuation point following receipt of your order. Valuation occurs at 12 noon on each business day. In the case of postal applications, all we need is a completed application form and cheque, made payable to Dresdner RCM Funds (UK) Ltd.

Your initial investment will be acknowledged in the form of a contract note, which details how much was invested, the price paid per unit, and the number of units purchased. No certificate will be issued.

If you wish to invest in the Savings Scheme, all you need do is complete the application form and direct debit mandate. Receipt of your application will be acknowledged by letter. No certificate will be issued.

How do I sell my units?

Requests to sell units can be made by either telephone or in writing. Units will be sold at the next valuation point following receipt of your instructions. A cheque representing the proceeds will be sent within four working days of receipt of written confirmation of your wish to sell.

Can I switch my investment to another trust?

Dresdner RCM Global Investors has a range of unit trusts which are available for you to switch into. Further details can be obtained on 0845 712 7128.

How will I be kept informed about my investment?

All investors are sent an interim and final report on 14th December and 14th June respectively. In addition, valuations are available on request on 0870 601 6117. Prices are printed every day in the Financial Times (Income and Accumulation Units), Times (Income Units only) and the Daily Telegraph (Income Units only).

Further information can be accessed on the internet at the website www.dresdnerrcm-ut.co.uk.

What happens if I change my mind?

If you have purchased units on the advice of an authorised intermediary and have not signed a Customer Agreement with them, you will be entitled, should you so wish, to cancel the contract within fourteen days of receipt of the contract note or of a notice informing you of your rights.

Please be aware, however, that if you exercise the right to cancel, the refund will be reduced by any falls in the value of the investment but not increased as a result of any rises.

Further Information

Taxation This is intended as a summary of the tax positions for UK individual unitholders and reflects the Manager's understanding of current taxation which may be subject to statutory change. Taxation is dependent on individual circumstances and if you are in doubt as to your tax position you should contact your professional adviser.

The Trust is not subject to capital gains tax on any appreciation in the value of Trust property. The income of the Trust is subject to corporation tax after relief for expenses at a rate of 20%

Although the Trust is not subject to tax on any capital appreciation, individual investors may be liable to capital gains tax on any gain in the value of units when they sell. Individual unitholders are entitled to taper relief which reduces the taxable

gain according to the length of time that the units are held. These reliefs help to mitigate any tax liability. Individual investors are also entitled to an annual exemption against chargeable gains (£7,500 for the year ended 5th April 2002).

Income, if any, will be distributed to unitholders in the case of Income Units (or accumulated in the Trust in the case of Accumulation Units) as a dividend distribution. With effect from 6th April 1999 the distribution carries a tax credit of 10% (previously 20%). Non-taxpayers will now be unable to reclaim this 10% tax credit. PEP holders and Individual Savings Accounts (ISAs) will be able to reclaim the tax credit from the Inland Revenue, but only up to the year ended 5th April 2004. Unitholders paying tax at the starting rate (10%) or 22% will not suffer any additional tax. Unitholders liable to pay income tax at rates in excess of the 22% rate (i.e. higher rate tax payers) will have tax to pay.

Unitholders will be sent tax vouchers showing the amount of such tax credit and the amount of income distributed to them.

Complaints Any complaints you may have should be addressed to the Dresdner RCM Complaints Officer. If you are not satisfied with the outcome of any investigation, you may also refer the matter to the Investment Ombudsman.

A statement of your rights to compensation in the event of the Manager's inability to meet any liabilities to you is available on request.

Telephones Dresdner RCM Funds (UK) Ltd may record, on magnetic tape, all telephone conversations relating to dealing and reserves the right to use such recordings in any dispute that may arise.

In addition, copies of the latest annual and interim reports, trust deed, scheme particulars and general information on the latest prices and yields are available on 0845 712 7128.

Investors are reminded that the value of units of the Trust, and the income from them, may go down as well as up and is not guaranteed. An investor may not get back the amount he/she has invested. The past is not necessarily a guide to future performance. Changes in rates of exchange may cause the value of investments to fluctuate. Investing in securities of smaller companies is likely to carry a higher degree of risk than investing in securities of larger companies. Investors should be aware the markets in which these funds invest can be highly volatile.

