



# CAUSEWAY FUNDS

AS OF DECEMBER 31, 2009

# EMERGING MARKETS FUND

INSTITUTIONAL CLASS

## ABOUT THE ADVISER

Causeway Capital Management LLC is an investment management firm which began operations in June 2001. Causeway has \$10.2 billion in global and international equity assets under management, and has 42 employees, 15 of whom are investment professionals.

ARJUN JAYARAMAN, PhD, CFA  
Head of Quantitative Research,  
Portfolio Manager

Dr. Jayaraman joined the firm in January 2006 and is head of the quantitative research group at Causeway. He has been co-portfolio manager of Causeway Emerging Markets Fund since March 2007. Dr. Jayaraman has a PhD from New York University (Stern School of Business), has a BA in Economics from Columbia University, and is a CFA charterholder.

MACDUFF KUHNERT, CFA  
Director,  
Portfolio Manager

Mr. Kuhnert performs quantitative research for Causeway. His responsibilities include product development, asset allocation, risk management, and the design and implementation of proprietary valuation models and other quantitative tools. He joined the firm in July 2001 and has been a co-portfolio manager of Causeway Emerging Markets Fund since March 2007. Mr. Kuhnert has a BA in Chemistry from Dartmouth College. He is a CFA charterholder and member of the Los Angeles Society of Financial Analysts.

## INVESTMENT OBJECTIVE

The Fund's investment objective is to seek long-term growth of capital.

The Fund normally invests at least 80% of its total assets in equity securities of companies located in emerging (less developed) markets and other investments that are tied economically to emerging markets.

## FUND FEATURES

- Actively managed, tracking-error oriented, quantitative strategy
- Combines bottom-up and top-down factors in security selection
- Supports strict risk controls in stock selection process
- Provides diversification benefits to a developed markets portfolio
- Adviser is majority-owned by its employees

## FUND STATISTICS

|                            |                |
|----------------------------|----------------|
| Fund Inception             | March 29, 2007 |
| CUSIP                      | 149498107      |
| Ticker                     | CEMIX          |
| Minimum Initial Investment | \$1 Million    |
| Maximum Sales Charge       | None           |
| Net Expenses               | 1.36%*         |
| Gross Expenses             | 1.89%          |
| Redemption Fee             | 2.00%**        |
| Net Assets                 | \$21,074,491   |

\* Contractual fee waivers are in effect until 1/31/2011.

\*\* On shares held less than 60 days. If your account incurred a redemption fee, your performance will be lower than the performance quoted.

## TOTAL RETURNS - AS OF 12/31/2009

|                                     | Current Quarter | Year To Date | 1 Year | Since Inception |
|-------------------------------------|-----------------|--------------|--------|-----------------|
| Institutional Class                 | 10.19%          | 88.10%       | 88.10% | 3.07%           |
| MSCI Emerging Markets Index (Gross) | 8.58%           | 79.02%       | 79.02% | 5.21%           |

*The performance data quoted herein represents past performance. Past performance is not a guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth less than their original cost, and current performance may be lower than the performance quoted. For performance data current to the most recent month end, please call 1.866.947.7000.*

*Returns greater than one year are annualized. Total returns assume reinvestment of dividends and capital gains distributions at net asset value when paid. Investment performance reflects contractual fee waivers. In the absence of such fee waivers, total return would be reduced.*

*The MSCI Emerging Markets Index is an unmanaged index that is designed to measure equity market performance in the global emerging markets. It is not possible to invest directly in an index.*

## MARKET COMMENTARY

The Fund outperformed the MSCI Emerging Markets Index (the "EM Index"), which posted positive performance of 8.6% during the quarter. In our investment process, we select securities using a combination of bottom-up and top-down quantitative factors. The portfolio's exposure to our bottom-up factors added to relative performance. Our technical factors added the most to relative performance during the quarter, along with our earnings growth and valuation factors.

Our top-down factors, which have a smaller weight in the model, detracted marginally from relative performance. Of our three groups of top-down factors, our sector factors detracted from performance, but our macro factors and country factors offset some of this negative relative performance. From a regional perspective, stock selection within China contributed the most to the Fund's excess return. The largest contributor to active performance was an overweight to Dongfeng Motor Group Company Limited, an auto manufacturing company. The share price rose on news of a significant increase in sales in November. Another contributor to performance was stock selection within Taiwan, mainly due to the share price performance of laptop manufacturing company Compal Electronics Inc. The stock performed well due to expectations of strong laptop sales in 2010. Lastly, the portfolio benefited from its holding in the Indian integrated aluminum manufacturing company Hindalco Industries Limited, which outperformed the EM Index due to continued strength in aluminum prices.

Stock selection within South Africa hurt the portfolio's relative performance. An overweight in Telkom South Africa Limited detracted from performance, as the stock underperformed the EM Index after reporting disappointing earnings. The portfolio also experienced negative stock selection in Indonesia, primarily due to an overweight in the construction machinery distributing and leasing company, PT United Tractors Tbk. The stock underperformed the EM Index as sell-side analysts indicated that they expect slower growth for the company in 2010. Lastly, the portfolio was adversely impacted by its holding in the Brazilian electric utility Eletropaulo Metropolitana S.A., which reported earnings below consensus estimates.

*\*\*Weights as of 12/31/09: Dongfeng Motor Group Company Limited (0.7%), Compal Electronics Inc (1.7%), Hindalco Industries Limited (1.5%), Telkom South Africa Limited (0.9%), PT United Tractors Tbk (1.2%), Eletropaulo Metropolitana S.A. (1.5%). Holdings are subject to change; additionally current and future holdings are subject to risk.*

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### TOP TEN HOLDINGS

|                          |              |      |
|--------------------------|--------------|------|
| Cia Vale do Rio Doce ADR | Brazil       | 3.1% |
| Samsung Electronics      | South Korea  | 3.1% |
| Petroleo Brasileiro SA   | Brazil       | 2.9% |
| China Construction Bank  | China        | 2.7% |
| Bank of China Ltd.       | China        | 2.2% |
| America Movil-SRS L ADR  | Mexico       | 2.2% |
| Teva Pharmaceutical ADR  | Israel       | 2.2% |
| Cia Saneamento Basico    | Brazil       | 1.9% |
| Lukoil OAO               | Russia       | 1.8% |
| Remgro Ltd.              | South Africa | 1.8% |

*Holdings are subject to change. Exchange Traded Funds are excluded from Top Ten Holdings.*

### TOP TEN COUNTRIES

|              |       |
|--------------|-------|
| China        | 19.5% |
| South Korea  | 14.9% |
| Brazil       | 14.9% |
| Taiwan       | 12.4% |
| India        | 7.4%  |
| South Africa | 6.3%  |
| Russia       | 5.0%  |
| Israel       | 4.6%  |
| Mexico       | 4.1%  |
| Turkey       | 2.6%  |

### TOP TEN INDUSTRIES

|                                 |       |
|---------------------------------|-------|
| Energy                          | 15.0% |
| Banks                           | 13.5% |
| Materials                       | 12.6% |
| Telecommunication Services      | 9.1%  |
| Technology Hardware & Equipment | 7.8%  |
| Capital Goods                   | 5.6%  |
| Utilities                       | 4.8%  |
| Semiconductors & Semi Equipment | 4.1%  |
| Automobiles & Components        | 4.0%  |
| Real Estate                     | 3.7%  |

*Exchange Traded Funds are excluded from Top Ten Countries and Top Ten Industries.*

***This information must be preceded or accompanied by the current prospectus for Causeway Emerging Markets Fund. Please read the prospectus carefully before you invest or send money. To obtain additional information including charges, expenses, investment objectives, or risk factors, or to open an account, call 1.866.947.7000, or visit us online at [www.causewayfunds.com](http://www.causewayfunds.com).***

*Mutual fund investing involves risk, including possible loss of principal. In addition to the normal risks associated with equity investing, international investing may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Current and future holdings are subject to risk.*

*The market commentary expresses the portfolio managers' views as of the date hereof, and should not be relied on by the reader as research or investment advice regarding any stock. These views are subject to change. There is no guarantee that any forecasts made will come to pass. Holdings, country, and industry allocations are subject to change.*

*Causeway Capital Management LLC serves as investment adviser for Causeway Emerging Markets Fund. The Fund is distributed by SEI Investments Distribution Co., which is not affiliated with Causeway Capital Management LLC.*