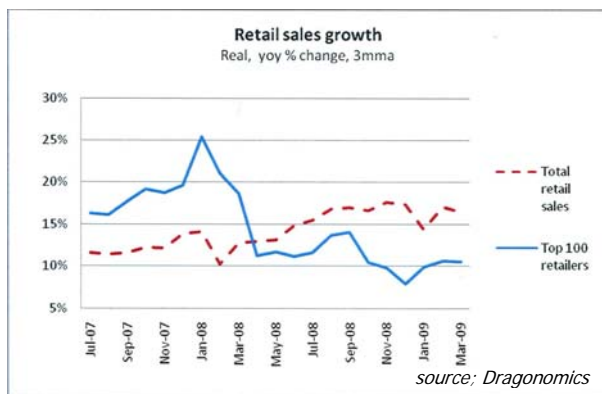


Performance Review

The share price rose by 15.7% during May while the net asset value climbed by 8.8%. The discount narrowed to 11.1% at month end. In Sterling terms the MSCI World Index fell 0.3%, the MSCI Japan Index gained 0.9% and the MSCI Asia ex Japan Index advanced 6.2%.

China - confusing signals

We spent a week in China last month. Official statistics continue to suggest that domestic demand is strong, investment is growing and economic growth remains robust. Indeed the recently released May PMI suggests that domestic demand, not exports, are driving the economy. The chart below (courtesy of Beijing based research company Dragonomics), however, suggests that many official statistics leave much to be desired.



The chart compares the year-on-year revenue growth for China's top 100 state owned retailers (in blue) with the official year-on-year change in retail sales (in red) and suggests that the true growth in retail sales is probably around 8%, half the growth rate reported by official statistics. This, still very acceptable, lower rate of growth is much more consistent with same store sales growth quoted by the listed retailers we visited and intuitively is much more in tune with an economy that has lost perhaps twenty million manufacturing jobs in the past twelve months.

Despite weak demand in the steel industry Chinese iron ore imports are booming with monthly shipments up nearly 100% year-on-year. The figures for copper are even more dramatic - monthly imports have nearly tripled in year-on-year terms. Statistics like these may explain why bulk shipping rates have been on a tear recently and can be explained in part by increased "strategic" stockpiling by State bodies but these are not free market driven events. We also note the complete breakdown in the relationship between electricity consumption and industrial production statistics. Apparently energy is not longer required to make things - now that really would be progress!

Key Data (as at 29th May 2009)

Share Price	133.00p
Net Asset Value	149.69p
Premium/(Discount)	(11.1%)
Shares Outstanding	20m
Market Capitalisation	£26.6m
Historic Yield	2.2%
Listed	London Stock Exchange
Bloomberg Ticker	ET/ LN <Equity>
ISIN	GB0031336919
Website	www.bdtinvest.com

Manager	BDT Invest LLP 4 th Floor, 52 Jermyn St London, SW1Y 6LX +44 (020) 7659 1300 www.bdtinvest.com
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Sponsor	JPMorgan Cazenove

Directors	Dr James King (Chairman) Sir David Cooksey Henry Thornton Richard Thornton Harry Wells Thomas Waring
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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.
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Management Fee	One per cent of the market capitalisation of the Company annually.
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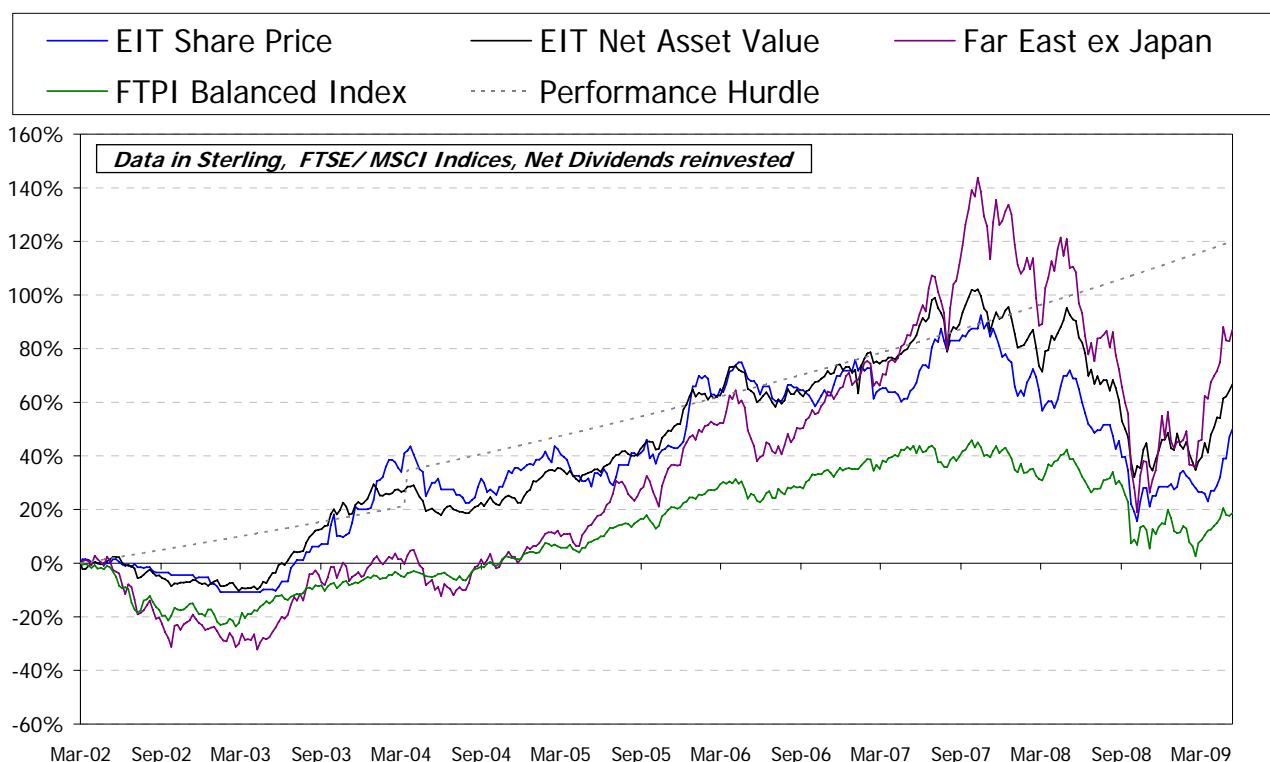
Performance Fee	10% of any gain in the market capitalisation of the company that exceeds the 10% performance hurdle annually.
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Financial Year	31 st March
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Net Asset Value	Calculated weekly on Friday's closing prices and published the following Monday or Tuesday.
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The liquidity generated by central banks in reaction to the meltdown of the western banking system has bypassed the real economy (which is in recession, is trying to deleverage and, auto industry aside, doesn't want money - indeed precisely the reverse) and flooded into financial assets be they equities, commodities or currencies. Yes, there has been good news, India's election results for example, and at the margin economic data is improving and no, equities are not outrageously expensive but the binary nature of the rally, which is entirely reliant upon a weakening US Dollar, is scary.

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We saw some super moves in a number of our holdings in May. FarGlory rose 112% after announcing a joint venture with a mainland real estate developer. First Ship Lease Trust rose 54% despite suggestions from management that dividends are likely to be cut as loan repayments rise. Post the rally the shares still trade at approximately half book value. LPN, a Thai condominium developer, rose 44%.

From a recent low of 1.1x book value, MSCI Asia ex Japan has recovered to approximately 1.8x book value, the average valuation over the past fifteen years. Simply put this means that equities are no longer cheap especially considering the lacklustre outlook for earnings over the next two years.

The strength of Sterling over the past two months has surprised us and, with less than 10% of the Company's assets in Sterling assets, impacted the net asset value. Like the Australian Dollar, Brazilian Real and the Russian Rouble, Sterling represents little more than a "re-leveraging" punt. From a pure charting perspective a short term target of \$1.75 is not out of the question but we would expect the spring lows to be tested in due course as deleveraging regains the upper hand and the Dollar starts to rally.

BDT Invest LLP
1st June 2009

Currency Exposure		Asset Type		Direct Equity by Country		Equity by Sector	
US Dollar	26.2%	Listed Equities	66.0%	Hong Kong	18.4%	Financials	29.8%
Hong Kong Dollar	18.2%	Absolute Return Vehicles	9.1%	Taiwan	10.8%	Property	9.1%
Taiwan Dollar	14.5%	Sovereign Bonds	0.0%	Singapore	9.2%	Industrial	7.2%
Japanese Yen	8.2%	Gold Bullion	6.0%	Japan	7.0%	Information Technology	6.1%
Sterling	7.1%	Unlisted Equities	1.3%	Malaysia	6.4%	Consumer Discretionary	5.4%
Malaysian Ringgit	6.4%	Cash	17.7%	India	5.0%	Health Care	3.9%
Singapore Dollar	6.1%	Derivatives	0.0%	Thailand	4.9%	Materials	3.1%
Indian Rupee	5.0%	Other	0.0%	UK	2.2%	Telecoms	0.9%
Thai Baht	4.9%	Loan	0.0%	Other Asian	3.3%	Consumer Staple	0.4%
Indonesian Rupiah	1.3%			Other non Asian	0.0%	Energy	0.0%
Other	2.1%					Utilities	0.0%
Top Ten Equity Holdings		Top Bond & ARV Holdings		Performance	18-Mar-02	29-May-09	+/- %
China Insurance	5.3%	SR European IT	3.8%	EIT Share Price #	100.0	133.0	33.0%
First Ship Lease Trust	5.2%	BDT Invest Oriental Focus \$	3.3%	EIT Net Asset Value #	100.0	149.7	49.7%
Replot Holdings	5.1%	BDT Invest Japan Small Cos	1.1%	Premium/Discount		-11.1%	
Farglory Land Development	4.9%	Lindsell Train Inv Trust	0.9%	UK Equity #	670.2	546.0	-18.5%
Mintch Grp	3.5%			World Equity #	714.8	600.5	-16.0%
Top Glove	3.3%			Asia Free ex Japan #	153.8	240.6	56.4%
Jardine Matherson	3.2%						
Bharat Heavy Electricals	2.8%						
Lafarge Malayan Cement	2.7%						
LPN Development	2.7%						
				# excluding dividends			
				all MSCI indices in Sterling terms			

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