

BDT INVEST FUNDS PLC

Newsletter

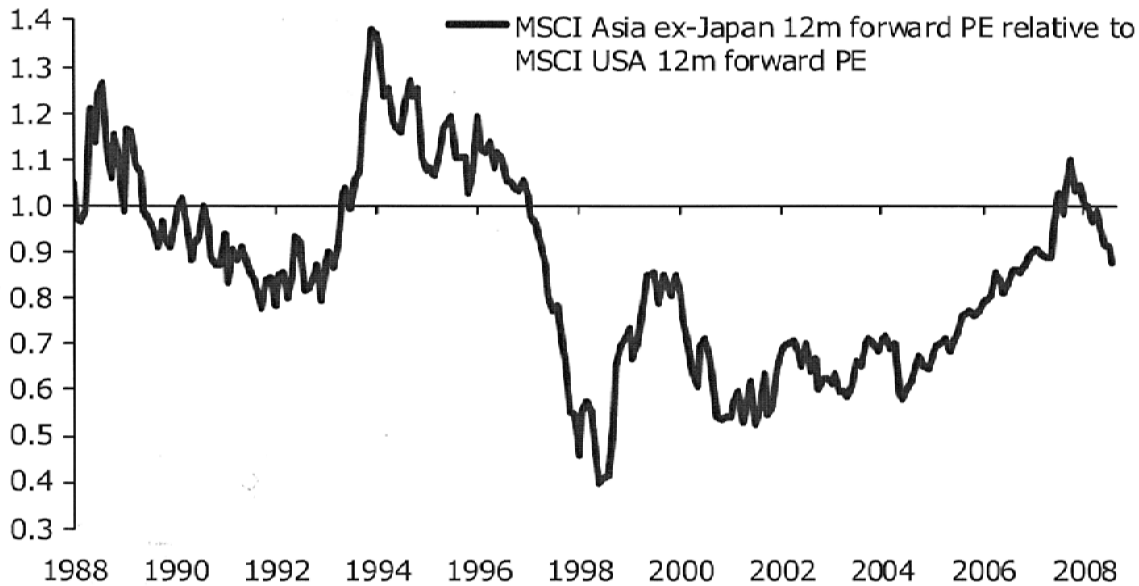
Month of August 2008



MSCI Asia ex Japan



MSCI Asia ex-Japan 12-month forward PE relative to US



Source: I/B/E/S, Datastream



Review

Another difficult month for global equity markets with the MSCI World Index falling a further 1.4% in US Dollar terms. The MSCI Japan Index fell 4.0% while the MSCI Asia ex Japan Index declined a larger 6.9%, dragged down by the 13.8% decline in the MSCI Korea Index. The US Dollar share classes of all four sub funds in the range suffered further declines. Please refer to the individual factsheets for performance details and commentaries.

The story of August, however, lay less in equities and more in the currency and commodity markets. The revival of the US Dollar saw Sterling fall 8.2%, the Euro declined 6.1% while the JP Morgan Asian Dollar Index eased a lesser 2.3%. Crude Oil fell 7.3% and the Baltic Dry Index collapsed 18.4% during the month. Spot bulk freight rates are now down 42% from their May highs.

The speed with which economic growth within the Euro zone is slowing has clearly come as a surprise to many. While we do not have much to crow about thus far this year, the decision to remove the Sterling hedge from the Asian and Oriental Focus Funds during the second quarter appears increasingly vindicated. Following the Chancellor's remarkably honest interview in the Guardian last weekend, clients will not be surprised to hear that we have no intention to put the hedge back on at present.

Technical Indicators

The short term pressure to panic out of equities remains high. Recession looms in the developed world. Property prices are falling rapidly and unemployment is rising. These trends will continue to place downward pressure on consumption and upward pressure on mortgage default rates. Nationalisation of Fannie and Freddie appears simply a question of time while we can look forward to a much more dovish stance from European Central Bank and the Bank of England as inflationary pressures ease. The slowdown in the West cannot, at least at face value, be good news for the open economies of the Asian region. The recent weakness of the Korean currency and equity market provides more than a clue that cyclical industries are in for a tough couple of years after a prolonged period of plenty. Korea, of course, is the one country in Asia that has displayed a Western style appetite for debt in recent years. Our exposure is small and falling.

Before we disappear in a self fulfilling and vicious downward spiral of gloom and doom, we would like to highlight the two charts on the previous page. The top chart shows the MSCI Asia ex Japan Index (excluding dividends) since inception in December 1987. We are interested by the extended trading during the 1993 and 1997 period at, and around, the 400 level. In theory this level, only 10% below today's index level, should prove to be a significant level of support.

The second chart, purloined from a recent presentation by CLSA's Chris Wood, shows the MSCI Asia ex Japan's forward price earnings ratio premium/discount to the US since the start of 1988. Following the re-rating during the last bull run, Asia again sells at a significant discount to US equities. This makes little sense on any longer term time horizon given Asia's favourable demographic trends, superior growth prospects and generally strong financial position across Government, corporate and household sectors.

Results

A significant number of our holdings reported interim results during August. China Insurance, our largest holding in both the Asian and Oriental Focus Funds, reported a 22% fall in earnings but excellent results at Tai Ping Life (which accounts for four fifths of a SOTP valuation). New business value grew 60% y-o-y while embedded value rose 42% y-o-y. With the number of agents forecast to grow 50% to 60,000 by year end, Tai Ping Life remains an out and out growth story. The stock would have to double from here to get within sight of our preferred analysts' target price. We also own the rather larger insurer Ping An whose life company reported a respectable 26% y-o-y increase in new business value. Cheung Kong reported a solid set of interims with a marked improvement in the performance of subsidiary Hutchison's retail assets. Cheung Kong trades at a 30% discount to estimated net asset value.

Sino-Environment reported a 56% increase in net profit on a 97% increase in turnover during the first half. Already a leader in waste gas treatment in China, Sino-Environment is expanding into (admittedly lower margin) desulphurisation and de-nitrogenation and is set to grow handsomely over the next few years. A snip on just 7.5x 2008 earnings. Somboon Advance Technology, a Thai based auto parts company, cannot match Sino's growth rate but the company continues to benefit from Thailand's growing role as the "Detroit of South East Asia". A multiple of 6x current year earnings seems a little mean given the excellent revenue visibility as car producers continue to ramp up capacity in the Kingdom.

The mention of a specific company on these pages is normally sufficient to precipitate an immediate swoon in the share price so we will desist before the entire portfolio is poked. We are travelling to the region later this month and have little doubt that we will unearth a host of solid businesses with real growth potential over the next few years. Following the 35% setback in the regional index over the past ten months, valuations are unlikely to be an issue.

Musical Chairs

The resignation of Prime Minister Yasuo Fukuda, a man who makes Gordon Brown look popular, marks the end of another (short) chapter in Japan's political history. A rearrangement of the Titanic's deckchairs appears on the cards but with Lower House elections due by next autumn at the latest, pressure for more fundamental change (a realignment of the various warring factions) is building.

Outlook

The global macroeconomic outlook remains extremely poor and there remain unusual and persistent strains across Western banking systems. This is hardly the backdrop one would associate with rising equity prices but we have been encouraged by the results announced by companies owned across the funds. The continued decline in oil prices (and the associated easing of inflationary pressures) remains a positive for the region. Liquidity levels across the three absolute return funds remains in the 20-25% range.

BDT Invest LLP
2nd September 2008



Investment Objective

The BDT Invest Asian Focus Fund aims to achieve absolute returns. The Fund is not managed against, nor constrained by, any index; comparisons are for illustrative purposes only. Equity investments will be made in Japanese, Asian and other Emerging Markets. Monies not invested in equities will generally be held in short term fixed interest securities. US Dollar, Sterling and Euro denominated share classes are available. Since early May 2008 the Sterling share classes are NO LONGER hedged back into the base currency. The Euro share classes are hedged back into their base currency.

Commentary

The Net Asset Value of the US Dollar B shares declined by 5.0% last month. MSCI Japan and Asia ex Japan fell 4.0% and 6.9% respectively. The more cyclical names in the portfolio continued to suffer from slowing global growth and the portfolio again suffered as smaller stocks in Hong Kong and China again came under pressure. China Insurance reported excellent numbers last week and it was gratifying to see it rally hard in the last few days of August. Our positions in Thailand and India performed strongly - both countries are major beneficiaries of weaker crude oil prices. Political change in Japan may prove a positive surprise in September. We retain a sensible degree of liquidity.

Compound Annual Growth Rate since Inception	
Class A\$ Share	10.7%
Class B\$ Share	11.3%
<i>5th March 2001 - 29th August 2008</i>	

	A class	B Class
Net Asset Value		
Dollar Class	\$ 20.43	\$ 21.19
Sterling Class	£ 19.72	£ 20.63
Euro Class	€ 17.01	€ 16.98
Fund Size (million)	\$117.2	
Historic Yield	1.7%	1.6%

Dealing	
Dealing Frequency	Daily
Dealing cut off point	5pm (Dublin time)
Valuation point	9am (following day)
Min Investment	\$ 10,000 \$3,000,000
Subsequent	\$ 2,500 \$ 100,000

Fee and Charges	
Annual Management Fee	1.5% 0.9%
Entry Charge	3.0% 0.0%
Exit Charge	0.0% 3.0%
TER (estimated)	2.03% 1.43%

(excluding performance fee and entry/exit charges)

Performance Fee
10% of any gains in excess of 10%. Subject to high tide marks and/or CAGR since inception.

Broking Commissions
The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

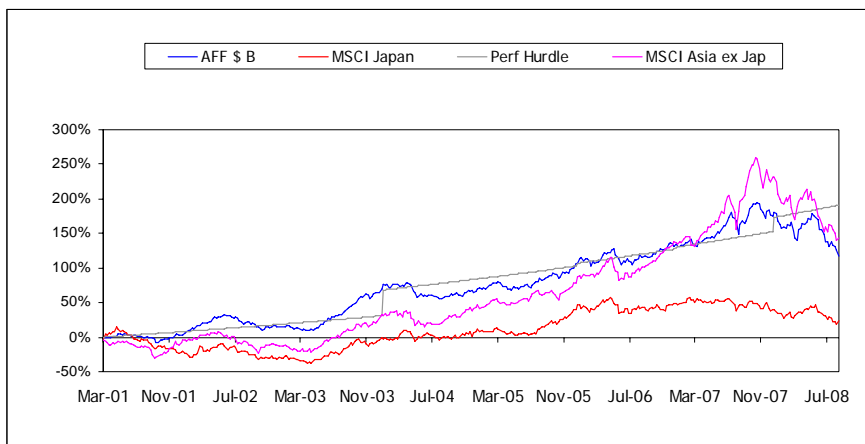
Activity
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 116%.

Distributor Status
The Fund has received distributing fund status for the year ended Dec 31, 2007

Investment Manager (for enquiries)
BDT Invest LLP
4th Floor, 52 Jermyn Street
London Telephone
SW1Y 6LX +44 (020) 7659 1300

Administrator (for dealing and admin)
HSBC Securities Services (Ireland) Limited
HSBC House
Harcourt Centre
Harcourt Street Telephone
Dublin 2, Ireland +353 (01) 407 2000

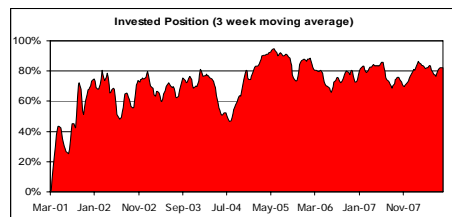
Regulatory Status
Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance	5.7%	Japan	27.6%	Financials	32.3%
Siam Comm Bank	3.1%	China	16.6%	Information Technology	13.0%
NTT Docomo	2.7%	Hong Kong	2.3%	Industrial	8.2%
China Power New Energy	2.7%	Indonesia	0.0%	Consumer Discretionary	6.2%
Takeda Pharmaceutical	2.7%	India	4.2%	Health Care	4.9%
Taiwan Semi	2.6%	Korea	3.8%	Energy	4.8%
Stanley Electric	2.6%	Malaysia	4.8%	Property	4.4%
Sony Financial Holdings	2.5%	Philippines	0.0%	Telecoms	2.7%
Lafarge Cement	2.5%	Singapore	5.8%	Materials	2.5%
Petrochina ADR	2.5%	Thailand	5.0%	Utilities	2.1%
Nintendo	2.4%	Taiwan	12.6%	Consumer Staple	1.4%
Cheung Kong	2.3%			Portfolio Concentration	
Ezra Holdings	2.3%			Top Twenty	51.9%
Fanuc	2.3%			"5 & 40 rule"	5.7%
Top Glove	2.3%			Number of Holdings	37
Ping An Insurance Group	2.2%				
Bharat Heavy Electricals DMT	2.2%	% Invested	82.6%		
Yuanta Financial Holdings	2.1%	Cash	13.1%		
Sino-Environment	2.1%	T-bills	4.3%		
Samsung F&M Ins	2.1%				

29th August 2008	1 month	3 month	6 month	1 year	3 years	5 years
Asian Focus Fund A \$	-5.0%	-18.9%	-16.6%	-17.7%	19.9%	53.9%
Asian Focus Fund B \$	-5.0%	-18.8%	-16.4%	-17.2%	22.0%	58.2%
Asian Focus Fund A £	2.9%	-12.4%	-9.5%	-10.8%	28.3%	69.4%
Asian Focus Fund B £	2.9%	-12.3%	-9.2%	-10.3%	30.3%	74.8%
Asian Focus Fund A €	-4.9%	-18.4%	-16.1%	-18.0%	15.4%	46.8%
Asian Focus Fund B €	-4.9%	-18.3%	-16.0%	-17.8%	15.6%	48.6%
MSCI Asia ex Japan	-6.9%	-18.7%	-20.2%	-17.8%	52.5%	123.9%
MSCI Japan	-4.0%	-13.6%	-8.8%	-15.8%	10.0%	48.8%

MSCI Indices (incl net dividends) stated in US\$. Fund returns stated in the class base currency.



Asian Focus Fund B \$	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2001			0.1%	3.1%	0.9%	-1.8%	-2.6%	-1.0%	-4.7%	4.2%	5.4%	2.3%	5.6%
2002	6.4%	5.3%	3.4%	3.8%	4.3%	-3.5%	-4.5%	-1.2%	-5.0%	-0.3%	2.6%	-3.1%	7.6%
2003	0.7%	-1.3%	-3.6%	1.5%	7.4%	6.1%	4.4%	7.2%	6.3%	8.0%	-1.9%	6.1%	48.1%
2004	2.4%	2.3%	-0.2%	-5.9%	-1.7%	-0.7%	-2.4%	0.4%	2.1%	-1.0%	4.8%	2.0%	1.7%
2005	0.9%	4.0%	-4.1%	-2.4%	1.8%	1.2%	3.9%	1.4%	5.4%	-2.7%	3.9%	6.4%	21.0%
2006	3.4%	-1.6%	3.6%	1.9%	-4.7%	0.7%	-0.2%	2.0%	0.4%	2.9%	4.4%	0.2%	13.2%
2007	-0.9%	1.7%	0.1%	2.7%	2.9%	4.5%	5.7%	-2.6%	5.9%	4.7%	-5.4%	0.4%	20.9%
2008	-9.9%	4.4%	-4.1%	5.1%	2.1%	-9.2%	-5.8%	-5.0%					-21.3%

Oriental Focus Fund

previously the Emerging Markets Focus Fund



Investment Objective

The BDT Invest Oriental Focus Fund aims to achieve absolute returns. The Fund is not managed against, nor constrained by, any index; comparisons are for illustrative purposes only. From 1st April 2008 the investment universe has been refined to Asian Equity markets excluding Japan. This change was approved by shareholders at the AGM on 16th May 2008. The Manager intends to run a focused portfolio with a target of twenty-five to thirty individual holdings. US Dollar, Sterling and Euro denominated share classes are available. Since early May 2008 the Sterling share classes are NO LONGER hedged back into the base currency. The Euro share classes are hedged back into their base currency.

Commentary

The Net Asset Value of the US Dollar B shares declined by 4.8% last month compared to the 6.9% decline in the MSCI Asia ex Japan Index. A better "relative" month but absolute returns remain illusive. Mid cap stocks continue to suffer disproportionately as investors seem more inclined to hug benchmarks than look at valuations. Rays of sunshine came from recently purchased Suntech Power (+39% since purchase) and Educomp Solutions (+17% last month). Nagacorp (casinos), China Insurance (life insurance), Somboon Advance (autos) and Sino Environment (waste treatment) all produced excellent results. We continue to run a reasonable degree of liquidity but are finding valuations increasingly hard to resist.

Compound Annual Growth Rate since Inception	
Class A\$ Share	15.2%
Class B\$ Share	16.1%
5th March 2001 - 29th August 2008	

	A class	B Class
Net Asset Value		
Dollar Class	\$ 16.70	\$ 17.21
Sterling Class	£ 18.11	£ 18.59
Euro Class	€ 15.85	€ 16.18
Fund Size (million)	\$18.8	
Historic Yield	0.0%	0.0%

Dealing	
Dealing Frequency	Daily
Dealing cut off point	5pm (Dublin time)
Valuation point	9am (following day)
Min Investment	\$ 10,000 \$3,000,000
Subsequent	\$ 2,500 \$ 100,000

Fee and Charges	
Annual Management Fee	1.5% 0.9%
Entry Charge	3.0% 0.0%
Exit Charge	0.0% 3.0%
TER (estimated)	2.19% 1.59%

(excluding performance fee and entry/exit charges)

Performance Fee
10% of any gains in excess of 10%. Subject to high tide marks and/or CAGR since inception.

Broking Commissions
The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

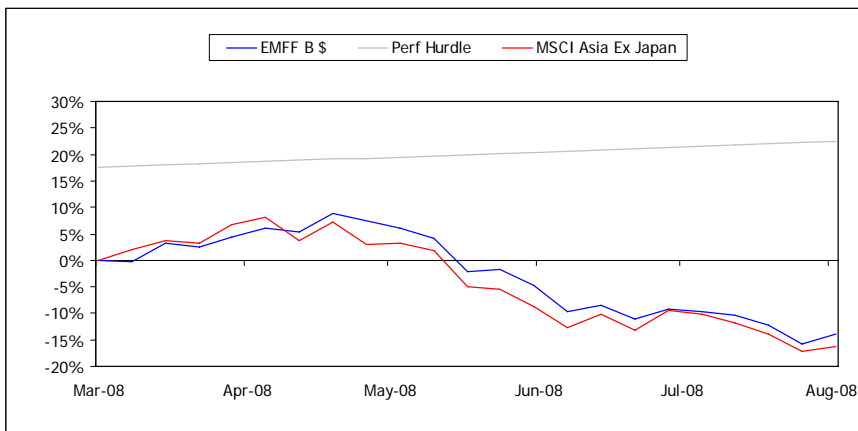
Activity
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 119%.

Distributor Status
The Fund has received distributing fund status for the year ended Dec 31, 2007

Investment Manager (for enquiries)
BDT Invest LLP
4th Floor, 52 Jermyin Street
London Telephone
SW1Y 6LX +44 (020) 7659 1300

Administrator (for dealing and admin)
HSBC Securities Services (Ireland) Limited
HSBC House
Harcourt Centre
Harcourt Street Telephone
Dublin 2, Ireland +353 (01) 407 2000

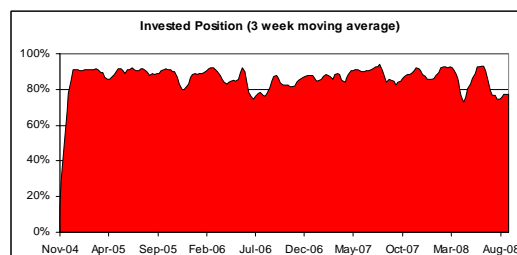
Regulatory Status
Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance	7.5%	China	22.1%	Financials	32.8%
First Ship Lease Trust	4.0%	Hong Kong	4.4%	Consumer Discretionary	11.4%
Top Glove Corp	3.1%	Indonesia	0.0%	Energy	7.2%
Somboon Advance Tech	3.1%	India	6.7%	Industrial	6.9%
China Power New Energy	2.9%	Korea	5.7%	Information Technology	5.3%
Rexcapital Financial Hldgs Ltd	2.9%	Malaysia	5.4%	Property	4.8%
TMB Bank	2.8%	Philippines	0.0%	Health Care	3.1%
Suntech Power Holdings ADR	2.8%	Singapore	10.9%	Materials	2.3%
Mermaid Maritime	2.5%	Thailand	8.3%	Utilities	1.9%
Taiwan Semi	2.5%	Taiwan	12.3%	Telecoms	0.0%
Farglory Land	2.5%			Consumer Staple	0.0%
Ezra Holdings	2.5%				
Educomp Solutions	2.4%			Portfolio Concentration	
Siam Comm Bank	2.4%			Top Twenty	56.9%
Lafarge Cement	2.3%			"5 & 40 rule"	7.5%
Cheung Kong	2.3%				
Bharat Heavy Electricals	2.3%	% Invested	75.7%		
Petrochina ADR	2.2%	Cash	13.7%	Number of Holdings	30
Yuanta Financial Holdings	2.1%	T-Bill	10.6%		
NagaCorp Ltd	2.1%				

29th August 2008	1 month	3 month	6 month	1 year	2 years	3 years
EM Focus Fund A \$	-4.7%	-18.8%	-19.3%	-14.4%	20.0%	51.5%
EM Focus Fund B \$	-4.8%	-18.7%	-19.0%	-13.8%	21.9%	54.7%
EM Focus Fund A £	3.2%	-12.4%	-12.4%	-7.5%	28.7%	61.1%
EM Focus Fund B £	3.2%	-12.3%	-12.1%	-6.9%	30.4%	64.2%
EM Focus Fund A €	-4.6%	-18.4%	-18.9%	-15.2%	16.8%	43.9%
EM Focus Fund B €	-4.7%	-18.3%	-18.6%	-14.7%	17.8%	46.0%
MSCI Asia ex Japan	-6.9%	-18.7%	-20.2%	-17.8%	21.9%	52.5%
MSCI EMF Asia	-7.1%	-19.3%	-21.9%	-19.5%	21.4%	55.6%

MSCI Indices (incl net dividends) stated in US\$. Fund returns stated in the class base currency.



Oriental Focus Fund B \$	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year *
2008				5.3%	1.2%	-10.5%	-4.6%	-4.8%					-12.8%

Monthly performance data from 1st April 2008 is shown (since conversion to Asia ex Japan mandate). Historical performance data for the fund from October 2004 to 31st March 2004 (while operating under an Emerging Market mandate) is available on request * from 1st April



Investment Objective

The BDT Invest Japanese Focus Fund aims to achieve absolute returns. The Fund is not managed against, nor constrained by, any index; comparisons are for illustrative purposes only. Equity investments will be made in Japanese equities. Monies not invested in equities will generally be held in short term fixed interest securities. US Dollar, Sterling and Euro denominated share classes are available. The Sterling and Euro share classes are hedged back into their base currency in the normal course of events.

Portfolio Commentary

The US\$ B shares fell by 4.4% in August, performing in line with the TOPIX decline of 4.4% in US Dollar terms. In local currency terms, the Topix index fell 3.8%. Continued economic weakness and disappointment with the Government's policy response to that weakness saw the market drift lower on low holiday trading volumes.

The more reliable and less cyclical the earnings stream, the better the performance of the stock. That pattern was repeated once again in August, with our holdings in the pharmaceutical, food and utilities sectors actually rising in aggregate during the month. On the other hand, the financial sector was weak and the Fund's exposure there made a negative contribution to performance. A combination of attractive valuations and sound balance sheets gives us the confidence to believe that at current prices Japanese financials are attractive investments, and we will take the opportunity to accumulate stock gradually.

Prime Minister Fukuda's resignation has grabbed the media headlines over the last couple of days, but in the short term the effect on the stock market of his departure is unlikely to be great. If, as is likely, his successor is drawn from the same conservative wing of the LDP, there will be no major policy shift. Such a shift is dependent on a realignment of the factions within the ruling LDP and the opposition that produces a more reform minded administration.

How bereft of new ideas was Fukuda's Government can be seen from its final act - the response to gathering signs of renewed weakness in Japan's economy. A fiscal stimulus package with a headline number of Yen 12trn but 'mamizu' or 'real spending' of Yen 2trn was, for long-term followers of Japan, a depressing return to the discredited policies and jargon of the 1990s. That the Government feels the need to be seen to be doing something rather than concentrating on producing real change is disappointing, but we are certainly not alone in making this observation. Fukuda's departure may be the first step towards a new force for change in Japan.

Top Twenty Holdings		Sector Weights	
Japan Tobacco Inc	4.9%	Financials	21.8%
East Japan Rail	4.1%	Information Technology	16.0%
NTT Docomo Inc	4.1%	Industrials	12.8%
Takeda Pharmaceutical	3.9%	Consumer Discretionary	6.9%
Sony Financial Holdings Inc	3.8%	Health Care	6.5%
TDK Corp	3.2%	Consumer Staple	4.9%
ORIX Corp	3.2%	Telecoms	4.1%
Mitsubishi UFJ Financial Group	3.1%	Property	3.0%
Nidec Corp	3.0%	Materials	1.2%
Stanley Electric Co Ltd	3.0%	Utilities	0.0%
Nintendo Co Ltd	2.8%	Energy	0.0%
Fanuc Ltd	2.8%	Liquidity	22.8%
Mitsubishi Tanabe Pharma Co Ltd	2.6%	Portfolio Concentration	
Mizuho Financial Group Inc	2.5%	Top Twenty	60.5%
Nippon Electric Glass	2.5%	"5 & 40 rule"	0.0%
T & D Holdings Inc	2.4%	Number of Holdings	33
Tokyu Corp	2.3%		
Mitsubishi Estate Co	2.1%		
Tokyo Electron Ltd	2.1%		
Chuo Mitsui Trust Hldgs	2.1%		

29th August 2008	1 month	3 month	6 month	1 year	2 years	3 years
Japan Focus Fund A \$	-4.4%	-13.7%	-8.8%	-15.3%	-22.9%	-10.1%
Japan Focus Fund B \$	-4.4%	-13.6%	-8.6%	-14.9%	-21.9%	-8.7%
Japan Focus Fund A £	-3.2%	-9.5%	-2.4%	-17.4%	-23.0%	-2.9%
Japan Focus Fund B £	-3.2%	-9.5%	-2.3%	-17.0%	-21.9%	-1.1%
Japan Focus Fund A €	-3.3%	-9.8%	-3.5%	-18.6%	-24.8%	-7.1%
Japan Focus Fund B €	-3.3%	-9.8%	-3.4%	-18.0%	-24.3%	-6.1%
Japan TPX	-4.4%	-13.6%	-9.0%	-16.7%	-17.2%	1.1%
MSCI Japan	-4.0%	-13.6%	-8.8%	-15.8%	-13.3%	10.0%

Indices stated in US\$. Fund returns stated in the class base currency. TPX returns converted into US\$ using 0900 GMT rate in order to match valuation point.

Japan Focus Fund BS	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2005						-0.4%	2.5%	3.8%	8.2%	1.1%	5.9%	10.7%	35.9%
2006	2.9%	-5.8%	5.1%	-1.4%	-7.0%	-1.1%	-2.2%	1.0%	-2.2%	1.9%	0.6%	0.0%	-8.5%
2007	-0.5%	1.3%	-1.8%	-3.2%	-1.3%	1.2%	-0.8%	-3.9%	4.0%	0.9%	-3.1%	-5.2%	-11.3%
2008	-4.1%	0.9%	-1.9%	4.8%	2.8%	-6.5%	-3.3%	-4.4%					-11.6%

Compound Annual Growth Rate since Inception	
Class A\$ Share	-1.5%
Class B\$ Share	-1.0%
5th March 2001 - 29th August 2008	

Net Asset Value	A class	B Class
Dollar Class	\$ 9.52	\$ 9.68
Sterling Class	£ 10.70	£ 10.89
Euro Class	€ 10.14	€ 10.26
Fund Size (million)	\$13.2	
Historic Yield	0.0%	0.0%

Dealing	
Dealing Frequency	Daily
Dealing cut off point	5pm (Dublin time)
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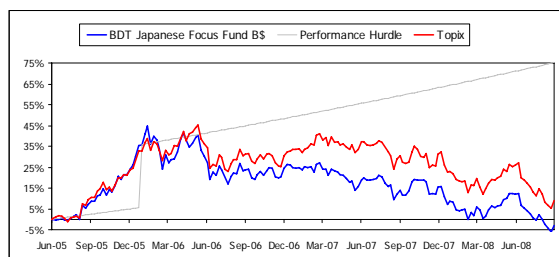
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HSBC Securities Services (Ireland) Limited
HSBC House
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Harcourt Street Telephone
Dublin 2, Ireland +353 (01) 407 2000

Regulatory Status
Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



Japanese Smaller Companies Fund



Investment Objective

The Fund seeks to achieve long-term capital appreciation through investment in Japanese smaller companies. The Fund uses the TSE 2nd Section Index as its performance benchmark although comparisons will also be made with the more growth orientated JASDAQ Index. US Dollar, Japanese Yen, Sterling and Euro denominated share classes are available. The Sterling and Euro share classes are hedged back into their base currency in the normal course of events.

Portfolio Commentary

The Yen B shares fell 2.8% in August, outperforming both the 7.2% decline in the TSE 2nd Section Index and the 2.9% fall in the JASDAQ Index. Stocks in the alternative energy sector performed well in August and the Fund's exposure in this area helped performance. The electronics sector fared less well however, and although the Fund's weighting in this area has been reduced, it still proved to be a drag on performance. The sharp underperformance of the TSE 2nd Section Index relative to the JASDAQ Index was due to the heavier weighting of the manufacturing sector in the former.

Stock Highlights

NPC (5.8% of NAV, TSE-Mothers):

A production equipment maker for the solar industry with a 45% global market share in its chosen niche. Its production capacity will be doubled over the next two years to meet increasing demand around the world. A worldwide office network allows it to offer a 24/7 maintenance service to all clients. The share sells at a P/E of 38x for FY8/09. The expected CAGR in EPS over next two years is 45%.

Kobayashi Pharmaceutical (3.5% of NAV, TSE-1):

A maker of household sanitary and home-healthcare items that builds customer loyalty through the development of niche market OTC drugs. The recent sale of its wholesaling division will improve margins while a newly launched OTC drug has been a success. The strategy to concentrate on OTC drug development should lead to higher growth over the next few years. The share sells at a P/E of 18x for FY3/09.

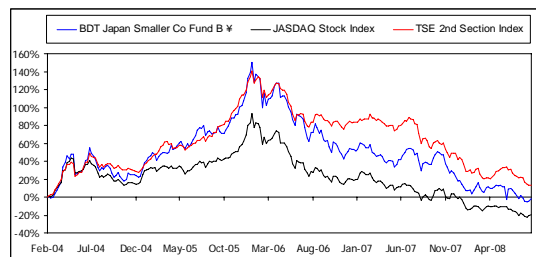
GS Yuasa (3.2% of NAV, TSE-1):

Japan's top battery maker with a 35% share of the domestic market. Rising lead prices hit profit margins over the last few years but a product price increase and the peaking out of lead prices is now generating a recovery. From 2009, its newly developed lithium ion battery will be used in an electric car, mass produced by Mitsubishi Motors. An overnight charge will give the car a range of 160 km. Peugeot Citroen also recently tied up with GS Yuasa for battery technology. The share sells at a P/E of 22x for FY3/10.

Top Twenty Holdings		Portfolio Emphasis		Sector Weights	
Ferrotec Corp	6.5%	Internet Services	4.3%	Industrial	29.1%
Produce Co Ltd	6.4%	Discount Retailing	6.0%	Information Technology	19.6%
NPC Inc	5.8%	Corporate Outsourcing	3.8%	Health Care	15.9%
Japan Wind Development	4.3%	Lifestyle Change	3.5%	Consumer Staple	6.5%
So-Net M3 Inc	4.3%	Recycling	3.8%	Utilities	4.3%
Tsumura & Co	4.0%	Demographic Change	8.0%	Consumer Discretionary	3.1%
Toyo Tanso Co Ltd	4.0%	Other	6.3%	Materials	1.0%
Hogy Medical Co Ltd	4.0%	Domestic growth	35.7%	Energy	0.0%
Daiseki Co Ltd	3.8%	Climate change	31.9%	Financials	0.0%
Works Applications co	3.8%	Silicon Cycle	4.1%	Property	0.0%
Message Co Ltd	3.6%	Other Electronics	2.1%	Telecoms	0.0%
Kobayashi Pharma	3.5%	Others	5.8%		
GS Yuasa Corp	3.2%	Global growth	43.9%		
ABC - Mart Inc	3.1%			Portfolio Concentration	
Sugi Pharmacy Co Ltd	3.0%			Top Twenty	71.9%
Nihon M & A	2.7%				
Canon Machinery	2.1%	% Invested	79.6%	"5 & 40 rule"	18.7%
Harmonic Drive Systems	1.5%	Cash	20.4%		
Miraial Co Ltd	1.3%	T-bills	0.0%	Number of Holdings	28
Micronics Japan Co Ltd	1.0%				

29th August 2008	1 month	3 month	6 month	1 year	2 years	3 years
Japanese SC Fund A \$	-3.5%	-14.5%	-18.9%	-24.9%	-38.8%	-41.7%
Japanese SC Fund B \$	-3.5%	-14.4%	-18.6%	-24.1%	-37.8%	-40.6%
Japanese SC Fund A £	-1.8%	-10.0%	-12.8%	-26.1%	-38.4%	-36.1%
Japanese SC Fund B £	-1.9%	-10.0%	-12.8%	-26.0%	-37.8%	-35.5%
Japanese SC Fund A €	-2.0%	-10.3%	-13.5%	-27.7%	-40.1%	-39.3%
Japanese SC Fund B €	-1.9%	-10.1%	-13.1%	-26.7%	-39.3%	-37.7%
Japanese SC Fund A ¥	-2.9%	-11.8%	-15.5%	-29.3%	-42.8%	-42.8%
Japanese SC Fund B ¥	-2.8%	-11.7%	-15.3%	-29.0%	-42.2%	-42.0%
Japan TPX 2nd Section	-7.2%	-14.7%	-14.3%	-31.6%	-40.5%	-33.4%
Japan JASDAQ	-2.9%	-10.3%	-10.7%	-21.9%	-37.9%	-42.6%

Indices stated in Yen. Fund returns stated in the class base currency.



Japanese SC Fund B ¥	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2004		0.1%	25.1%	18.3%	-13.5%	18.4%	-12.3%	1.7%	-8.4%	-4.3%	6.6%	4.9%	32.7%
2005	11.7%	0.2%	0.4%	6.1%	1.5%	5.2%	7.8%	-4.5%	-0.5%	7.6%	6.8%	18.6%	77.0%
2006	1.4%	-9.2%	5.1%	-5.3%	-11.4%	1.0%	-12.1%	2.9%	-5.0%	-2.7%	-7.3%	4.2%	-33.7%
2007	2.2%	-3.1%	-3.0%	-4.1%	-0.1%	7.0%	-0.3%	-7.3%	3.2%	5.2%	-14.5%	-8.1%	-22.3%
2008	-8.4%	7.3%	-6.2%	2.0%	0.3%	-4.4%	-5.0%	-2.8%					-16.8%

Compound Annual Growth Rate since Inception	
Class A \$ Share	-1.1%
Class B \$ Share	-0.5%
5th March 2001 - 29th August 2008	

Net Asset Value	A class	B Class
Dollar Class	\$ 9.53	\$ 9.78
Sterling Class	£ 11.94	£ 12.18
Euro Class	€ 11.19	€ 11.40
Yen Class	JPY 983	JPY 1,007
Fund Size (million)	\$24.1	
Historic Yield	0.0%	0.0%

Dealing	Daily
Dealing Frequency	Daily
Dealing cut off point	5pm (Dublin time)
Valuation point	9am (following day)
Min Investment	\$ 10,000 \$3,000,000
Subsequent	\$ 2,500 \$ 100,000

Fee and Charges	A class	B class
Annual Management Fee	1.75%	1.25%
Entry Charge	3.0%	0.0%
Exit Charge	0.0%	3.0%
TER (estimated)	2.27%	1.77%

(excluding entry/exit charges)

Performance Fee
There is no performance fee

Broking Commissions
The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

Activity
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 188%.

Distributor Status
The Fund has received distributing fund status for the year ended Dec 31, 2007

Investment Manager (for enquiries)
BDT Invest LLP
4th Floor, 52 Jermyn Street
London Telephone
SW1Y 6LX +44 (020) 7659 1300

Administrator (for dealing and admin)
HSBC Securities Services (Ireland) Limited
HSBC House
Harcourt Centre
Harcourt Street Telephone
Dublin 2, Ireland +353 (01) 407 2000

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BDT Invest LLP
52 Jermyn Street
London
SW1Y 6LX

Telephone - 020 7659 1300
Fax - 020 7659 1399
www.bdtinvest.com

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