

Performance Review

The share price stabilised in November, ending the month 1.9% higher. The net asset value also held steady, off 0.7%. In Sterling terms the MSCI World Index fell 1.8%, the MSCI Japan Index rose 3.7% and the MSCI Asia ex Japan Index dropped 1.2%. The continued weakness of Sterling continues to flatter - in US Dollar terms the MSCI World Index fell 6.5%.

Interim Results

The Company's interim results were released towards the end of November. The interim report and an unchanged interim dividend of 1.4p should be in shareholders' hands before Christmas.

The real damage caused by the abrupt bankruptcy of Lehman Brothers became painfully apparent during November. While the blow out of LIBOR spreads made the headlines as banks lost confidence in each other, the coincident complete evaporation of trade financing has caused utter chaos in transportation industries and across Asia's manufacturing sector. Consider the numbers contained in the November CLSA China Manufacturing Purchasing Managers Index. The overall PMI was down from 45.2 to 40.9, a record low but even more revealing was the collapse of new export orders from 44.3 to 28.2. We cannot remember ever seeing a PMI number that started with a 2 before! The number of respondents reporting lower export orders jumped from 20% in September to 56% in November.

The lack of credit to "oil" the wheels of trade can be most obviously seen in the shipping market. The Baltic Dry Index, already some two thirds off the May highs, has fallen a further 86% since Lehman declared bankruptcy. The cyclical slowdown across Asia's exporting industries (a consequence of the fading western consumer) that had been evident all year has accelerated alarmingly over the past two month as credit dries up.

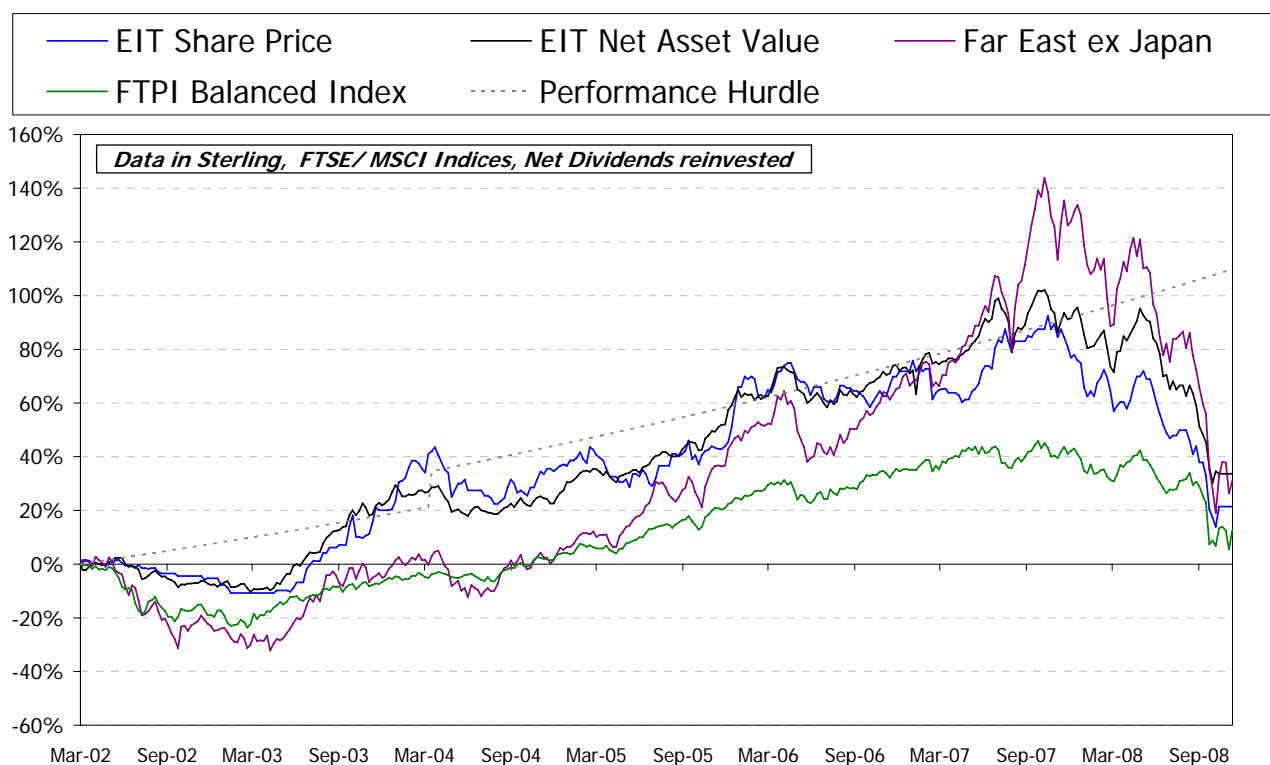
Just twelve months ago the Chinese authorities were trying to discourage short term capital inflows and control rampant speculation in the equity and residential property markets. Inflation, especially in food prices, was public enemy number one. The reserve requirement ratio for the banking system rose from 7.5% in 2006 to a recent high of 17.5%. Loan growth was capped and a variety of restrictions on property loans imposed. These restrictions worked. Weakness in construction and the physical property market has been increasingly evident as 2008 unfolds and, as we head into 2009, this weakness in the domestic property market is joined by a sharp downturn in exports and a decisive reversal in the outlook for private sector fixed capital formation. Boom to bust in short order, as reflected in the 70% decline in domestic equity prices.

Key Data (as at 28th November 2008)

Share Price	109.50p
Net Asset Value	118.98p
Premium/(Discount)	(8.0%)
Shares Outstanding	20m
Market Capitalisation	£21.9m
Historic Yield	2.8%
Listed	London Stock Exchange
Bloomberg Ticker	ET/ LN <Equity>
ISIN	GB0031336919
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Sponsor	JPMorgan Cazenove
Directors	Dr James King (Chairman) Sir David Cooksey Henry Thornton Richard Thornton Harry Wells Thomas Waring
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	31 st March
Net Asset Value	Calculated weekly on Friday's closing prices and published the following Monday or Tuesday.

If the fiscal and monetary policy levers had been set to "hard astern" just six months ago, it is clear from the announcements over the past month that every fiscal and monetary policy lever is now being thrust toward the "full ahead" setting. Consumption incentives, the removal of all property loan restrictions, a Rmb4tr fiscal package equivalent to almost 15% of GDP over the next two years, slashing interest rates four times in two months and cutting reserve requirement ratios to name but a few. In other words China is doing exactly what the rest of the developed world is doing - reflating aggressively.

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The difference is that China has a liquid and functioning banking system, an unleveraged consumer and a Government with an uncompromised balance sheet. Prudence appears to be Chinese not British and there is a good chance their efforts will be successful. Economic data releases over the next quarter or so will look horrible but the U-turn in policy will gain traction as 2009 unfolds and the Chinese economy should be picking up nicely in the second half of 2009.

Other Asian Governments are also cutting rates and increasing fiscal spending but, as with China, the next few quarters will produce ugly data points and it is easy to understand why most commentators believe equities

will continue to struggle in this environment and that any rally should be treated as a bear trap.

That said valuations are very attractive and markets have certainly discounted some if not all of the bad news. The region is trading at or about book value which has proven to be the low point in every cycle since the mid 1970s and there is little doubt in our minds that long term investors should be increasing their exposure to Asian assets.

BDT Invest LLP
5th December 2008

Currency Exposure		Asset Type		Direct Equity by Country		Equity by Sector	
US Dollar	30.1%	Listed Equities	48.1%	Japan	11.0%	Financials	16.6%
Japanese Yen	12.3%	Absolute Return Vehicles	25.2%	Hong Kong	9.7%	Materials	8.2%
Sterling	10.1%	Sovereign Bonds	0.0%	Singapore	6.6%	Health Care	4.9%
Taiwan Dollar	7.8%	Gold Bullion	0.0%	Thailand	6.8%	Information Technology	4.5%
Euro	7.4%	Unlisted Equities	2.1%	Taiwan	5.7%	Consumer Discretionary	3.4%
Hong Kong Dollar	10.6%	Cash	24.6%	UK	2.1%	Property	2.6%
Singapore Dollar	6.6%	Derivatives	0.0%	Malaysia	6.2%	Telecoms	2.3%
Thai Baht	6.8%	Other	0.0%	India	2.1%	Industrial	2.1%
Malaysian Ringgit	6.2%	Loan	0.0%	Other Asian	0.0%	Utilities	1.7%
Indian Rupee	2.1%			Other non Asian	0.0%	Energy	1.0%
						Consumer Staple	0.8%
Top Ten Equity Holdings		Top Bond & ARV Holdings		Performance			
Siam Steel	5.4%	BDT Invest Asia Fund \$ Dist	12.5%	EIT Share Price #	18-Mar-02	28-Nov-08	+/- %
China Insurance	4.3%	SR European IT	4.1%	EIT Net Asset Value #	100.0	109.5	9.5%
First Ship Lease Trust	3.0%	BDT Invest Oriental Focus \$	3.0%	Premium/Discount		-8.0%	
Top Glove	2.9%	BDT Invest Japan Fund E	2.9%	UK Equity #	670.2	527.9	-21.2%
Lafarge Malayan Cement	2.8%	Lindsell Train Inv Trust	1.1%	World Equity #	714.8	580.6	-18.8%
Rexcapital	2.8%	BDT Invest Japan Small Cos	1.2%	Asia Free ex Japan #	153.8	170.6	10.9%
Mintch Grp	2.4%						
Bharat Heavy Electricals	2.1%						
NTT Docomo	2.1%						
Takeda Pharmaceutical	2.0%						
				# excluding dividends			
				all MSCI indices in Sterling terms			

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