

# **BDT INVEST FUNDS PLC**

Newsletter

Month of December 2007





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## Review

We would describe market returns in 2007 as inconclusive in western markets. There was enough bad news in the American housing and credit markets to sink a battleship yet MSCI USA gained 5.4%. Despite Northern Rock et al the MSCI UK Index (propped up by Oil and Commodity issues) gained 8.4%. The World Index, dragged higher by the Euro zone (+22.2%), gained 9.0%. Neither bulls nor bears will feel vindicated.

Market results in our areas were decidedly more convincing. In Japan a burst of incompetent bureaucratic bungling consigned the domestic economy and the market to another year of distress. The drastic shrinkage of the consumer finance industry following recent legislation has contributed to weak consumer spending while new construction regulations have resulted in a sharp decline in housing starts. Uniquely, the authorities have managed to create the aftermath of a credit bubble without ever having enjoyed a boom. The Topix Index fell 12.2% and MSCI Japan declined 4.2% thus Japan became the only significant market to record a negative return over the year (with apologies to Ireland, Belgium, Sri Lanka and Argentina).

The returns of the MSCI Asia ex Japan (+40.5%) and MSCI Emerging Markets (+39.4%) proved equally conclusive. Aided and abetted by strong global growth and monster capital inflows, the overlapping asset classes significantly outperformed developed markets for a fifth consecutive year.

## Performance

Star of the stable for the second year running was the Emerging Markets Focus Fund (+38.8%). A timely entry into the Middle East, a heavy preference to Brazil over Mexico plus some terrific individual stock picks in all regions seemed to do the trick. The Asian Focus Fund (+20.9%) generated a seventh consecutive positive annual return and outperformed the MSCI Pacific Index (+5.3%) comfortably. The return was, however, only half that of the Asia ex Japan Index. The Fund was restrained by the ongoing, albeit reduced, commitment to Japan and the maintenance of a degree of liquidity. Our biggest mistake was missing the third quarter bubble in Chinese large caps. That said, we will be more than happy if we can maintain a compound annual growth rate in excess of 15% pa over the next seven years.

Unsurprisingly the disappointments in the stable were the Japanese Focus Fund (-12.0%) and the Japanese Smaller Companies Fund (-17.5%) which both produced a second consecutive year of negative returns. The compound annual growth rates of each fund since launch are now below 5%. Both funds should start appealing to the contrarian, value orientated and, frankly, the bloody minded investor.

As in previous years the hedged currency classes have provided useful protection from US Dollar weakness. While the Euro is hardly "cheap" after almost doubling against the Dollar since 2000, it can at least claim to be an alternative, or partner, reserve currency. Sterling has no such luxury and looks vulnerable - clients may switch between currency classes free of charge. Please see the fund fact sheets for complete fund and index performance details and individual commentaries. All Fund returns quoted above are for the US\$ B share class and MSCI Index returns are also stated in US Dollar terms.

## Crystal Ball

We suspect western market returns in 2008 are likely to prove more conclusive than 2007. The continuing downturn in the US housing market and tighter credit conditions will lead to significantly lower growth in the domestic economy. Lower growth in the domestic economy will reduce demand for imports. American economic growth, if there is any, will come from increased exports and continued improvement in the trade account.

Asian and European export growth will slowly but surely exhibit signs of a slow down (starting with Singapore's recently released 4Q07 economic data release?) and by mid year it will be evident that the global economy, with its increasingly synchronised supply chain, is slowing rapidly. This includes China. Proponents of de-coupling will be surprised until they dust off the December 2007 report produced by CLSA's Eric Fishwick that "proves" at least half of China's growth in the past few years has come from exports.

Faced with slower growth in all major economies the commodity complex will correct and shipping rates will return to the average rate achieved between 2003 and 2006. This requires them to halve from current rates. Meantime the credit crisis has not gone away. The Federal Reserve cuts interest rates repeatedly and Sovereign Wealth Funds are surprised to be invited to double up their positions in the mega banks.

Nothing has happened in Japan.

The unfolding of the global slowdown will have unsettled investors in most markets, be they developed or emerging and those companies geared to global growth will be witnessing earnings downgrades and possible multiple compression. The energy, materials, consumer discretionary and information technology sectors account for 47% and 38% of the MSCI EMF and Asia ex Japan Indices.

While Pakistan and Kenya hopefully prove to be extreme examples, many countries in the emerging market universe are holding important elections in 2008. Elections are uncertain and markets do not like uncertainty.

Despite robust balance sheets at a corporate and country level across the Asian and Emerging Market universe it is unlikely that many markets or indices make much progress in the first half.

Still nothing has happened in Japan.

## Outlook

The Federal Reserve continues to cut interest rates thoughtout 2008. By the second half Asian and Emerging Market currencies are pushed higher and local interest rates are reduced to suppress this upward movement. Markets begin to climb led by domestically orientated names. Areas of interest - Taiwanese financials, Hong Kong property, Indonesian property, Thai auto, Indian consumption, Indian cement, Middle East finance, Malaysian construction, Chinese environmental protection, Russian infrastructure, Brazilian soft commodities.

BDT Invest LLP  
3rd January 2008

# Asian Focus Fund

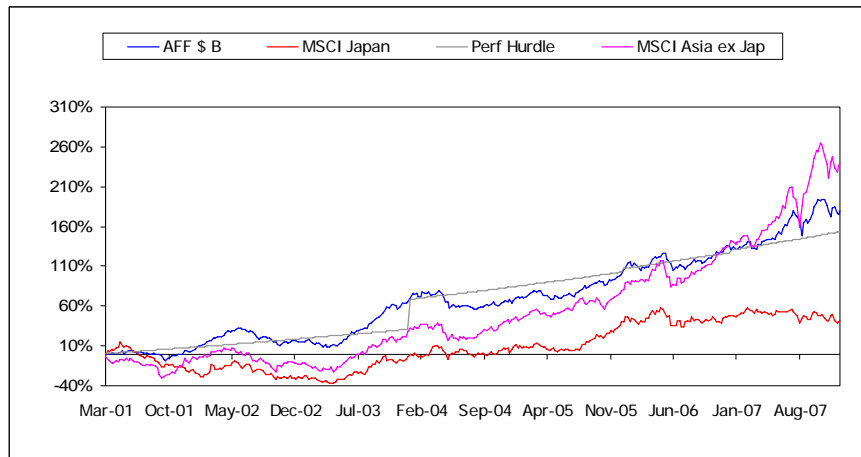


## Investment Objective

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. The Sterling and Euro share classes are hedged back into their base currencies in the normal course of events.

## Commentary

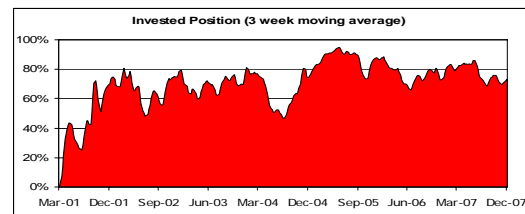
The Net Asset Value rose 0.4% in December. MSCI Asia ex Japan and MSCI Japan registered falls of 0.4% and 4.0% respectively. Hana Tour, Samsung Fire and Marine, FarGlory, Yue Yuen and Lafarge all generated double digit returns but the portfolio was held back by another grim month in Japan where portfolio holdings Sumitomo Realty, Tokai Carbon and Mitsubishi Heavy all suffered double digit declines. This, in a nutshell, describes 2007. In Japan the glass is half empty and leaking, in most (but not all) of the rest of Asia the glass is at least half full. The return of just over 20% for the year reflects the divergent performance of the markets and marks a seventh consecutive year of positive returns. We aim to deliver positive returns again in 2008.



| Top Twenty Holdings            |      | Country Weights |       | Sector Weights          |       |
|--------------------------------|------|-----------------|-------|-------------------------|-------|
| China Insurance                | 4.6% | Japan           | 22.5% | Financials              | 15.4% |
| Nidec                          | 3.5% |                 |       | Information Techno      | 14.6% |
| SCB                            | 3.0% | China           | 11.1% | Industrial              | 9.8%  |
| Samsung F & M Ins              | 2.9% | Hong Kong       | 4.3%  | Materials               | 9.0%  |
| Nippon Electric Glass          | 2.8% | Indonesia       | 2.9%  | Consumer Discretion     | 8.8%  |
| Rexcapital Financial Hldgs Ltd | 2.4% | India           | 1.7%  | Property                | 8.7%  |
| Farglory Land Dev              | 2.4% | Korea           | 9.1%  | Telecoms                | 3.7%  |
| Yue Yuen Industrial Hldgs      | 2.3% | Malaysia        | 4.2%  | Consumer Staple         | 2.2%  |
| Uni President Corp             | 2.2% | Philippines     | 1.6%  | Utilities               | 1.4%  |
| Hana Tour Service Inc          | 2.2% | Singapore       | 1.5%  | Health Care             | 0.0%  |
| China Power New Energy         | 2.2% | Thailand        | 3.0%  | Energy                  | 0.0%  |
| IJM Corp Berhad                | 2.1% | Taiwan          | 11.6% |                         |       |
| Cheung Kong                    | 2.1% |                 |       | Portfolio Concentration |       |
| TSMC                           | 2.0% |                 |       | Top Twenty              | 48.6% |
| Yuanta Financial Holdings      | 2.0% |                 |       | "5 & 40 rule"           | 0.0%  |
| Lafarge Cement                 | 2.0% |                 |       | Number of Holdings      | 39    |
| Nintendo                       | 2.0% | % Invested      | 73.6% |                         |       |
| Hyundai Heavy Ind              | 2.0% | Cash            | 9.6%  |                         |       |
| Bank Pan Indonesia             | 2.0% | T-bills         | 16.9% |                         |       |
| Fanuc                          | 2.0% |                 |       |                         |       |

| 31st December 2007    | 1 month | 3 month | 6 month | 1 year | 3 years | 5 years |
|-----------------------|---------|---------|---------|--------|---------|---------|
| Asian Focus Fund A \$ | 0.3%    | -0.7%   | 8.2%    | 20.3%  | 62.8%   | 143.3%  |
| Asian Focus Fund B \$ | 0.4%    | -0.5%   | 8.5%    | 20.9%  | 65.7%   | 149.6%  |
| Asian Focus Fund A £  | 0.6%    | -0.5%   | 8.3%    | 20.2%  | 63.6%   | n/a     |
| Asian Focus Fund B £  | 0.7%    | -0.3%   | 8.6%    | 20.8%  | 66.1%   | n/a     |
| Asian Focus Fund A €  | 0.3%    | -1.0%   | 7.1%    | 18.2%  | 56.4%   | n/a     |
| Asian Focus Fund B €  | 0.3%    | -0.8%   | 7.3%    | 17.9%  | 57.1%   | n/a     |
| MSCI Asia ex Japan    | -0.4%   | 0.8%    | 19.8%   | 40.5%  | 131.5%  | 300.5%  |
| MSCI Japan            | -4.0%   | -6.1%   | -6.9%   | -4.2%  | 27.7%   | 101.1%  |

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% |

| Compound Annual Growth Rate since Inception |       |
|---|-------|
| Class A \$ Share                            | 15.9% |
| Class B \$ Share                            | 16.5% |
| 5th March 2001 - 31st December 2007         |       |

|                        | A class             | B Class    |
|------------------------|---------------------|------------|
| <b>Net Asset Value</b> |                     |            |
| Dollar Class           | \$ 26.48            | \$ 27.35   |
| Sterling Class         | £ 23.66             | £ 24.64    |
| Euro Class             | € 21.98             | € 21.91    |
| Fund Size (million)    | \$171.0             |            |
| Historic Yield         | 1.5%                | 1.5%       |
| <b>Dealing</b>         |                     |            |
| Dealing Frequency      | Daily               |            |
| Dealing cut off point  | 5pm (Dublin time)   |            |
| Valuation point        | 9am (following day) |            |
| Min Investment         | \$ 10,000           | \$ 500,000 |
| Subsequent             | \$ 2,500            | \$ 100,000 |

|                        | A class | B Class |
|------------------------|---------|---------|
| <b>Fee and Charges</b> |         |         |
| Annual Management Fee  | 1.5%    | 0.9%    |
| Entry Charge           |         | 3.0%    |
| 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 soft commission 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 120%.

**Distributor Status**  
The Fund has received distributing fund status for the year ended Dec 31, 2006

**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



## Investment Objective

The BDT Invest Emerging Markets 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 Emerging Markets. The Manager intends to run a focussed portfolio with a target of thirty to forty individual holdings. 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.

## Commentary

The NAV of the \$B share class rose 2.7% in December comfortably outperforming the MSCI EMF Index by 2.4%. Encouragingly the performance was driven by positive stock selection across all geographies. In particular the Taiwanese, Korean and Chinese sections of the portfolio all produced positive returns in falling markets. Notable winners were FarGlory (+12%) and Yue Yuen (+13%). The Brazilian portfolio rose 11.9% against the market's return of 2.9%, assisted by Petrobras (+18%) and recent purchase Pao d'Acucar (food retail) which rose 12%. The fund performed well in Russia (+4.5%) with Gazprom (+7.6%) and Magnit (+8%) providing the bulk of the returns. Performance was hampered this month by exposure to South Africa (3.9%). The market was weak principally due to political concerns following the election of Jacob Zuma as President of the ANC. Additionally the market is concerned that Naspers (-11%) may be overpaying in the current bid for UK listed Tradus.

|   |              |
|---|--------------|
| Compound Annual Growth Rate since Inception |              |
| <b>Class A\$ Share</b>                      | <b>29.8%</b> |
| <b>Class B\$ Share</b>                      | <b>30.9%</b> |
| 11th October 2004 - 31st December 2007      |              |

|                        | A class             | B Class    |
|------------------------|---------------------|------------|
| <b>Net Asset Value</b> |                     |            |
| Dollar Class           | \$ 22.38            | \$ 22.97   |
| Sterling Class         | £ 22.54             | £ 23.03    |
| Euro Class             | € 21.26             | € 21.61    |
| Fund Size (million)    | \$40.9              |            |
| Historic Yield         | 1.3%                | 1.3%       |
| <b>Dealing</b>         |                     |            |
| Dealing Frequency      | Daily               |            |
| Dealing cut off point  | 5pm (Dublin time)   |            |
| Valuation point        | 9am (following day) |            |
| Min Investment         | \$ 10,000           | \$ 500,000 |
| Subsequent             | \$ 2,500            | \$ 100,000 |

|                        | A class | B Class |
|------------------------|---------|---------|
| <b>Fee and Charges</b> |         |         |
| 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 soft commission arrangements.

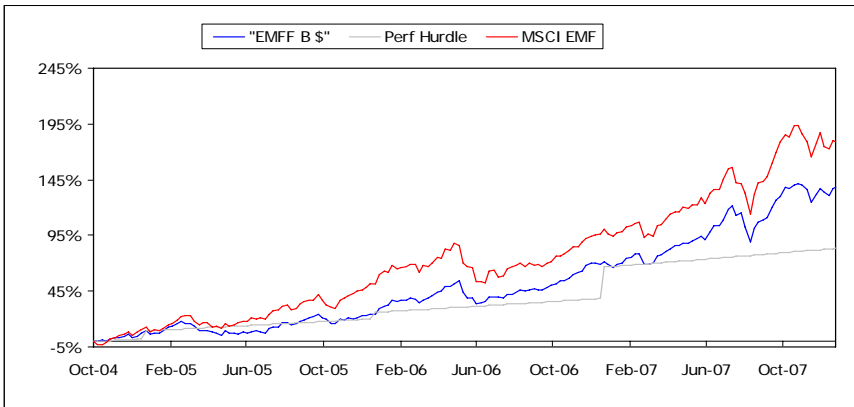
**Activity**  
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 115%.

**Distributor Status**  
The Fund has received distributing fund status for the year ended Dec 31, 2006

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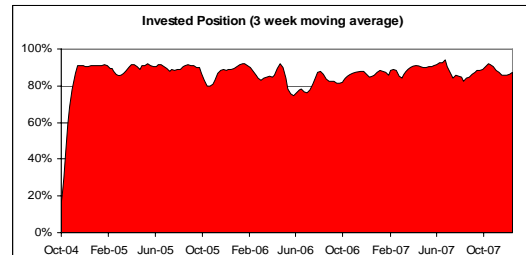
**Regulatory Status**  
Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



| Top Twenty Holdings            |      | Country Weights |       | Sector Weights                 |       |
|--------------------------------|------|-----------------|-------|--------------------------------|-------|
| China Insurance                | 3.7% | Asia            | 43.1% | Financials                     | 21.6% |
| Petroleo Brasileiro ADR        | 3.5% | China / HK      | 12.4% | Industrial                     | 12.9% |
| Bunge Ltd                      | 2.8% | Taiwan          | 8.0%  | Energy                         | 11.9% |
| Cia Brasileira ADR             | 2.7% | Korea           | 7.9%  | Cons Disc                      | 11.4% |
| Naspers Ltd N Shs              | 2.7% | India           | 3.7%  | Materials                      | 8.0%  |
| Gazprom ADR                    | 2.4% | Malaysia        | 3.6%  | Information Tech               | 7.3%  |
| Emaar Properties               | 2.4% | Other           | 7.6%  | Property                       | 4.4%  |
| Yue Yuen Industrial Hldgs      | 2.3% | EMEA            | 28.3% | Utilities                      | 3.9%  |
| Tenaris                        | 2.2% | Russia          | 9.5%  | Telecoms                       | 3.8%  |
| Rexcapital Financial Hldgs Ltd | 2.2% | South Africa    | 8.5%  | Health Care                    | 2.0%  |
| China Power New Energy         | 2.2% | UAE             | 4.4%  | Cons Staple                    | 0.0%  |
| Farglory Land                  | 2.1% | Turkey          | 3.8%  |                                |       |
| Africa Opportunity Fund        | 2.1% | Israel          | 2.0%  | <b>Portfolio Concentration</b> |       |
| Uni-President Enterprises      | 2.1% | Other           | 0.0%  | Top Twenty                     | 47.6% |
| Samsung F & M Ins              | 2.0% | LATAM           | 15.9% | "5 & 40 rule"                  | 0.0%  |
| Taiwan Semi                    | 2.0% | Brazil          | 11.9% | Number of Holdings             | 46    |
| Akenerji Elektrik Uretim       | 2.0% | Argentina       | 2.2%  |                                |       |
| IJM Corp                       | 2.0% | Mexico          | 1.8%  |                                |       |
| Dubai Fin Markets              | 2.0% | Liquidity       | 12.7% |                                |       |
| Teva Pharmaceutical            | 2.0% |                 |       |                                |       |

| 31st December 2007 | 1 month | 3 month | 6 month | 1 year | 2 years | 3 years |
|--------------------|---------|---------|---------|--------|---------|---------|
| EM Focus Fund A \$ | 2.7%    | 5.0%    | 16.6%   | 37.7%  | 87.7%   | n/a     |
| EM Focus Fund B \$ | 2.7%    | 5.1%    | 17.0%   | 38.8%  | 90.9%   | n/a     |
| EM Focus Fund A £  | 3.0%    | 5.2%    | 16.7%   | 37.5%  | 85.3%   | n/a     |
| EM Focus Fund B £  | 3.1%    | 5.4%    | 17.0%   | 38.6%  | 87.9%   | n/a     |
| EM Focus Fund A €  | 2.7%    | 4.5%    | 15.0%   | 34.7%  | 79.4%   | n/a     |
| EM Focus Fund B €  | 2.7%    | 4.6%    | 15.3%   | 35.5%  | 81.4%   | n/a     |
| MSCI EMF           | 0.4%    | 3.6%    | 18.6%   | 39.4%  | 84.2%   | 146.9%  |
| MSCI EMF Asia      | -0.5%   | 0.2%    | 19.0%   | 41.1%  | 87.2%   | 137.4%  |
| MSCI EE&ME         | 3.4%    | 11.7%   | 21.5%   | 31.2%  | 65.7%   | 139.6%  |
| MSCI EMF LATAM     | 1.3%    | 7.0%    | 18.5%   | 50.4%  | 115.3%  | 223.0%  |

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



| EM Focus Fund B \$ | Jan   | Feb  | Mar   | April | May   | June | July | Aug   | Sept | Oct   | Nov   | Dec  | Year  |
|--------------------|-------|------|-------|-------|-------|------|------|-------|------|-------|-------|------|-------|
| 2004               |       |      |       |       |       |      |      |       |      | 0.4%  | 5.0%  | 3.9% | 9.5%  |
| 2005               | 0.7%  | 6.6% | -7.8% | -2.7% | 1.3%  | 1.9% | 3.4% | 2.5%  | 7.5% | -6.5% | 3.7%  | 3.8% | 14.0% |
| 2006               | 9.9%  | 1.2% | 1.8%  | 5.7%  | -7.9% | 1.8% | 2.2% | 2.6%  | 1.2% | 3.4%  | -8.6% | 3.2% | 37.5% |
| 2007               | -0.3% | 0.4% | 3.5%  | 4.0%  | 4.4%  | 5.4% | 6.3% | -4.3% | 9.5% | 8.5%  | -5.7% | 2.7% | 38.8% |



**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 8.1% in December, underperforming the 3.8% decline in the JASDAQ Index and the 3.0% fall in the TSE 2nd Section Index. After performing well until the end of October, many of the Fund's investments that are beneficiaries of growth in Asian demand corrected sharply in November and December. Although this is disappointing in the short term, we remain confident in the underlying strength of these businesses. This month we began to build positions in companies which will benefit from an upturn in the semiconductor cycle, two of which are described below.

**Stock Highlights****Fujimi Inc (2.2 % of NAV, TSE-1):**

A major manufacturer of slurry for high-precision polishing. Their ultra high-precision polishing material has a global market share of 90%. A cyclical slowdown combined with higher raw material costs and higher depreciation charges will produce a decline in earnings this year. The stock price has fallen a long way as a result. The stock now sells at a P/B of 1.0x which should be the bottom of its cyclical price range. Both a new silicon cycle and increased production capacity will lead to a recovery of earnings growth in the middle of 2008. The share sells at a P/E of 15.4x for FY3/08.

**Shinkawa (1.6% of NAV, TSE-1):**

A major manufacturer of wire bonders for IC packaging and tape bonders for LCD IC drivers with a 60% domestic and a 20% global market share. This is a cyclical business and the previous peak was in the middle of 2006. Orders from LCD panel makers have turned upwards but wire bonders, its main-stay product, may need another few quarters to see a recovery in demand. JPY15.4 billion in cash sits on the balance sheet and the share sells at a P/B of 0.7x. The share sells at a P/E of 15.4x for FY3/08.

**Produce (2.3 % of NAV, JASDAQ):**

A Niigata-based manufacturer focusing on 3D application technology. Hit applications include solar battery panels and in-line testers for FPDs and CMOS camera modules. Its innovative technology allows customers to improve quality and lower costs. Applying its technology to solar panels enables them to gather and convert solar energy more efficiently. Sales to Sharp, one of the world leaders in solar panels, have been growing rapidly. The share sells at a P/E of 17.0x for FY6/09.

Compound Annual Growth Rate since Inception

Class A\$ Share 2.9%

Class B\$ Share 3.5%

9th Feb 2004 - 31st December 2007

|                        | A class   | B Class   |
|------------------------|-----------|-----------|
| <b>Net Asset Value</b> |           |           |
| Dollar Class           | \$ 11.16  | \$ 11.41  |
| Sterling Class         | £ 13.96   | £ 14.24   |
| Euro Class             | € 13.20   | € 13.35   |
| Yen Class              | JPY 1,185 | JPY 1,210 |
| Fund Size (million)    | \$30.9    |           |
| 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           | \$ 500,000 |
| Subsequent            | \$ 2,500            | \$ 100,000 |

**Fee and Charges**

|                       |       |       |
|-----------------------|-------|-------|
| 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 a normal transaction commission which is currently 0.20%. BDT Invest has entered into soft commission 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 175%

**Distributor Status**

The Fund has received distributing fund status for the year ended Dec 31, 2006

**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)**

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HSBC House  
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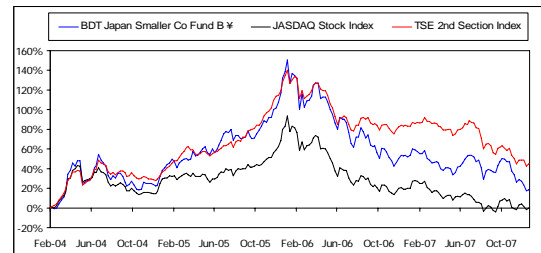
**Regulatory Status**

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

| Top Twenty Holdings    |      | Portfolio Emphasis    |       | Sector Weights          |       |
|------------------------|------|-----------------------|-------|-------------------------|-------|
| Asahi Pretec Corp      | 3.5% | Internet diffusion    | 0.0%  | Industrial              | 38.3% |
| Shinko Plantech Co Ltd | 3.5% | Discount Retailing    | 5.1%  | Information Techno      | 19.6% |
| Daiseiki Co Ltd        | 3.4% | Corporate Outsourcing | 16.7% | Materials               | 10.7% |
| Teikoku Electric Mfg   | 3.3% | Lifestyle Change      | 7.4%  | Consumer Discretion     | 10.6% |
| FCC Co Ltd             | 3.1% | Cleaner Environment   | 9.8%  | Health Care             | 4.1%  |
| Matsuda Sangyo Co Ltd  | 3.0% | Asset Reflation       | 6.6%  | Property                | 2.5%  |
| Unicharm Petcare       | 3.0% | Other                 | 1.1%  | Financials              | 2.3%  |
| Eagle Industry Co Ltd  | 2.9% | Domestic growth       | 46.7% | Services                | 1.6%  |
| K S Holdings Corp      | 2.9% |                       |       | Consumer Staple         | 0.0%  |
| Taiyo Ink Manu         | 2.8% | Electronics           | 13.4% | Energy                  | 0.0%  |
| Nippon Seiki           | 2.8% | Autos                 | 8.6%  | Telecoms                | 0.0%  |
| Musashi Semi tsu       | 2.7% | Chemicals             | 6.5%  |                         |       |
| Intec Holdings Ltd     | 2.6% | Plant Engineering     | 4.9%  | Portfolio Concentration |       |
| Mandom Corp            | 2.6% | Climate change        | 8.4%  | Top Twenty              | 55.7% |
| Tachihi Ent            | 2.5% | Shipbuilding          | 0.0%  | "5 & 40 rule"           | 0.0%  |
| Wacom Co Ltd           | 2.3% | Others                | 1.2%  | Number of Holdings      | 41    |
| Produce Co Ltd         | 2.3% | Global growth         | 42.9% |                         |       |
| KK Davinci Advisors    | 2.3% | % Invested            | 89.6% |                         |       |
| Parco                  | 2.2% | Cash                  | 10.4% |                         |       |
| CMIC Co Ltd            | 2.2% | T-bills               | 0.0%  |                         |       |

| 31st December 2007    | 1 month | 3 month | 6 month | 1 year | 2 years | 3 years |
|-----------------------|---------|---------|---------|--------|---------|---------|
| Japanese SC Fund A \$ | -10.2%  | -15.5%  | -15.8%  | -18.4% | -46.9%  | -18.1%  |
| Japanese SC Fund B \$ | -9.7%   | -15.0%  | -15.1%  | -17.5% | -46.1%  | -16.7%  |
| Japanese SC Fund A £  | -7.9%   | -16.8%  | -21.0%  | -20.3% | -45.2%  | -0.1%   |
| Japanese SC Fund B £  | -7.9%   | -16.8%  | -20.9%  | -19.8% | -44.7%  | 1.4%    |
| Japanese SC Fund A €  | -8.3%   | -17.3%  | -21.9%  | -21.5% | -46.9%  | -4.8%   |
| Japanese SC Fund B €  | -7.9%   | -16.9%  | -21.5%  | -21.1% | -46.4%  | -3.2%   |
| Japanese SC Fund A ¥  | -8.1%   | -17.4%  | -22.5%  | -22.7% | -49.0%  | -10.3%  |
| Japanese SC Fund B ¥  | -8.1%   | -17.3%  | -22.3%  | -22.3% | -48.5%  | -8.8%   |
| Japan TPX 2nd Section | -3.0%   | -9.9%   | -21.8%  | -21.3% | -36.5%  | 8.8%    |
| Japan JASDAQ          | -3.8%   | -2.0%   | -12.1%  | -16.3% | -44.6%  | -20.1%  |

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% |

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Prospective shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, shares in the places of their citizenship, residence and domicile. The tax consequences for each shareholder of acquiring, holding, converting, redeeming or disposing of shares in the Company will depend upon the relevant laws of any jurisdiction to which the shareholder is subject. Investors and prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations. Taxation law and practice and the levels and basis of and release from taxation relating to the Company and to shareholders may change from time to time.

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