

# **BDT INVEST FUNDS PLC**

Newsletter

Month of December 2009





## Market Review

The MSCI World Index closed 2009 with a 30% gain but this still leaves it a full one quarter lower compared to the highs of October 2007. Likewise the S&P500 gained 23% but remains around one quarter below the high reached in December 1999 - yes, 1999. Japan was undoubtedly the disappointment last year, the MSCI Japan Index rose just 6.3%. The market is approximately one quarter below the 2006-2008 trading range and a full one third below the December 1999 close. Following the slaughter of 2008 it is unsurprising that Asia ex Japan, along with non-Asian emerging markets, rebounded strongly. The MSCI Asia ex Japan Index rose 72.1% over the year, a little less than the 78.5% advance recorded by the MSCI Emerging Market Index. Both indices remain roughly one quarter below the October 2007 highs.

## Sub Fund Review

All four sub funds achieved positive returns in 2009. The Japanese Focus Fund returned 3.2% with performance improving sharply in the final quarter. The Japanese Smaller Companies Fund recorded a very respectable 18.6% advance over the year which compares favourably to the 6.6% advance in the TSE 2nd Section Index and the essentially flat performance of the JASDAQ Index.

The Asian Focus Fund rallied 60.1% over the year, a gain twice that of the MSCI Pacific Index. Including dividends paid to shareholders, the Fund is now 14% below the October 2007 high. Still work to do but we are pleased to have reversed much of the 2008 damage in a relatively short period. Last, but not least, the Oriental Focus Fund gained 90.2% during 2009 beating the MSCI Asia ex Japan Index by 18% in its first full year since refocusing the mandate from all emerging markets to just Asia. Including dividends paid to shareholders, the Fund is now some 10% below the October 2007 high. As with Asian Focus, we are pleased to have repaired the vast majority of earlier damage in just one year.

The volatility of the asset value of both these regional products over the past two years remains a frustration for us even if the overall returns during the period look pretty competitive. We console ourselves to a degree by noting that the violent swings in asset value have not been matched by rapid turnover in portfolio holdings. Key positions such as China Taiping, Rexlot, Minth, Lafarge and Mermaid remain the cornerstone of both portfolios.

*All returns refer to the US Dollar B share class, all indices are in US\$ with dividends reinvested. Please refer to the fund factsheets for individual performance details and manager commentaries.*

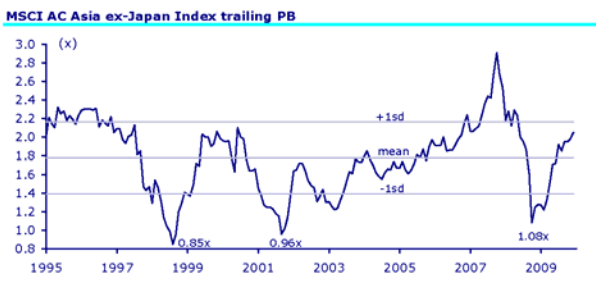
## Global Growth Ahead?

There appears to be growing conviction across various asset classes that the crisis is over. Equities continue to rally hard, the commodity markets have regained their mojo and most recently the bond market has performed a big u-turn. The hope of recovery is, as ever, focussed around the United States. The previous chart shows the monthly change in US nonfarm payrolls over the past five years. The much better than expected November data release on 4th December - combined with a big positive revision to the October data - was the first of several "growth bullish" releases over the past month. We continue to believe that deflationary pressures will reassert themselves in 2010 and that the current rebound represents little more than an inventory driven cyclical rebound. There is, however, little to be gained in hanging percy over the windward rail for long. The biggest beneficiary of any recovery in the US economy is Japan. A weaker Yen plus a pick up in manufacturing volumes and margins equals higher equity prices. Also this market has the benefit of being demonstrably cheap, please refer to the chart below.



Source: Bloomberg

Unfortunately the same cannot be said for the rest of Asia. Exporters are likely to perform strongly as long as the bullish growth consensus lasts but a stronger Dollar is historically not good news for regional equities and is occurring at a time when valuations are mildly extended (see chart below). We have added some exporters to our portfolios (i.e. LG Electronics) but are reluctant to greatly alter the long term domestic focus.



Source: Bloomberg

## Outlook

2009 proved a turning point for the Asian region. While heavily exposed to collapsing global trade, the region came through the downturn courtesy of surprisingly robust domestic demand with China, India and Indonesia showing the way. Growing domestic consumption remains the long term story to focus on. We aim to build on the investment success we enjoyed in 2009.

BDT Invest LLP  
6th January 2010





## 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 and Asian markets. Monies not invested in equities will generally be held in short term local currency accounts. US Dollar, Sterling and Euro denominated share classes are available. In May 2008 the Sterling share classes hedged was removed and on 12th July 2009 the Euro share classes hedge was removed.

## Commentary

The Net Asset Value of the US Dollar B shares rose by 2.0% last month lifting the total return for the year to a respectable 60.1%. A recovery in the US Dollar, removing upward pressure on the Yen, and a seemingly more proactive stance by the Bank of Japan suggest to us that the poorly performing Japanese market could be the surprise market of 2010. Certainly the downside looks limited given cheap valuations. We shaved positions in some of our larger Asian holdings after sharp share price spikes and these sales have more or less funded the 5% increase in our Japanese exposure. The region continues to offer many excellent investment opportunities and we are hopeful of building on the returns generated over the past eight and a half years.

Compound Annual Growth Rate since Inception

<b>Class A\$ Share</b>	<b>10.6%</b>
<b>Class B\$ Share</b>	<b>11.1%</b>
5th March 2001 - 31st December 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 22.76	\$ 23.84
Sterling Class	£ 24.97	£ 26.33
Euro Class	€ 17.41	€ 17.59
Fund Size (million)	\$67.0	
Historic Yield	1.0%	0.9%

<b>Dealing</b>	
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

<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)	2.03% 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.

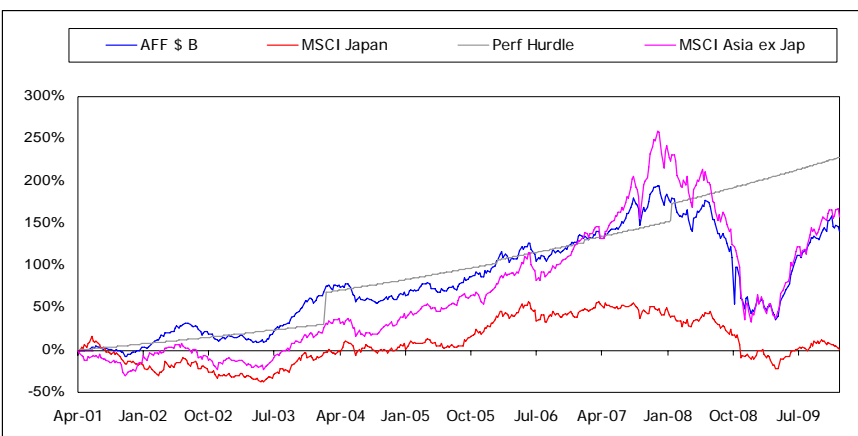
**Activity**  
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 109%.

**Distributor Status**  
The Fund has received distributing fund status for the year ended Dec 31, 2008

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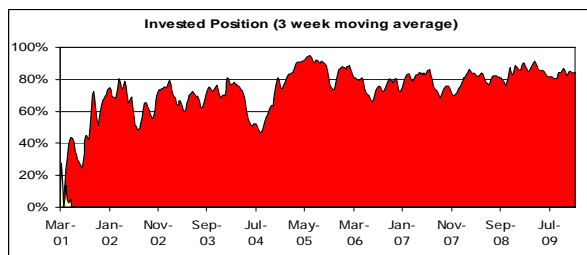
**Regulatory Status**  
Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



Top Twenty Holdings		Country Weights		Sector Weights	
Rexlot Holdings Ltd	7.2%	Japan	25.3%	Financials	24.8%
China Taiping Insurance	6.6%			Consumer Discretionary	15.5%
Mintch Group	4.0%	China	12.6%	Industrial	15.4%
Top Glove	3.2%	Hong Kong	12.9%	Information Technology	7.4%
Mermaid Maritime	3.1%	Indonesia	4.4%	Materials	6.5%
Nippon Electric Glass	3.1%	India	6.1%	Property	5.5%
Toyko Electron	2.9%	Korea	2.1%	Health Care	5.4%
Johnson Electric Hdgs	2.7%	Malaysia	7.8%	Consumer Staple	3.2%
First Ship Lease Trust	2.6%	Philippines	2.2%	Energy	3.1%
Yuanta Financial Holdings	2.4%	Singapore	7.7%	Telecoms	0.0%
Jasa Marga	2.3%	Thailand	0.0%	Utilities	0.0%
Jupiter Telecoms	2.2%	Taiwan	5.6%		
Taiwan Fertilizer	2.2%			<b>Portfolio Concentration</b>	
Daiichi Sankyo	2.2%			Top Twenty	59.3%
Lafarge Cement	2.2%			% Invested	86.7%
Metro Pacific	2.2%			Cash	7.2%
Samsung F & M Ins	2.1%			T-bills	6.0%
Stanley Electric	2.1%				
Ping An Insurance Group	2.1%				
Holcim Indonesia	2.1%				

31st December 2009	1 month	3 month	6 month	1 year	3 years	5 years
Asian Focus Fund A \$	2.0%	4.7%	17.2%	58.7%	6.4%	44.0%
Asian Focus Fund B \$	2.1%	4.8%	17.6%	59.9%	8.4%	48.5%
Asian Focus Fund A £	4.3%	4.2%	21.2%	42.1%	30.2%	77.2%
Asian Focus Fund B £	4.4%	4.3%	21.5%	42.2%	32.3%	82.0%
Asian Focus Fund A €	6.5%	6.1%	13.9%	52.3%	-3.6%	27.5%
Asian Focus Fund B €	6.5%	6.2%	14.3%	54.1%	-2.5%	29.9%
MSCI Asia ex Japan	4.3%	6.6%	26.8%	72.1%	14.8%	87.8%
MSCI Japan	0.8%	-2.8%	3.6%	6.3%	-28.0%	-3.9%

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
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%	-15.3%	-8.5%	7.7%	-43.8%
2009	-4.6%	-6.5%	7.4%	17.6%	16.2%	3.9%	8.0%	-0.3%	4.2%	1.6%	1.1%	2.0%	60.1%



## 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. In May 2008 the Sterling share classes hedged was removed and on 12th July 2009 the Euro share classes hedge was removed.

## Commentary

The Net Asset Value of the US Dollar B shares rose by 1.4% lifting the total return for the year to 90.2%. This compares favourably to the 72.1% return in the MSCI Asia ex Japan Index and, we believe, most competing products. During December we shaved positions in some of our larger Asian holdings after sharp share price spikes and these sales have resulted in a relatively high liquidity position of 23%. From a valuation perspective the regional markets look fairly valued, neither outrageously expensive nor obviously cheap. While it would be unrealistic to hope for a repeat performance in 2010, we are hopeful that further progress can be made and we can build upon the solid returns generated over the past five years. The region remains full of exciting investment opportunities.

Compound Annual Growth Rate since Inception	
<b>Class A\$ Share</b>	<b>15.3%</b>
<b>Class B\$ Share</b>	<b>16.1%</b>
11th Oct 2004 - 31st December 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 19.90	\$ 20.70
Sterling Class	£ 24.49	£ 25.35
Euro Class	€ 16.88	€ 17.65
Fund Size (million)	\$25.0	
Historic Yield	1.0%	1.0%

<b>Dealing</b>	
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

<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.

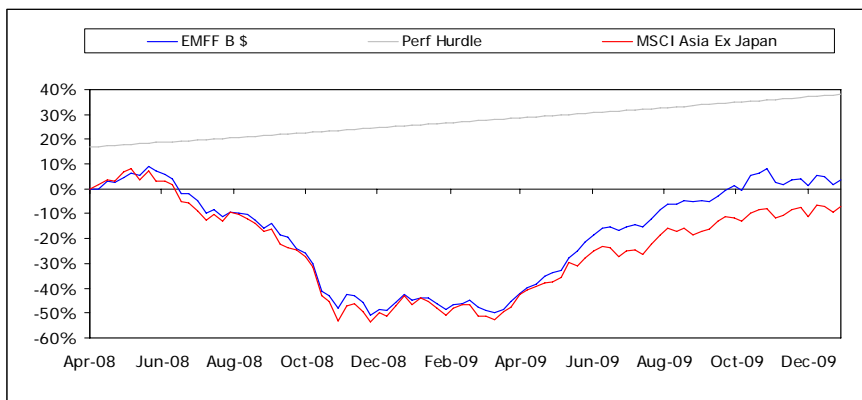
**Broking Commissions**  
The Fund pays normal transaction commissions which range from 0.2% to 0.7%. BDT Invest has entered into commission sharing arrangements.

**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, 2008  
**Investment Manager (for enquiries)**  
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**Regulatory Status**  
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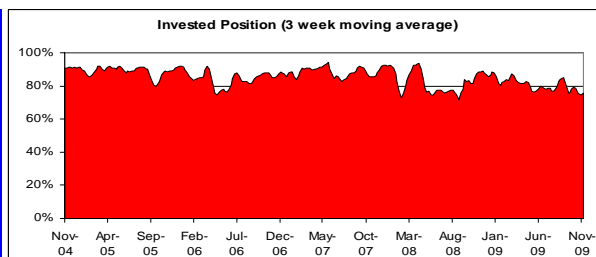
Top Twenty Holdings		Country Weights		Sector Weights	
Mermaid Maritime Pcl	7.0%	China	17.1%	Financials	20.5%
China Taiping Insurance	6.9%	Hong Kong	16.5%	Consumer Discretionary	14.9%
Rexlot Holdings Ltd	6.7%	Indonesia	4.0%	Industrial	12.5%
Minth Group	4.1%	India	5.9%	Energy	7.0%
Top Glove Corp	3.3%	Korea	4.2%	Property	6.5%
Johnson Electric Holdings	3.0%	Malaysia	7.1%	Materials	5.9%
Hong Kong Aircraft	2.8%	Philippines	3.8%	Consumer Staple	4.0%
Jardine Matheson	2.4%	Singapore	11.7%	Health Care	3.7%
First Ship Lease	2.3%	Thailand	0.0%	Information Technology	2.0%
Jasa Marga	2.2%	Taiwan	6.7%	Telecoms	0.0%
LG Electronics	2.1%			Utilities	0.0%
Taiwan Fertilizer	2.1%				
Bharat Heavy Electricals	2.1%				
Want Want China Holdings	2.1%				
Metro Pacific	2.0%				
Lenovo Group	2.0%				
Ping An Insurance Group	2.0%	% Invested	77.0%		
Cheung Kong	2.0%				
Lafarge Cement	2.0%	Cash	14.9%		
Shangri-la Asia Ltd	2.0%	T-bills	8.1%		

Portfolio Concentration	
Top Twenty	60.9%
"5 & 40 rule"	20.6%
Number of Holdings	31

31st December 2009	1 month	3 month	6 month	1 year	2 years	3 years
EM Focus Fund A \$	1.4%	5.1%	24.1%	88.8%	-9.5%	24.6%
EM Focus Fund B \$	1.4%	5.3%	24.5%	89.9%	-8.3%	27.3%
EM Focus Fund A £	3.6%	4.7%	28.3%	69.0%	10.5%	51.9%
EM Focus Fund B £	3.7%	4.8%	28.7%	70.0%	11.9%	55.0%
EM Focus Fund A €	5.8%	6.5%	19.7%	79.6%	-19.2%	8.8%
EM Focus Fund B €	5.8%	6.6%	21.0%	82.4%	-17.0%	12.5%
MSCI Asia ex Japan	4.3%	6.6%	26.8%	72.1%	-18.1%	14.8%
MSCI EMF Asia	4.6%	6.7%	27.7%	73.6%	-18.3%	15.2%

*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 (from 1st April)				5.3%	1.2%	-10.5%	-4.6%	-4.8%	-17.4%	-18.8%	-11.0%	8.0%	-44.2%
2009	-3.8%	-4.1%	9.9%	19.7%	21.0%	4.0%	11.3%	1.0%	5.2%	2.5%	1.2%	1.4%	90.2%



## 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 rose by 3.0% in December, outperforming the TOPIX rise of 0.8% in US Dollar terms. In local currency terms, the TOPIX gained 8.1% in a strong year end rally driven by a weaker Yen and strength in the technology sector globally. This gain took the TOPIX return into positive territory for calendar 2009. Leading the market in December were the Yen sensitive exporters and the technology sector in particular. Utilities and banks were the underperformers as the latter continue to be dogged by fears of more capital raising in the wake of the new guidelines coming out of Basel.

The Fund's overweight position in the Information Technology sector was the largest contributor to relative performance in December and several of the holdings in this area rose sharply. Nippon Electric Glass gained 23% after the LCD glass maker revised up its earnings estimates, Tokyo Electron rose 25% after raising its guidance for quarterly order numbers and Hitachi, a new purchase, rallied 21% as the negative impact of its new share issuance subsided. Outside the technology sector, Japan Tobacco rose 22% after the company confirmed plans to raise cigarette prices by slightly more than the Government's proposed tax increase.

As disillusionment with the new DPJ Government grows and the popularity of scandal tainted Prime Minister Hatoyama declines, attention is likely to focus more on the Bank of Japan in 2010. The Bank began the month by announcing the provision of additional liquidity to the banking system after an extraordinary meeting of its Monetary Policy Board. Later in the month, after its regular Monetary Policy Board meeting, it took the unusual step of stating that the Board "does not tolerate a year-on-year rate of change of CPI below 0%." They even released a separate notice, full of bold text and underlining, to stress the point. This is odd in light of the recent history of Japan's CPI which has been below 0% for much of the past decade and currently stands at minus 1.9%. Indeed, the CPI ex food and energy has been negative for the whole of the last 10 years save for brief periods in 2008. It is possible that the Monetary Policy Board has finally decided to act in the face of persistent and worsening deflation. If that is the case, we can look forward to a much healthier stock market in 2010.

Compound Annual Growth Rate since Inception	
Class A\$ Share	-4.9%
Class B\$ Share	-4.4%
3rd June 2005 - 31st December 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 7.92	\$ 8.12
Sterling Class	£ 7.09	£ 7.10
Euro Class	€ 6.76	€ 6.79
Fund Size (million)	\$6.8	
Historic Yield	0.0%	0.0%

<b>Dealing</b>	
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

<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)	2.27%	1.67%
<i>(excluding performance fee and entry/exit charges)</i>		

**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 129%

**Distributor Status**  
The Fund has received distributing fund status for the year ended Dec 31, 2008

**Investment Manager (for enquiries)**  
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SW1Y 6LX +44 (020) 7659 1300

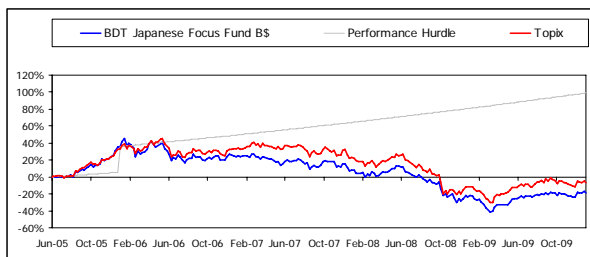
**Administrator (for dealing and admin)**  
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Ireland +353 (01) 635 6000

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

Top Twenty Holdings		Sector Weights	
Nippon Electric Glass	5.1%	Information Technology	24.9%
Jupiter Telecommunications	4.4%	Consumer Discretionary	22.3%
Murata Manufacturing	4.4%	Industrials	20.4%
Nikon	4.4%	Financials	14.6%
Toyota Motor	4.4%	Health Care	6.0%
Tokyo Electron	4.3%	Materials	5.9%
Sumco	3.7%	Consumer Staple	3.0%
Fast Retailing	3.6%	Property	1.9%
SMC	3.4%	Utilities	0.0%
JSR	3.3%	Energy	0.0%
Shionogi	3.2%	Telecoms	0.0%
Hitachi Ltd	3.2%	Liquidity	0.9%
Japan Tobacco	3.0%	Portfolio Concentration	
Stanley Electric	3.0%		
Nissha Printing	2.9%	Top Twenty	2.8%
Daiichi Sankyo	2.8%	"5 & 40 rule"	0.0%
Fanuc	2.8%	Number of Holdings	35
Fuji Machine	2.8%		
THK	2.6%		
Kuraray	2.6%		

31st December 2009	1 month	3 month	6 month	1 year	2 years	3 years
Japan Focus Fund A \$	3.0%	-0.3%	3.1%	2.6%	-26.7%	-35.9%
Japan Focus Fund B \$	3.0%	0.0%	3.4%	3.2%	-25.8%	-34.7%
Japan Focus Fund A £	10.4%	2.6%	0.1%	1.7%	-42.0%	-50.3%
Japan Focus Fund B £	10.2%	3.0%	0.7%	3.0%	-42.8%	-50.5%
Japan Focus Fund A €	10.3%	3.7%	0.6%	5.0%	-42.0%	-51.0%
Japan Focus Fund B €	10.4%	3.0%	0.1%	3.8%	-42.2%	-50.9%
Japan TPX	0.8%	-3.0%	1.1%	3.4%	-25.3%	-30.5%
MSCI Japan	0.8%	-2.8%	3.6%	6.3%	-24.8%	-28.0%

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%	-6.5%	-13.1%	-5.4%	5.9%	-28.1%
2009	-6.1%	-17.4%	3.8%	7.4%	9.8%	4.9%	0.1%	2.4%	0.4%	-2.3%	-0.6%	3.0%	3.2%

# 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 rose 10.3% in December, outperforming the 4.0% rise in the TSE 2nd Section Index and the 5.8% rise in the JASDAQ Index. The leading contributors to returns were amongst the exporters in the portfolio. An overweight position in Information Technology and good stock selection in the Industrials were the largest contributors to relative outperformance. Electronics companies and auto parts makers were the main features in these areas. Some of the holdings in the domestic consumer sector underperformed the indices.

## Market Outlook for 2010

2010 will be the second year of returning the Japanese economy back to normal through an easy monetary and fiscal policy. We think this is a favourable environment for the stock market provided that the recovery of corporate profits continues. Through our company visits we have established that evidence of recovery in recent months depends greatly upon the exports or profits of consolidated manufacturing subsidiaries overseas, in particular Asia, as opposed to domestic demand.

It appears that the United States is likely to be one of the earliest developed economies to recover which should cause the Yen to weaken. This will help to improve the profit margins of the manufacturing exporters. Your fund is overweight in global growth sectors with 72% of the portfolio in this area. The split is 35% in electronics, 13% in machinery, 12% in automobiles and 12% in other manufacturers. These companies are generally highly specialist manufacturers with a dominating global market share and they will benefit from any global economic recovery.

Leading investment themes are light emitting diodes (LED) and solar batteries where dynamic growth is forecast for at least several years. These themes account for 9% and 8% of the fund's net assets respectively. Given a brighter economic outlook and a clear portfolio strategy, 2010 should prove to be a rewarding year.

Compound Annual Growth Rate since Inception

Class A \$ Share	-0.8%
Class B \$ Share	-0.3%
9th Feb 2004 - 31st December 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 9.53	\$ 9.84
Sterling Class	£ 10.01	£ 10.25
Euro Class	€ 9.33	€ 9.53
Yen Class	JPY 834	JPY 860
Fund Size (million)	\$31.0	
Historic Yield	0.0%	0.0%

	Daily
<b>Dealing</b>	
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

	1.75%	1.25%
<b>Fee and Charges</b>		
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%
<i>(excluding entry/exit charges)</i>		

**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 196%.

**Distributor Status**  
The Fund has received distributing fund status for the year ended Dec 31, 2008

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

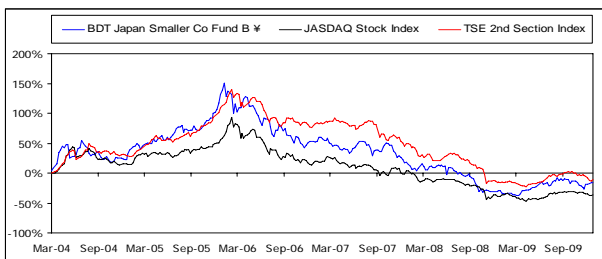
**Administrator (for dealing and admin)**  
HSBC Securities Services (Ireland) Limited  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2 Telephone  
Ireland +353 (01) 635 6000

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

Top Twenty Holdings		Portfolio Emphasis		Sector Weights	
Disco	3.3%	Internet Services	1.8%	Information Technology	30.2%
Toyo Tanso	3.0%	Discount Retailing	2.7%	Industrial	23.6%
Micronics Japan	2.8%	Environmental care	5.4%	Consumer Discretionary	16.6%
K' S Holdings	2.7%	Finance	6.8%	Materials	11.1%
Takata	2.7%	Asset reflation	5.6%	Financials	8.2%
Daiseiki	2.6%	Demographic Change	0.0%	Consumer Staple	4.8%
Stanley Electric	2.6%	Other	2.6%	Property	0.0%
Mitsumi Electric	2.6%	Domestic growth	24.9%	Energy	0.0%
Taiyo Ink	2.6%	Climate change	8.3%	Health Care	0.0%
Nissha Printing	2.6%	Silicon Cycle	8.1%	Telecoms	0.0%
Ferrotec	2.5%	Other Electronics	35.5%	Utilities	0.0%
Matsuda Sangyo	2.5%	Autos	12.3%	<b>Portfolio Concentration</b>	
NPC	2.5%	Machinery	5.8%		
Meiko Electronics	2.5%	Others	3.2%	Top Twenty	51.9%
Funai Electric	2.5%	Global growth	73.2%	"5 & 40 rule"	0.0%
Ushio Inc	2.5%	% Invested	98.1%	Number of Holdings	46
Sumitomo Real Estate	2.4%	Cash	1.9%		
Hamamatsu Photonics	2.4%	T-bills	0.0%		
Horiba	2.4%				
Fanci	2.4%				

31st December 2009	1 month	3 month	6 month	1 year	3 years	5 years
Japanese SC Fund A \$	2.9%	-6.8%	2.5%	15.5%	-30.3%	-30.0%
Japanese SC Fund B \$	2.9%	-6.7%	2.7%	16.0%	-28.9%	-28.1%
Japanese SC Fund A £	10.4%	-3.7%	0.0%	16.8%	-42.8%	-28.4%
Japanese SC Fund B £	10.5%	-3.4%	0.3%	17.1%	-42.3%	-27.0%
Japanese SC Fund A €	10.0%	-4.0%	-0.4%	17.8%	-44.5%	-32.7%
Japanese SC Fund B €	10.2%	-3.9%	0.1%	18.1%	-43.7%	-30.9%
Japanese SC Fund A ¥	10.3%	-4.2%	-1.0%	18.0%	-45.6%	-36.9%
Japanese SC Fund B ¥	10.3%	-4.1%	-0.7%	18.6%	-44.8%	-35.2%
Japan TPX 2nd Section	4.0%	-7.2%	-6.5%	6.6%	-50.4%	-31.4%
Japan JASDAQ	5.8%	-2.7%	-0.4%	0.3%	-43.9%	-46.5%

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
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%	-12.3%	-1.9%	1.4%	-40.1%
2009	-5.2%	-3.9%	4.5%	7.2%	11.4%	4.9%	5.0%	3.1%	-4.4%	-3.8%	-9.6%	10.3%	18.6%

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Past performance is not a guide to future returns. The value of investments and the income from them can go down as well as up and an investor may not get back the original amount invested. The difference at any one time between the Net Asset Value of Shares for the purposes of purchases and redemptions means that investment in the Company should be viewed as medium to long term.

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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