2nd May 2008 - Update #73

The Establishment Investment Trust plc

Key Data (as at 30th April 2008)

Share Price	149.50p
Net Asset Value	172.78p
Premium/(Discount)	(13.5%)
Shares Outstanding	20m
Market Capitalisation	£29.9m
Historic Yield	2.1%
Listed	London Stock Exchange
Bloomberg Ticker	ET/ LN <Equity>
ISIN	GB0031336919
Website	www.bdtinvest.com
Manager	BDT Invest LLP 4th Floor, 52 Jermyn St London, SW1Y 6LX +44 (020) 7659 1300 www.bdtinvest.com
Investor Relations	Ian Furtado (020) 7659 1305
Administrator	Phoenix Administration Services
Sponsor	JPMorgan Cazenove
5 Directors	Dr James King (Chairman) Sir David Cooksey Henry Thornton Richard Thornton Harry Wells
Investment Objective	To achieve long-term capital growth from a managed international portfolio of securities. The preservation of capital will be of primary importance to the investment objective.
Management Fee	One per cent of the market capitalisation of the Company annually.
Performance Fee	10% of any gain in the market capitalisation of the company that exceeds the 10% performance hurdle annually.
Financial Year	31st March
Net Asset Value	Calculated weekly on Friday's closing prices and published the following Monday or Tuesday.

Performance Review

The share price recovered by 3.1% during April while the net value rose by 5.0%. In Sterling terms the MSCI World Index rose 5.4%, the MSCI Japan Index gained 7.5% and the MSCI Asia ex Japan Index advanced 8.3%. The discount moved out to 13.5%.

Pompous Prognosticators

One of our favourite weekly reads is Damian Kestel's "Bits and Pieces". Last week he included Colin Seymour's chart entitled "1927-1933 - Chart of Pompous Prognosticators", an absolute gem. A legion of quotes of which our favourite came from President Hoover on 1st May 1930 - "while the crash only took place six months ago, I am convinced we have now passed the worst - and with continued unity of effort we shall rapidly recover. There has been no significant bank or industrial failure. That danger, too, is safely behind us". The Dow Jones Industrial fell 75% during the next two years as the Great Depression unfolded. We are not suggesting a re-run following recent, somewhat hollow, votes of confidence in the economy by certain western leaders but we have enjoyed reading commentaries about the UK banking industry during the past month where prior comments from management have provided the more satirical financial journalist with a wealth of ammunition.

While we might laugh at the difficulties of financiers in the West, the slow down in the western world has significant implications for our investment areas. While the recently reported 1Q US GDP number was positive, once the increase in inventories (what does this normally imply?) and better trade performance are backed out the number is negative and, unsurprisingly, the Federal Reserve sliced another 25bps off rates.

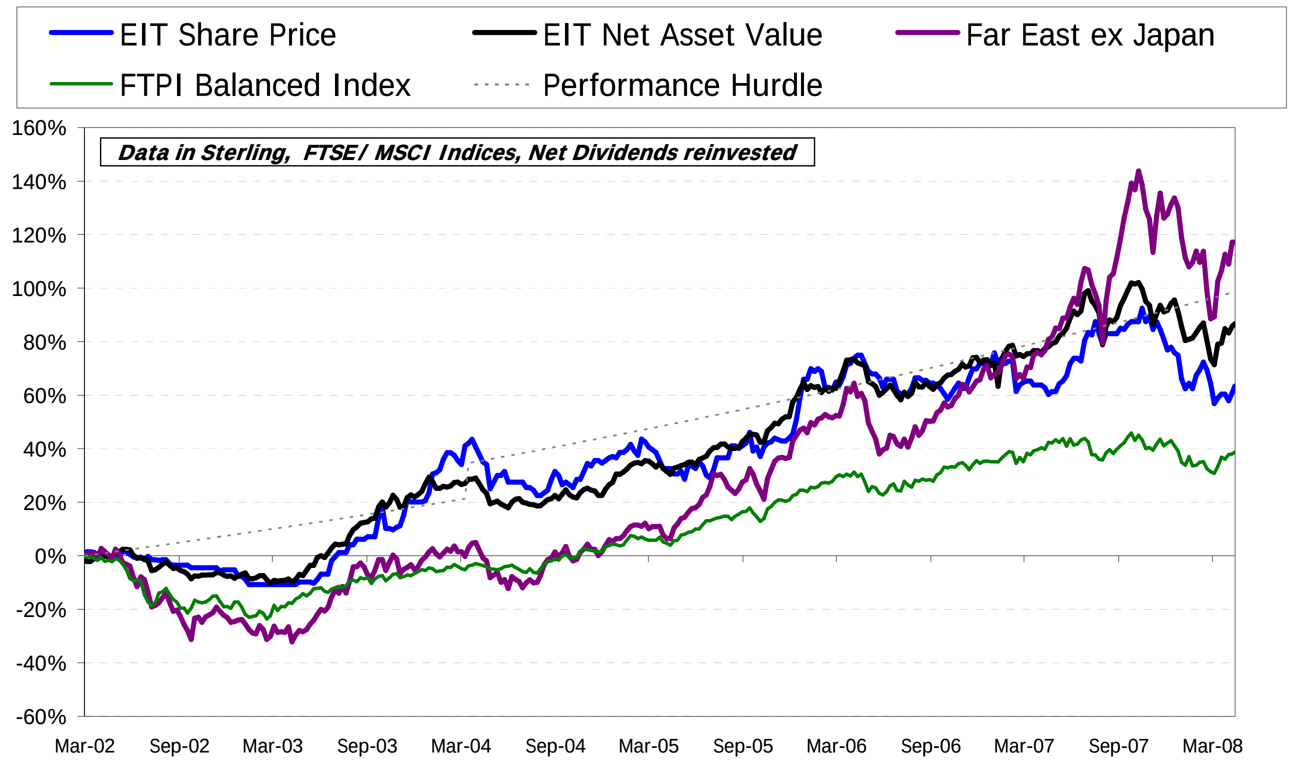
The implication of the US drifting into recession and Europe slowing sharply, as we have mentioned previously, will be slowing growth in the manufacturing or export sectors of Asia which will inevitably feed through into slower growth in the domestic economies. We continue to concentrate our investments in companies where we believe top and bottom line growth can be sustained regardless of the deteriorating macro environment.

The implications of low interest rates are twofold. The first has been a huge increase in financial speculation in oil and both hard and soft commodities. This is creating serious problems for Governments around Asia. For example subsidised pump prices in Indonesia are blowing the Government budget to pieces and may further delay much needed infrastructure spending while across the region rising food prices are pushing up headline inflation rates which in Vietnam's case now exceeds 20%. We have no exposure to either country.

The second implication of low US Dollar interest rates is the mechanical transmission of lower interest rates to a number of Asian economies due to the continued policy of targeted exchange rates. Hong Kong and Singapore are the obvious examples although admittedly easier monetary conditions do not apply to all countries, especially where capital flows have reversed. The needle is wearing thin but we cling to our belief that the collapse of growth in the developed world, courtesy of the credit crunch, will result in decelerating growth in the developing world and this will leave currently elevated commodity prices high and dry as 2008 unfolds.

2nd May 2008 - Update #73

The Establishment Investment Trust plc



This view is reflected in our sector weightings. Exposure to energy and commodity plays remains minimal, as is exposure to the more cyclical industrial concerns.

The recovery of regional markets from the first quarter sell off is somewhat encouraging. It would be considerably more encouraging, however, if the move had not been entirely coincident with a recovery in developed markets, a fall in junk bond spreads and a general increase in risk appetite. In other words Asia's markets may be rallying simply because of Asia's high beta reputation.

Asia's demographic advantage is set in stone for the next decade but we are unsure whether the majority of investors are judging the region by this advantage or by reference to historical trading patterns (i.e. beta).

Optimists perhaps, we retain a significant exposure to regional equities despite the dreadful macro outlook. A bumpy summer lies ahead and is sure to test the nerves.

BDT Invest LLP
2nd May 2008

Currency Exposure		**Asset Type**		**Direct Equity by Country**		**Equity by Sector**	
Sterling	27.6%	Listed Equities	53.0%	Taiwan	12.2%	Financials	17.5%
Taiwan Dollar	14.0%	Absolute Return Vehicles	26.7%	Hong Kong	10.9%	Industrial	15.4%
Hong Kong Dollar	10.9%	Sovereign Bonds	12.2%	Japan	10.4%	Technology	6.4%
Euro	9.3%	Gold Bullion	6.3%	UK	4.3%	Property	4.1%
Japanese Yen	7.6%	Cash	13.8%	Thailand	3.7%	Telecoms	2.7%
Korean Won	2.5%	Unlisted Equities	4.3%	Korea	2.5%	Consumer Discretionary	2.6%
Malaysian Ringgit	2.5%	Derivatives	0.0%	Other Asian	13.3%	Energy	2.6%
Thai Baht	4.0%	Other	0.0%	Other non Asian	0.0%	Health Care	1.6%
Other	21.7%	Loan	-16.2%			Materials	0.0%
						Consumer Staple	0.0%

Top Ten Equity Holdings		**Top Bond & ARV Holdings**		**Performance**	18-Mar-02	30-Apr-08	+/- %
China Insurance	4.4%	BDT Invest Asia Fund $ Dist	11.6%	EIT Share Price #	100.0	149.5	49.5%
Siam Steel	3.7%	Bundesobligation 3.5% 10/08	9.3%	EIT Net Asset Value #	100.0	172.8	72.8%
Farglory Land Development	3.6%	BDT Invest EM Focus $	6.1%	Premium/Discount		-13.5%	
First Ship Lease Trust	2.9%	SR European IT	4.8%	UK Equity #	670.2	753.0	12.3%
BDT Investment Mgnt	2.8%	Treasury 4% 07/03/2009	2.9%	World Equity #	714.8	760.9	6.4%
Ezra Holdings	2.6%	BDT Invest Japan Fund £	2.3%	Asia Free ex Japan #	153.8	288.3	87.4%
Taiwan Semi	2.5%	BDT Invest Japan Small Cos	1.0%				
Samsung F & M Ins	2.5%	Lindsell Train Inv Trust	0.9%				
Sino-Environment	2.4%			*# excluding dividends*			
China Power New Energy	2.3%			*all MSCI indices in Sterling terms*			