

The Establishment Investment Trust plc

Performance Review

The Company's share price rose 8.8% in October while the net asset value slipped by 0.7%. The discount narrowed to 6.8%. Equity indices were broadly lower, in Sterling terms the MSCI World Index fell 4.3%, the MSCI Japan Index declined 5.0% and the MSCI Asia ex Japan Index lost 3.1% during the month.

On the Road

We travelled to India, Indonesia and Malaysia last month. Indonesia is the poster child of the emerging market universe (+107% year to date, the best performing market in Asia) and the mood in Jakarta is undeniably upbeat. This commodity based economy has been a key beneficiary of China's insatiable demand for "stuff". The currency is strong, inflation is non-existent, interest rates are low and the domestic economy is booming. Unfortunately this good news, and more, is priced into most stocks. The fact that the half dozen Bakrie related stocks regularly account for circa half total market volume is a useful warning sign that the lunatics have regained control of the asylum.

The mid month inauguration of President Susilo Bambang Yudhoyono for his second (and last) term of office following his landslide victory in the mid year elections has raised hopes that progress in key areas can now proceed. It is harsh but fair to suggest that winning a second term was the principle achievement of his first term in office. Indonesia in general, and Java in particular, is crying out for improved infrastructure. The railroad network, for example, is shorter today than it was when the Dutch departed fifty years ago. A convoluted legal system, again courtesy of the Dutch, continues to obstruct and delay the land acquisition process that is crucial to any infrastructure project while labour laws make it almost impossible to retrench staff. These remain the two principal reasons why, outside of the commodity sector, foreign direct investment is a trickle not a flood. Indonesia is a democracy and centralised command control decision making, a la China, simply will not happen but markets can be impatient animals. A relapse in global growth, a fall in commodity prices and lack of progress on infrastructure projects would leave this market truly high and dry.

Next stop Kuala Lumpur where there is no problem with infrastructure, quite the reverse. For example the airport currently handles about 25mn passengers per annum while capacity is 35mn rising, in theory, to 130mn by 2020! Best meeting - portfolio holding Lafarge Malayan Cement. 40% share of oligopolistic industry + gently rising capacity utilisation + zero capex requirements = money pouring out of both ears. Best of all the parent, having nearly gone bust, has implemented "excellence 2010", a group wide cashflow and working capital enhancement directive.

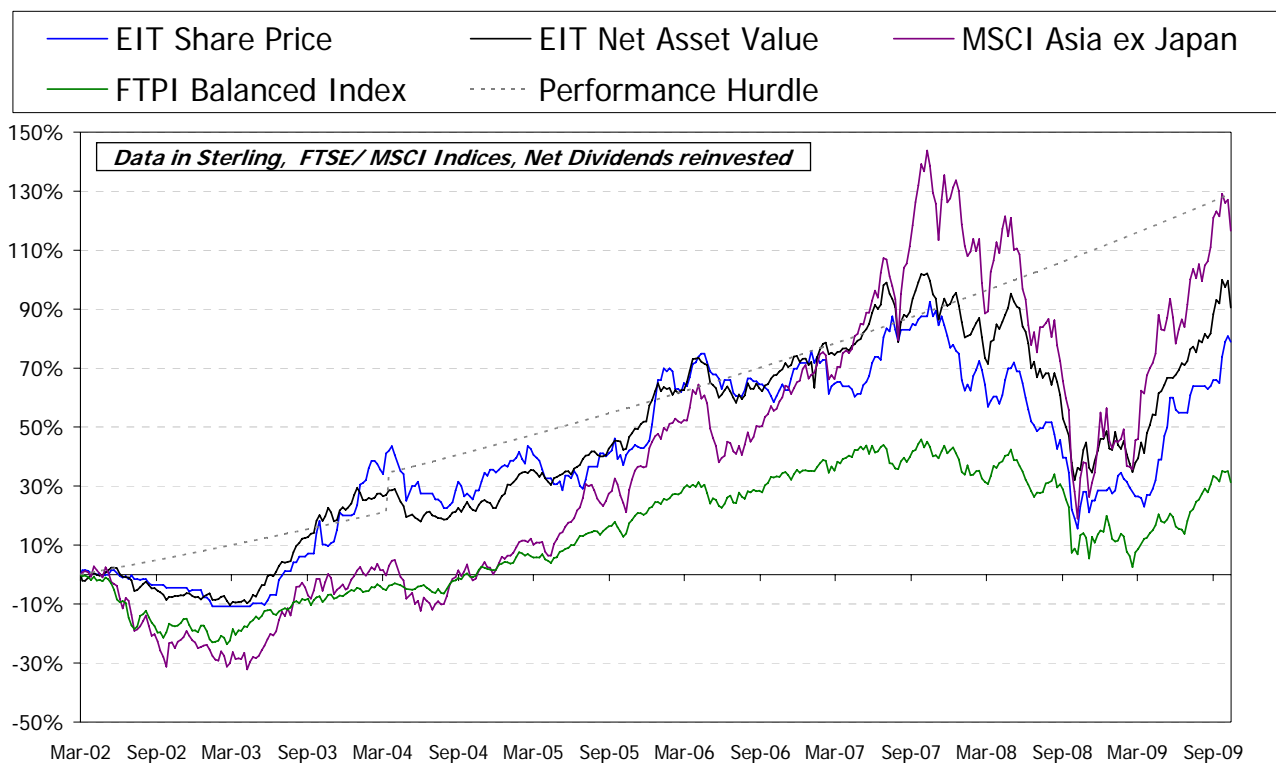
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Key Data (as at 30th October 2009)

Share Price	160.00p
Net Asset Value	171.65p
Premium/(Discount)	(6.8%)
Shares Outstanding	20m
Market Capitalisation	£32.0m
Historic Yield	2.1%
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
Investor Relations Administrator	Ian Furtado (020) 7659 1305 Phoenix Administration Services
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.

CFO KC Yeoh who has proved no slouch in recent years when it comes to financial management was grinning from ear to ear as he detailed an endless list of operational cost saving initiatives underway. How many CFO's have you met who turn the lights out when they leave the meeting room? Finally three days in Delhi where the relative competence of management remains a defining feature of the market. Like Indonesia, the Indian market has rallied hard but the outlook for domestic demand remains superb and consumer facing businesses, with the exception of the cut throat telecom sector, remain excellent long term investments.

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Towards the end of the month markets weakened sharply. We are unsure whether this is another short, sharp correction or the start of a longer consolidation/correction that could see regional markets retrace a decent proportion of recent gains. There must be a strong temptation for many to book profits as we head towards year end.

From a macro economic perspective we remain firmly in the deflationary camp with regard to Western economies and thus see little chance of short term rates rising in the US, UK or Europe. This presents most Asian central banks with a familiar headache. Interest

rates around the region are too low in relation to domestic economic activity but unless these central banks change the decades old policy of managing their currencies against the US Dollar (something we believe is highly unlikely) lifting interest rates is all but impossible. There will be plenty of "jawing" and perhaps some adjustments in banking reserve requirements but interest rates will remain at low levels. This remains bullish for asset prices.

BDT Invest LLP
5th November 2009

Currency Exposure		Asset Type		Direct Equity by Country		Equity by Sector	
US Dollar	27.4%	Listed Equities	56.6%	Hong Kong / China	19.8%	Financials	29.5%
Hong Kong Dollar	19.8%	Absolute Return Vehicles	22.9%	Singapore	10.7%	Industrial	8.0%
Singapore Dollar	10.8%	Sovereign Bonds	8.4%	Malaysia	6.5%	Materials	5.8%
Taiwan Dollar	7.2%	Cash	5.2%	India	5.0%	Consumer Discretionary	4.8%
Japanese Yen	7.1%	Gold Bullion	5.4%	Taiwan	4.9%	Property	3.2%
Sterling	7.1%	Unlisted Equities	1.5%	Indonesia	4.1%	Health Care	2.3%
Indian Rupee	5.0%	Derivatives	0.0%	Philippines	2.6%	Energy	1.9%
Malaysian Ringgit	6.5%	Other	0.0%	Other Asian	1.8%	Information Technology	1.0%
Indonesian Rupiah	4.6%	Loan	0.0%	UK	1.0%	Telecoms	0.0%
Thai Baht	1.8%			Other non Asian	0.0%	Consumer Staple	0.0%
Other	2.6%					Utilities	0.0%

Top Ten Equity Holdings		Top Bond & ARV Holdings		Performance		
China Taiping Insurance	7.1%	BDT Invest Oriental Focus \$	10.3%	EIT Share Price #	18-Mar-02	30-Oct-09 +/- %
First Ship Lease Trust	6.3%	US Treasury 2.75% 2/19	8.4%	EIT Net Asset Value #	100.0	160.0 60.0%
Rexlot Holdings	5.8%	BDT Invest Japan Focus \$	4.8%	Premium/Discount		-6.8%
Minth Grp	3.8%	SR European IT	4.4%	UK Equity #	670.2	626.9 -6.5%
Metro Pacific	2.6%	BDT Invest Japan Small Cos ¥	2.4%	World Equity #	714.8	672.9 -5.9%
Top Glove	2.3%	Lindsell Train Inv Trust	1.0%	Asia Free ex Japan #	153.8	275.6 79.2%
Johnson Electric	2.1%					
Jasa Marga	2.1%					
HDFC	2.1%					
Holcim Indonesia	2.0%					

excluding dividends
all MSCI indices in Sterling terms

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