

BDT INVEST FUNDS PLC

Newsletter

Month of September 2008





MSCI Asia ex Japan





Review

Meltdown. The MSCI World Index fell 11.9% in US Dollar terms during September. The MSCI Japan Index fell 11.2% while the MSCI Asia ex Japan Index declined a larger 16.6%. The US Dollar share classes of our four sub funds declined substantially. Please refer to the individual factsheets for performance details and commentaries.

Nationalisation Underway

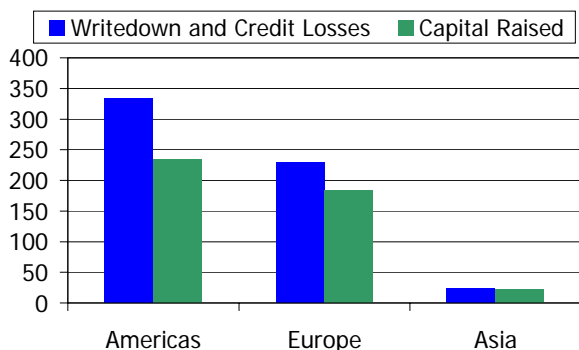
"The United States invariably does the right thing, after having exhausted every other alternative." - Winston Churchill

Fannie and Freddie were nationalised during the first weekend of the month, Bank of America then swallowed Merrill Lynch leaving Lehman Brothers in the cold. Lehman duly declared bankruptcy over the second weekend which led directly to AIG being nationalised and Money Market Funds "breaking the buck" just days later. The TAF (unveiled in Dec 07) didn't work, the TSLF (March 08) didn't work and neither did the PDCF (March 08) so finally the \$700bn TARP was wheeled out ahead of the third weekend. Congressional debate delayed the necessary legislation so that once the fourth weekend had played out both Washington Mutual and Wachovia had also been placed in wooden boxes. There was plenty of other M&A activity over the month and at first glance, Warren Buffet's negotiating skills appear rather sharper than those of Mitsubishi UFJ. And then the TARP was voted down at the first attempt - we just hope that Churchill was right!

"It's clearly a budget. It's got lots of numbers in it." - George W Bush

Closer to home HBOS attempts to tie the knot with Lloyds while Bradford & Bingley's loan book adds momentum to the accelerating UK national debt (off balance sheet of course). Perhaps more significantly, across the channel Fortis and Dexia all but collapsed towards the end of the month. Perhaps the collapse of banks within earshot of the ECB (as opposed to the ominous, but distant, creaking sounds in Dublin, Lisbon and Athens) will bring the ECB to its senses. Expect the TARP to be passed and short term official rates in the US, Europe and UK to drop swiftly in short order.

Breathtaking stuff for sure and a suitable reason for any investor to panic. In a move that typifies everything that is wrong with the rating agencies, Fitch managed to cut Bank of East Asia's rating from stable to negative AFTER a brief run on the bank. A rare example of where coming second counts for nothing. As the chart below clearly illustrates Asian banks, collectively, continue to dodge the bullets remarkably well.

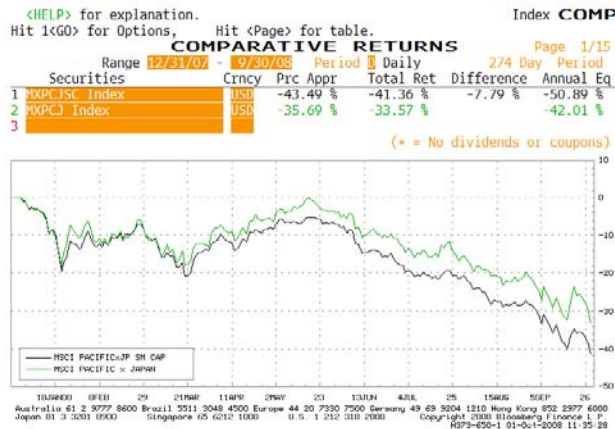


Source Bloomberg, data from 3Q07 to 3Q08, US\$bn

Unfair, Stupid or both

The portfolios don't own Bumi Resources, down 63% from recent highs. Nor CNOOC (down 48%) nor Pacific Basin (down 66%) nor Hyundai Heavy (down 49%) nor BHP (down 37%) nor POSCO (down 46%). Generally we feel we have called the macro picture correctly and it is, therefore, doubly disheartening to have produced such miserable returns despite avoiding these areas.

Aside from not lifting liquidity levels more aggressively (they have ranged between 20-30% for much of this period), our principle mistake has been to attempt to hide in growth orientated, domestically focused small and mid cap stocks. The rapid rise in risk perception, and increasing evidence of redemption pressures across Asian equity products (be they active long, index or long short) has led fund managers to shun anything other than large and liquid counters. The chart below shows the year to date performance of the MSCI Pacific ex Japan Index (in green) and the MSCI Pacific ex Japan Small Cap Index (in black).



The difficult question facing holders of cyclically sensitive issues is whether the Chinese economy (and to a lesser extent India) will continue to grow at a sufficient rate to justify the current price of commodities such as steel, iron ore, oil and copper. For example although copper is 30% off recent highs it remains at some 2-3 times the average price of the past two decades. "BRIC" believers will say yes, doomsters predicting a 1930s re-run will say no. We continue to believe that the earnings of these companies is essentially guesswork. The question we face as we view the rubble of our somewhat eclectic positions is somewhat easier. Will these companies deliver decent growth over the next few years? In all but the most exceptional of circumstances we believe the answer is yes.

Outlook

The question facing the owner of any Asian equities which is much harder to judge is when will investors globally regain an appetite for risk. With official short term interest rates low and falling and Western monetary authorities squirting monetary medicine at anything looking remotely ill, a period of prolonged negative real interest around the Asian region is a likely proposition. This normally gets the animal spirits dancing in due course but in the short term, however, we will continue to dance with Wall Street.

BDT Invest LLP
2nd October 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 14.4% last month, between the MSCI Japan fall of 11.2% and the Asia ex Japan fall of 16.6%. We exercised three cut losses in Petrochina, Chinatrust and SK Holdings during the month and despite a healthy cash position throughout this was not insulation enough in these markets and against indiscriminate selling of some of the smaller caps. We visited a number of these holdings in S E Asia and Hong Kong this month and, for what it is currently worth, remain comfortable with their medium term prospects. Positive returns came from Japanese financials Sony Financial and MUFJ, a sector to which we have been gradually adding at the expense of some of the more externally focused Japanese holdings.

Compound Annual Growth Rate since Inception	
Class A \$ Share	8.4%
Class B \$ Share	8.9%
5th March 2001 - 30th September 2008	

	A class	B Class
Net Asset Value		
Dollar Class	\$ 17.48	\$ 18.13
Sterling Class	£ 17.09	£ 17.98
Euro Class	€ 14.45	€ 14.43
Fund Size (million)	\$94.9	
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

	A class	B Class
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.

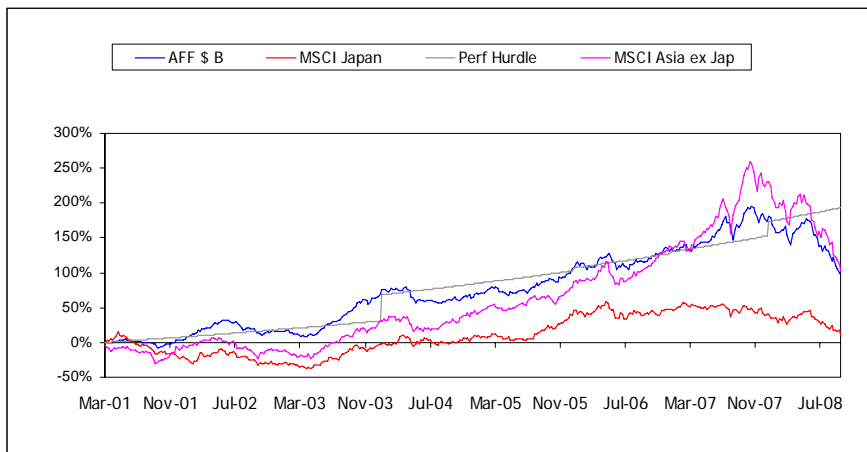
Activity
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 116%.

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
1 Grand Canal Square
Grand Canal Harbour
Dublin 2 Telephone
Ireland +353 (01) 635 6000

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



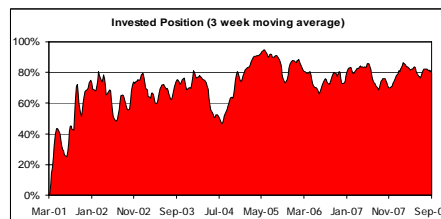
Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance	6.4%	Japan	30.6%	Financials	32.4%
SCB	3.4%	China	14.9%	Information Technology	12.0%
NTT DoCoMo	3.3%	Hong Kong	2.2%	Industrial	9.1%
Mitsubishi UFJ Financial Group	3.3%	Indonesia	0.0%	Health Care	5.8%
Takeda Pharmaceutical	3.1%	India	4.5%	Consumer Discretionary	5.7%
Fanuc	2.8%	Korea	2.1%	Property	3.5%
Top Glove	2.7%	Malaysia	5.1%	Telecoms	3.3%
Nintendo	2.6%	Philippines	0.0%	Materials	2.5%
Sony Financial Holdings	2.5%	Singapore	4.8%	Utilities	1.8%
Lafarge Cement	2.5%	Thailand	5.5%	Energy	1.8%
Yuanta Financial Holdings	2.4%	Taiwan	9.7%	Consumer Staple	1.4%
Bharat Heavy Electricals	2.4%				
East Japan Railway	2.3%				
Stanley Electric	2.3%				
Cheung Kong	2.2%				
Thai Military Bank	2.2%				
HDFC	2.1%				
Ping An Insurance Group	2.1%				
Samsung Electronics GDR	2.1%				
Taiwan Semi	2.1%				

Portfolio Concentration	
Top Twenty	54.6%
"5 & 40 rule"	6.4%
Number of Holdings	37

Country Weights	
% Invested	79.3%
Cash	15.4%
T-bills	5.3%

30th September 2008	1 month	3 month	6 month	1 year	3 years	5 years
Asian Focus Fund A \$	-14.4%	-23.5%	-25.6%	-33.5%	-2.7%	23.9%
Asian Focus Fund B \$	-14.4%	-23.4%	-25.4%	-33.1%	-1.0%	27.4%
Asian Focus Fund A £	-13.3%	-15.5%	-18.5%	-27.1%	5.3%	38.4%
Asian Focus Fund B £	-12.8%	-14.9%	-17.8%	-26.2%	7.6%	43.3%
Asian Focus Fund A €	-15.0%	-23.7%	-25.7%	-34.0%	-7.0%	17.4%
Asian Focus Fund B €	-15.0%	-23.7%	-25.6%	-33.7%	-6.8%	19.1%
MSCI Asia ex Japan	-16.6%	-23.0%	-29.1%	-38.8%	20.7%	85.4%
MSCI Japan	-11.2%	-17.6%	-15.6%	-26.9%	-11.5%	24.8%

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%	-14.4%				-32.6%

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 17.4% last month compared to the 16.6% decline in the MSCI Asia ex Japan Index. Clearly it is a disappointment to have more than kept pace with market declines given cash levels of circa 25% during the period and as mentioned largely stems from some indiscriminate selling in some of the smaller stocks. Visits to Rexcapital, Nagacorp and Somboon Advance among them this month have left us very comfortable with their excellent growth prospects in addition to the solid interim results previously reported here. We are encouraged that in a number of cases, most recently Mermaid Maritime and First Ship Leasing Trust, management have got their cheque books out and have started to buy their own shares. Some of the valuations across holdings are getting extreme and we would expect a strong rebound but the timing of this is harder to predict in the current climate.

Compound Annual Growth Rate since Inception	
Class A\$ Share	9.4%
Class B\$ Share	10.3%
11th Oct 2004 - 30th September 2008	

	A class	B Class
Net Asset Value		
Dollar Class	\$ 13.78	\$ 14.21
Sterling Class	£ 15.14	£ 15.55
Euro Class	€ 12.97	€ 13.22
Fund Size (million)	\$13.6	
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.

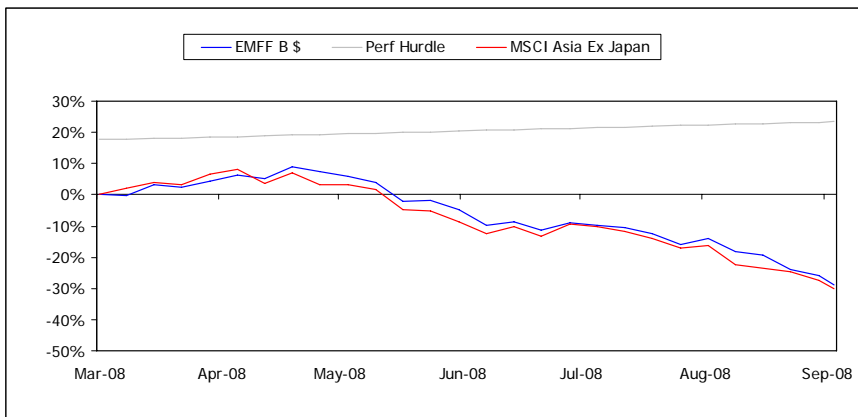
Activity
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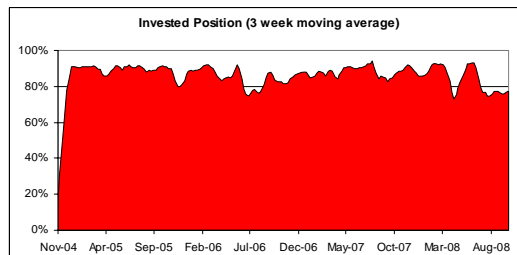


Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance	9.5%	China	20.7%	Financials	35.3%
Top Glove corp	4.1%	Hong Kong	4.5%	Consumer Discretionary	13.0%
Somboon Advance Tech	3.9%	Indonesia	0.0%	Industrial	5.3%
First Ship Lease	3.8%	India	7.9%	Property	4.2%
TMB Bank	3.4%	Korea	4.2%	Health Care	4.1%
SCB	2.9%	Malaysia	6.7%	Information Technology	4.0%
Educomp Solutions Ltd	2.8%	Philippines	0.0%	Energy	4.0%
Bharat Heavy Electricals	2.7%	Singapore	9.6%	Materials	2.5%
Yuanta Financial Holdings Ltd	2.7%	Thailand	10.3%	Utilities	1.9%
Suntech Power Holdings ADR	2.5%	Taiwan	10.5%	Telecoms	0.0%
Lafarge Cement	2.5%			Consumer Staple	0.0%
Rexcapital Financial Hldgs Ltd	2.5%				
Cheung Kong	2.4%				
Housing & Development	2.4%				
Minth Group	2.1%				
Ezra Holdings Pte Ltd	2.1%				
Ping An Insurance Group	2.1%	% Invested	74.3%		
Woongjin Thinkbig Co Ltd	2.1%				
First financial Hold	2.1%	Cash	11.1%		
Samsung F & M Ins	2.1%	T-Bill	14.7%		

Portfolio Concentration	
Top Twenty	60.7%
"5 & 40 rule"	9.5%
Number of Holdings	28

30th September 2008	1 month	3 month	6 month	1 year	2 years	3 years
EM Focus Fund A \$	-17.5%	-25.1%	-28.7%	-35.3%	-2.1%	16.1%
EM Focus Fund B \$	-17.4%	-25.0%	-28.4%	-35.0%	-0.5%	18.8%
EM Focus Fund A £	-16.4%	-17.3%	-21.8%	-29.3%	6.3%	25.4%
EM Focus Fund B £	-16.4%	-17.2%	-21.5%	-28.9%	7.7%	27.8%
EM Focus Fund A €	-18.2%	-25.5%	-29.0%	-36.2%	-5.5%	9.7%
EM Focus Fund B €	-18.3%	-25.6%	-29.2%	-36.0%	-4.8%	11.8%
MSCI Asia ex Japan	-16.6%	-23.0%	-29.1%	-38.8%	-1.7%	20.7%
MSCI EMF Asia	-16.6%	-23.1%	-30.1%	-39.9%	-2.6%	22.0%

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%	-17.4%				-28.0%

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 6.5% in September, outperforming the TOPIX decline of 10% in US Dollar terms. In local currency terms, the Topix index fell 13.3%. The turmoil on global financial markets took its toll on the Japanese market in September although as in the US market, it was cyclical and anything with a vulnerable balance sheet that bore the brunt of the selling pressure. Mainstream financials fared reasonably well.

Our exposure to the financial sector contributed positively to relative performance this month and our two largest holdings in that area, Mitsubishi UFJ Financial Group and the insurance company Sony Financial Holdings actually rose in price during the month. Many of the holdings in companies with more defensive characteristics also performed better than the market. On the other hand exporters and capital goods companies proved too cyclical for the market's liking and once again fell sharply. The Fund's exposure to these sectors had been reduced significantly earlier in the year but with hindsight, the pruning should have been more severe.

The September BoJ Tankan survey confirmed the steady deterioration in Japan's economy. The diffusion index for large manufacturing companies fell into negative territory for the first time since June 2003 in a sign that weak exports are impacting business sentiment. Capex and profitability indices also declined. Whilst none of this should be surprising after weak export and industrial production numbers for August, it is difficult to identify any signs of a change in trend. Domestic demand indicators such as housing and consumer confidence are similarly weak. Japan's new Prime Minister Mr. Aso is clearly in favour of employing fiscal expansion to counter a weak economy and with an election due in less than a year, a combination of tax cuts and higher spending is likely.

The Fund's concentration in stable earners (utilities, pharms, tobacco) and in financials combined with the market's intolerance of anything in the slightest bit cyclical leaves us with quite a high liquidity position. There are plenty of attractive investment opportunities but we need to see sentiment stabilise before committing to them.

Top Twenty Holdings		Sector Weights	
NTT DoCoMo	4.4%	Financials	26.7%
Sony Financial Holdings	4.4%	Industrials	11.1%
Japan Tobacco	4.2%	Information Technology	10.7%
East Japan Rail	4.2%	Consumer Discretionary	5.8%
Takeda Pharmaceutical	4.0%	Telecoms	4.4%
Mitsubishi UFJ Financial Group	3.7%	Consumer Staple	4.2%
ORIX Corp	3.3%	Health Care	4.0%
Fanuc	2.9%	Property	3.0%
TDK Corp	2.9%	Materials	2.0%
Chuo Mitsui Trust Hldgs	2.7%	Utilities	0.0%
Mizuho Financial Group	2.7%	Energy	0.0%
Nintendo	2.6%	Liquidity	28.3%
Mitsubishi UFJ Lease & Finance	2.6%		
T & D Holdings	2.5%	Portfolio Concentration	
Stanley Electric	2.3%	Top Twenty	59.2%
Nomura Holdings	2.0%	"5 & 40 rule"	0.0%
Toyota Motor	2.0%	Number of Holdings	30
Mitsubishi Estate	2.0%		
Kuraray	2.0%		
Nidec Corp	1.9%		

30th September 2008	1 month	3 month	6 month	1 year	2 years	3 years
Japan Focus Fund A \$	-6.6%	-13.7%	-13.2%	-23.9%	-26.3%	-22.6%
Japan Focus Fund B \$	-6.5%	-13.6%	-12.9%	-23.4%	-25.4%	-21.1%
Japan Focus Fund A £	-10.3%	-13.4%	-6.5%	-28.6%	-30.1%	-20.9%
Japan Focus Fund B £	-10.3%	-13.5%	-6.6%	-28.2%	-29.2%	-19.5%
Japan Focus Fund A €	-10.3%	-13.6%	-7.5%	-29.2%	-31.6%	-24.0%
Japan Focus Fund B €	-10.1%	-13.4%	-7.3%	-28.6%	-30.9%	-23.2%
Japan TPX	-10.0%	-17.2%	-14.9%	-26.0%	-23.9%	-16.7%
MSCI Japan	-11.2%	-17.6%	-15.6%	-26.9%	-21.8%	-11.5%

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 B\$	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%	-6.5%				-17.4%

Compound Annual Growth Rate since Inception	
Class A\$ Share	-3.5%
Class B\$ Share	-3.0%
3rd June 2005 - 30th September 2008	

	A class	B Class
Net Asset Value		
Dollar Class	\$ 8.89	\$ 9.05
Sterling Class	£ 9.60	£ 9.77
Euro Class	€ 9.10	€ 9.22
Fund Size (million)	\$11.8	
Historic Yield	0.0%	0.0%

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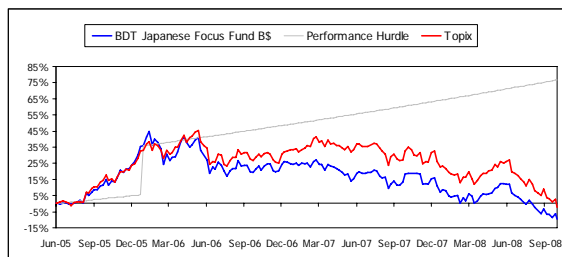
Activity
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Distributor Status
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Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



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 17.5% in September, underperforming both the 8.5% decline in the TSE 2nd Section Index and the 9.8% fall in the JASDAQ Index. Stocks in the technology and export sectors did not perform very well in September but the principal reason for the Fund's poor performance was the bankruptcy of Produce, one of its larger holdings. Given the importance of this event, there follows a detailed account of the history of our holding.

The Produce bankruptcy

There is only limited information available at this point but it appears that the senior executives dressed up the financial statements over the two years since the IPO by booking improper sales and profits. A criminal investigation was announced without warning on September 19 and this was followed a week later by the company filing for bankruptcy protection from its creditors. The shares will be delisted on October 27.

The company's main product involved an innovative 3D printing technology that allowed tiny electrodes to be built on various electronic components and this had recently been adapted to solar cell production. Historically the management has had a good track record of execution and delivery and the CEO owns 38.2% of the company. As a result the stock had become well known in the JASDAQ market and was widely held by institutional investors.

Our due diligence included meeting the top management every three months since the fund first took a position in December 2007. We had no reason to doubt the accuracy of the financial statements as they had been signed off by the auditors. Ironically the independent researcher Company Watch gave a financial health score of 92 out of 100 as recently as September 24. In our most recent company visit in August the management gave a positive outlook, forecasting at least 40% EPS growth to June '09. Reported results to June '08 met guidance with net profits up 58.1% and an order backlog equivalent to 64% of this year's sales.

Efforts to concentrate the portfolio in those companies least affected by the worsening economic picture meant that with a 5% weighting, this stock was the second largest holding in the Fund.

This is a completely unforeseen shock and is the first company to implode in such a way in the 25 years we have been investing in the market. We sincerely apologise for this unfortunate event that has added a painful burden to our unitholders.

Compound Annual Growth Rate since Inception	
Class A\$ Share	-4.3%
Class B\$ Share	-3.7%
9th Feb 2004 - 30th September 2008	

Net Asset Value	A class	B Class
Dollar Class	\$ 8.17	\$ 8.38
Sterling Class	£ 9.75	£ 9.95
Euro Class	€ 9.18	€ 9.35
Yen Class	JPY 811	JPY 831
Fund Size (million)	\$15.9	
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

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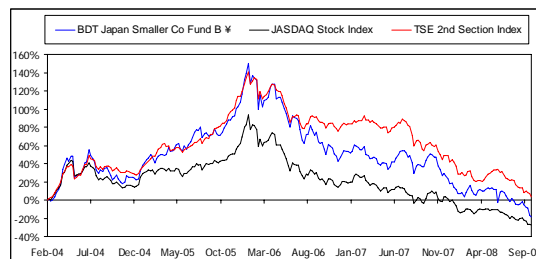
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Ireland +353 (01) 635 6000

Regulatory Status
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Top Twenty Holdings		Portfolio Emphasis		Sector Weights	
Ferrotec Corp	5.6%	Internet Services	4.8%	Industrial	20.4%
NPC	5.5%	Discount Retailing	9.5%	Health Care	19.4%
Tsumura & Co	5.5%	Corporate Outsourcing	4.2%	Information Technology	13.2%
Japan Wind Development	5.5%	Lifestyle Change	3.7%	Consumer Staple	9.9%
Sugi Pharmacy	5.2%	Recycling	4.9%	Utilities	5.5%
Toyo Tanso	5.1%	Demographic Change	10.9%	Consumer Discretionary	4.4%
Hogy Medical	5.1%	Other	9.4%	Materials	0.3%
So-Net M3	4.8%	Domestic growth	47.4%	Energy	0.0%
Kobayashi Pharma	4.7%	Climate change	21.4%	Financials	0.0%
Nihon M & A	4.7%	Silicon Cycle	2.9%	Property	0.0%
Daiseki	4.6%	Other Electronics	0.2%	Telecoms	0.0%
ABC - Mart	4.4%	Others	1.1%		
Works Applications	4.2%	Global growth	25.6%		
Message	4.0%				
Canon Machinery	2.2%				
CCS	0.5%				
Lasertec Corp	0.3%	% Invested	73.0%		
Union Tool	0.3%	Cash	15.3%		
Disco Corp	0.3%	T-bills	11.7%		
Harmonic Drive Systems	0.3%				

30th September 2008	1 month	3 month	6 month	1 year	2 years	3 years
Japanese SC Fund A \$	-14.3%	-23.4%	-29.4%	-38.2%	-44.3%	-48.8%
Japanese SC Fund B \$	-14.3%	-23.4%	-29.3%	-37.6%	-43.5%	-47.9%
Japanese SC Fund A £	-18.3%	-23.5%	-24.5%	-41.9%	-47.2%	-47.7%
Japanese SC Fund B £	-18.3%	-23.5%	-24.4%	-41.8%	-46.7%	-47.1%
Japanese SC Fund A €	-18.0%	-23.2%	-24.6%	-42.5%	-48.4%	-49.9%
Japanese SC Fund B €	-18.0%	-23.1%	-24.7%	-41.8%	-47.7%	-48.8%
Japanese SC Fund A ¥	-17.5%	-23.9%	-25.7%	-43.5%	-50.3%	-52.5%
Japanese SC Fund B ¥	-17.5%	-23.8%	-25.5%	-43.2%	-49.8%	-51.8%
Japan TPX 2nd Section	-8.5%	-18.3%	-14.4%	-35.5%	-44.2%	-42.4%
Japan JASDAQ	-9.8%	-14.0%	-18.8%	-28.9%	-41.3%	-48.8%

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%	-17.5%				-31.3%

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