BDT INVEST FUNDS PLC

Newsletter

Month of February 2009

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3rd March 2009

BDT Invest Funds plc

Review

The MSCI World Index declined 10.2% February and is already down over 20% this year after the first day of trading in March. The MSCI Japan Index declined 12.4% and the MSCI Asia ex Japan Index declined by a lesser 6.5% during February.

It proved another difficult month for the four sub-funds. Both Japanese products saw double digit declines in their US Dollar share class while the two regional funds proved somewhat more resilient. Please refer to the individual factsheets for performance details and commentaries.

Any hopes that the trading range established since last October would hold have been dashed. Both the Dow Jones and the S&P500 have smashed through the 2002 lows presenting even the most amateur of chartists with little other than a very dim prognosis for equity markets.

Gloom in the Trenches

We have commented repeatedly on the comparatively limited leverage at a banking or corporate level across most of the economies in Asia but the severity of the downturn has exposed the operational leverage inherent in the region's asset heavy industrial structure and this is emerging in company results and forecasts. Nowhere is the impact clearer than in Japan where the implications of the collapse in external demand and a stagnant domestic economy have kicked traditional valuation props from under the market. A series of company visits in Japan last month did not, unfortunately, generate any short term optimism.

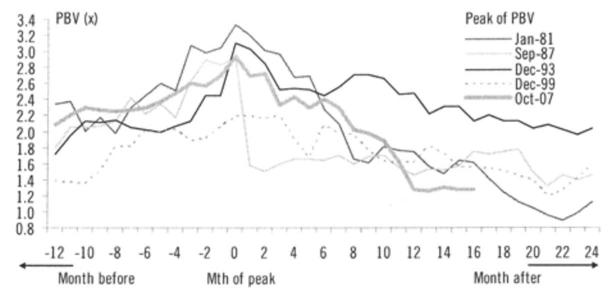
Elsewhere in the region there is an increasing realisation that a severe economic contraction - of a magnitude greater than that suffered in the Asian crisis - is now a high probability event rather than a strong possibility and companies are reacting predictably. Banks are strengthening their capital bases while companies are playing down business prospects and reducing dividends. These actions by the companies often appear decidedly more rational than the "shoot first ask questions later" response from investors. The important exception has been China where monetary easing and a splurge of lending by the banks has allowed the A share market to start the year in sprightly fashion. There also appears to have been an encouraging pick up in residential property, no doubt to the great relief of inventory laden operators. This market enthusiasm, however, has not been matched by its offshore H share cousin and the MSCI China Index has declined 11%, in line with the regional average.

Asia ex Japan Price to Book Value (1975-2009)

Source: Citi Investment Research

Value not in doubt but Patience required

The previous chart, tracking price to book multiples for the Asia ex Japan region to mid January 2009, suggests that while the market slump over the past sixteen months has priced in a good deal of the bad news (especially given markets have now fallen a further 10%) one cannot rule out a lurch to the lows of 1982 or 1998 which would imply a further 20% decline from current levels. The other useful chart, below, from Marcus Rosgen illustrates neatly that the duration of the decline can be as important as its steepness. On that basis one could tentatively predict a major market low occuring towards the end of the summer. Even mega bear Dr Jim Walker of Asianomics is publicly mulling the purchase of Asian equities in the second quarter!



Source: MSCI, Citi Investment Research

Second Opinion

Portfolio holding Standard Chatered announced credible results yesterday and we found the following quote from an interview with Peter Sands, chief executive, comforting.

"Asia is going through a sharp cyclical change due to collapse in demand from the West. I am not underestimating what is happening there and I don't want to be interpreted as underestimating the scale of the challanges facing Asia, but it will be shorter and shallower than what you will see in the West. The degree of leverage just isn't there and both Governments and corporates are in a good position from a balance sheet point of view. You should not assume that what happens in the West will be replicated in Asia - the whole whole deleveraging in the West is less pronounced in Asia. You would struggle to find an Asian bank that has collapsed or needed to be rescued. The long term fundamentals of Asia remain the same - a young, growing middle class, rapid urbanisation, increasingly well educated populations and so on."

Outlook

Perhaps Peter Sands and ourselves are being wildly optimistic, certainly the temptation to "throw in the towel" is unbelieveably strong at present. We will learn shortly whether the corporate sector has managed to regain control of inventories and, later in the year, discover whether the various pump priming policies announced around the region (but especially China) are bearing fruit. In the meantime we have undertaken a few executions of our own in our effort to weed out the weaker holdings from the portfolios. We continue to avoid commodities and cyclicals.

BDT Invest LLP
4th March 2009

Update # 98

February 2009

Asian Focus Fund

BDT INVEST

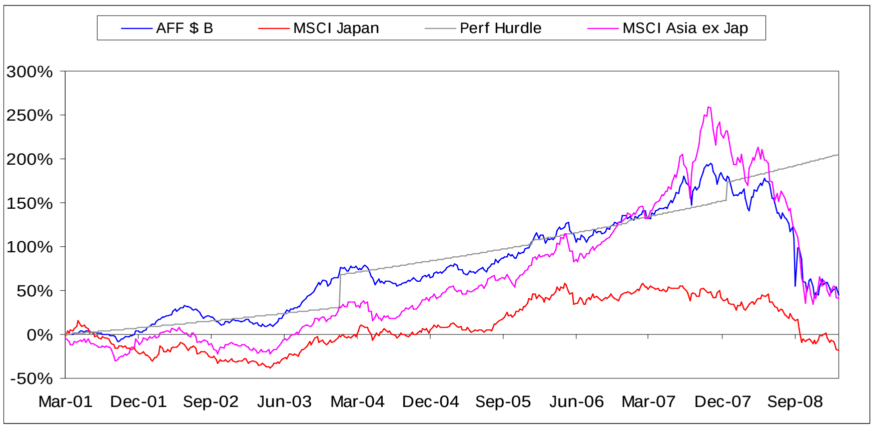
Compound Annual Growth Rate since Inception	
Class A$ Share	**3.9%**
Class B$ Share	**4.5%**
5th March 2001 - 27th February 2009	

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 fixed interest securities. US Dollar, Sterling and Euro denominated share classes are available. Since 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 fell by 6.5% in February, in line with the Asia ex Japan Index and rather less than Japan's 12% decline in Dollar terms. China Insurance posted excellent January sales but the share price failed to react. Lafarge bounced back strongly after reporting solid 2008 results and Rexcapital extended January's gains. Our zero weigthing in Korea proved helpful but returns from Singaporean and Indian holdings proved disappointing. We reduced the position in Standard Chartered which was subsequently hammered ahead of full year results. The results were good - a buying opportunity we believe. Exposure to Japan was reduced to 25% while weightings in Hong Kong / China edged higher. Liquidity rose to 13%.



Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance International	8.2%	Japan	25.0%	Financials	31.6%
Rexcapital Financial Hldgs	5.4%			Information Tech	11.7%
Top Glove Corp	4.6%	China	18.5%	Industrial	11.6%
Siam Commercial Bank	4.0%	Hong Kong	9.4%	Healthcare	8.0%
East Japan Railway	3.8%	Indonesia	1.3%	Consumer Disc	7.2%
Lafarge Malayan Cement	3.7%	India	7.7%	Property	4.7%
Minth Group	3.4%	Korea	0.0%	Energy	3.8%
Taiwan Semiconductor	3.3%	Malaysia	8.3%	Materials	3.7%
Bharat Heavy Electricals	2.9%	Philippines	0.0%	Consumer Staple	1.8%
Housing Development Finance Corp	2.6%	Singapore	4.7%	Telecoms	1.7%
Nintendo	2.5%	Thailand	4.0%	Utilities	1.1%
Mitsubishi UFJ Financial Group	2.4%	Taiwan	7.8%	Portfolio Concentration	
Farglory Land Development	2.4%				
Ping An Insurance Group	2.3%				
China Power New Energy Dev	2.3%			Top Twenty	64.8%
Cheung Kong	2.3%				
Petrochina	2.3%	% Invested	86.7%	"5 & 40 rule"	13.6%
Nippon Electric Glass	2.2%				
Educomp Solutions	2.2%	Cash	13.3%	Number of Holdings	34
Yuanta Financial Holding	2.2%	T-bills	0.0%		

	A class		B Class	
Net Asset Value				
Dollar Class	$	12.77	$	13.30
Sterling Class	£	15.96	£	16.74
Euro Class	€	10.23	€	10.26
Fund Size (million)		$47.6		
Historic Yield		1.7%		1.7%

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

	A class	B Class
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 112%.

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)

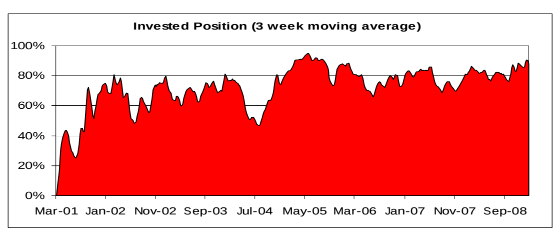
HSBC Securities Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2 Telephone
Ireland +353 (01) 635 6000

Regulatory Status

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

27th February 2009	1 month	3 month	6 month	1 year	3 years	5 years
Asian Focus Fund A $	-6.5%	-4.2%	-36.6%	-47.1%	-34.0%	-21.9%
Asian Focus Fund B $	-6.5%	-3.9%	-36.4%	-46.8%	-32.7%	-19.5%
Asian Focus Fund A £	-6.1%	4.3%	-18.1%	-25.9%	-8.6%	11.2%
Asian Focus Fund B £	-6.0%	3.9%	-18.0%	-25.5%	-7.2%	14.3%
Asian Focus Fund A €	-6.5%	-4.6%	-39.0%	-48.8%	-38.5%	-28.1%
Asian Focus Fund B €	-6.0%	-4.0%	-38.7%	-48.5%	-38.1%	-26.9%
MSCI Asia ex Japan	-6.5%	-2.9%	-42.1%	-53.8%	-26.7%	3.3%
MSCI Japan	-12.4%	-11.7%	-34.0%	-39.8%	-43.5%	-15.7%

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%											**-10.7%**

Please see final page for important risk statements and disclaimers

Update # 53

February 2009

Oriental Focus Fund

BDT INVEST

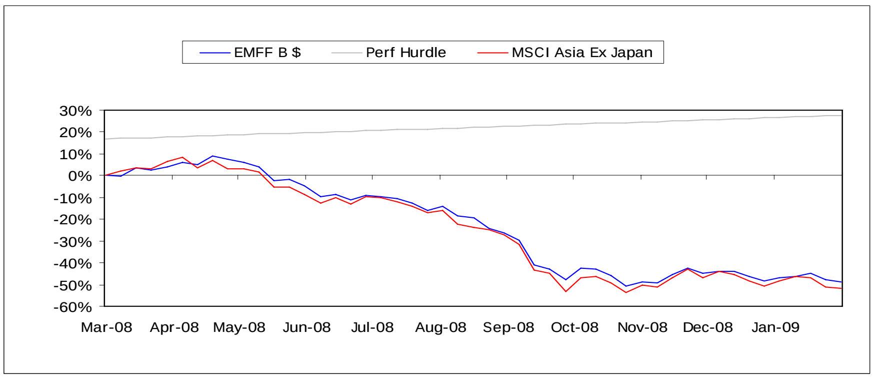
Compound Annual Growth Rate since Inception	
Class A$ Share	**0.6 %**
Class B$ Share	**1.3 %**
11th Oct 2004 - 27th February 2009	

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 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 NAV of the US Dollar B shares fell by 4.1%, somewhat less than the 6.5% decline in the Asia ex-Japan index. Lafarge rebounded strongly after posting solid 2008 results, the dividend for the full year was increased 50%. China Insurance announced an 85% increase in regular life premiums written in January and the stock fell 5%. Frustrating. Other large holdings such as Rexcapital and Top Glove held up well while the zero weighting in Korea looked clever. Some investments further south, in Singapore, India and Thailand, look less clever and several are being weeded out. We took our profit in the Morgan Stanley China Fund (A share exposure), threw the towel in on First Financial Holdings and halved exposure to Standard Chartered which was hammered ahead of full year results - they look good to us and we will look to beef up the position again. Liquidity rose to approximately 18%.



Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance International	8.5%	China	22.6%	Financials	32.6%
Top Glove Corp	7.6%	Hong Kong	12.6%	Energy	9.3%
Rexcapital Financial Hldgs	7.6%	Indonesia	1.0%	Healthcare	7.6%
Mermaid Maritime	4.7%	India	8.2%	Information Tech	7.5%
Lafarge Malayan Cement	3.9%	Korea	0.0%	Consumer Disc	6.7%
Siam Commercial Bank	3.8%	Malaysia	11.5%	Industrial	5.9%
Petrochina	3.2%	Philippines	0.0%	Property	5.0%
Minth Group	3.2%	Singapore	12.0%	Materials	3.9%
Housing Development Finance Corp	3.1%	Thailand	5.1%	Consumer Staple	2.7%
Cheung Kong	3.1%	Taiwan	9.5%	Utilities	1.1%
Bharat Heavy	2.9%			Telecoms	0.0%
Taiwan Semiconductor	2.8%			Portfolio Concentration	
Ping An Insurance Group	2.8%				
Want Want China Holdings	2.7%				
First Ship Lease Trust	2.7%			Top Twenty	73.7%
Hon Hai	2.5%				
Yuanta Financial Holding	2.3%	% Invested	82.4%	"5 & 40 rule"	23.7%
Educomp Solutions Ltd	2.2%				
China Power New Energy Dev	2.2%	Cash	17.6%	Number of Holdings	26
Jardine Matheson Holdings	2.0%	T-bills	0.0%		

		A class		B Class
Net Asset Value				
Dollar Class	$	9.71	$	10.05
Sterling Class	£	13.62	£	14.03
Euro Class	€	8.70	€	8.96
Fund Size (million)		$7.9		
Historic Yield		2.1%		2.0%

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

	A class	B Class
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 125%.

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

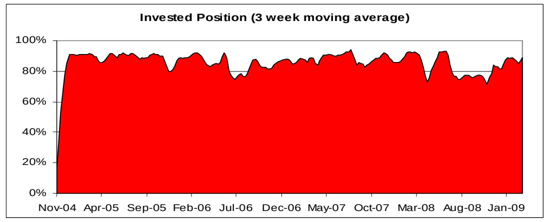
Regulatory Status

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

27th February 2009	1 month	3 month	6 month	1 year	2 years	3 years
Oriental Focus Fund A $	-4.2%	-0.6%	-40.8%	-52.2%	-39.3%	-25.4%
Oriental Focus Fund B $	-4.1%	-0.4%	-40.6%	-51.9%	-38.3%	-23.6%
Oriental Focus Fund A £	-3.7%	8.3%	-23.5%	-33.0%	-15.3%	2.7%
Oriental Focus Fund B £	-3.6%	8.4%	-23.3%	-32.6%	-14.2%	4.9%
Oriental Focus Fund A €	-4.3%	-0.8%	-44.2%	-54.7%	-43.7%	-32.4%
Oriental Focus Fund B €	-4.2%	-0.5%	-43.7%	-54.2%	-42.8%	-30.8%
MSCI Asia ex Japan	-6.5%	-2.9%	-42.1%	-53.8%	-40.2%	-26.7%
MSCI EMF Asia	-6.4%	-2.6%	-42.6%	-55.2%	-40.7%	-28.2%

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

Invested Position (3 week moving average)



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%	**-43.8 %**
2009	-3.8%	-4.1%											**-7.7 %**

Please see final page for important risk statements and disclaimers

Update # 46

February 2009

Japanese Focus Fund

Compound Annual Growth Rate since Inception	
Class A$ Share	**-12.8%**
Class B$ Share	**-12.3%**
3rd June 2005 - 27th February 2009	

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 17.4% in February, underperforming the TOPIX decline of 12.6% in US Dollar terms. In local currency terms, the TOPIX fell 4.7% whilst the Yen reversed earlier gains and declined by 8.2%. The poor performance of the market and the Fund has been caused by the spread of the global credit crisis to Japan's financial sector.

We had thought that with little reliance on wholesale funding and strong capital bases, Japan's banks were relatively well placed to withstand the crisis in global financial markets. However as the crisis has deepened it has become clear that through their exposure to domestic equities and overseas debt, the capital ratios of Japanese banks have been damaged. In addition, many foreign banks had built up their exposure to the domestic lending market over the last few years, particularly in the property sector. Now that they are withdrawing from this business as fast as they can, the availability of credit in certain sectors of the economy has been severely impaired. The real estate and non-bank financial sectors have been worst affected and some of the Fund's holdings in this area have suffered as a result. The Government and the Bank of Japan have been slow to respond to these developments but do now seem to be more focussed on the problem, as indeed they should be. In spite of the unwinding of the cross-shareholding system over the past decade, the major Japanese banks still hold equities worth approximately the value of their BIS Tier 1 capital. Any decline in the value of those equities therefore impacts directly on their ability to lend and on their need for additional capital. We still expect the authorities to direct policy at easing liquidity in the financial sector.

In the real economy, conditions remain extremely tough. Industrial production fell 30.8% yoy in January and consumer spending is weak. It is clear, however, that in most areas of the auto and electronics industries, production is running at a level below that of final demand. In other words, manufacturers have acted swiftly to control inventories and these are now being reduced. This raises the prospects of a small upturn in production once inventories are back to normal levels. Although a sustained recovery is a long way off, signs of a stabilization would be encouraging.

	A class	B Class
Net Asset Value		
Dollar Class	$ 5.98	$ 6.10
Sterling Class	£ 5.70	£ 5.66
Euro Class	€ 5.38	€ 5.44
Fund Size (million)	$4.0	
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)	2.27%	1.67%

(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

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Activity

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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

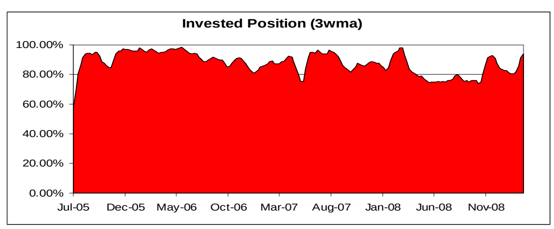
Top Twenty Holdings	
East Japan Railway	5.5%
Sony Financial Holdings	5.5%
Mitsubishi UFJ Financial Group	5.5%
Japan Tobacco	5.0%
Nippon Electric Glass	4.3%
Toyota Motor	4.2%
NTT Docomo	4.1%
Daiichi Sankyo	3.8%
Nintendo	3.8%
Mitsubishi Estate	3.5%
Nissha Printing	3.3%
Aeon Credit Service	3.0%
Kuraray Co Ltd	2.9%
Santen Pharmaceutical	2.9%
Daiwa Securities Group	2.7%
Shimamura	2.7%
Tokyo Electron	2.7%
Stanley Electric	2.7%
Fanuc Ltd	2.6%
Nissan Motor	2.5%

Sector Weights	
Financials	25.0%
Consumer Discretionary	12.1%
Industrials	11.4%
Information Technology	10.8%
Health Care	10.3%
Property	5.0%
Consumer Staple	5.0%
Telecoms	4.1%
Materials	2.9%
Utilities	0.0%
Energy	0.0%
Liquidity	13.5%

Portfolio Concentration	
Top Twenty	73.1%
"5 & 40 rule"	16.4%
Number of Holdings	28

27th February 2009	1 month	3 month	6 month	1 year	2 years	3 years
Japan Focus Fund A $	-17.5%	-18.0%	-37.1%	-42.7%	-51.9%	-54.5%
Japan Focus Fund B $	-17.4%	-17.8%	-36.9%	-42.4%	-51.3%	-53.7%
Japan Focus Fund A £	-10.1%	-16.7%	-46.7%	-48.0%	-60.4%	-60.6%
Japan Focus Fund B £	-9.9%	-16.1%	-48.0%	-49.2%	-60.9%	-60.9%
Japan Focus Fund A €	-10.0%	-16.3%	-46.9%	-48.8%	-61.2%	-62.0%
Japan Focus Fund B €	-10.1%	-16.5%	-47.0%	-48.8%	-61.0%	-61.7%
Japan TPX	-12.6%	-11.5%	-32.7%	-38.8%	-47.6%	-45.6%
MSCI Japan	-12.4%	-11.7%	-34.0%	-39.8%	-47.2%	-43.5%

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%	-13.1%	-5.4%	5.9%	**-28.1%**
2009	-6.1%	-17.4%											**-22.4%**

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Update # 62

February 2009

Japanese Smaller Companies Fund

BDT INVEST

Compound Annual Growth Rate since Inception	
Class A$ Share	**-6.9%**
Class B$ Share	**-6.4%**
9th Feb 2004 - 27th February 2009	

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 lost 3.9% in February, outperforming both the 5.3% decline in the TSE 2nd Section Index and the 5.1% decline in the JASDAQ Index. The Fund's holdings of exporters in the auto and electronics sectors performed relatively well as the Yen weakened. On the other hand, stocks in the consumer discretionary and financial sectors fared less well.

Stock Highlights

Mimasu Semiconductor (2.7 % of NAV, TSE-1):

An affiliate of Shinetsu Chemical specializing in the polishing and processing of silicon wafers. The company is well known as a pioneer in recycled wafers and currently has a 30% global market share. Historically, growth has been highly correlated with the silicon cycle which we believe is approaching a bottom. A very sound balance sheet should limit further downside risk in the stock price as the share sells at a PBR of 0.66x.

Nissha Printing (2.5% of NAV, TSE-1):

A printing firm that specializes in high value-added applications. Touch panels and In-Mould Design (IMD) are key areas. Touch panels for mobile phone handsets and PC keyboards are driving growth and Hewlett Packard has recently launched a fashionable notebook PC that utilizes the company's IMD. Higher depreciation and the global economic slowdown have squeezed profit margins this year and caused an earnings downgrade. This created an attractive entry point for the stock. The share sells at a P/E of 14x for FY3/'09.

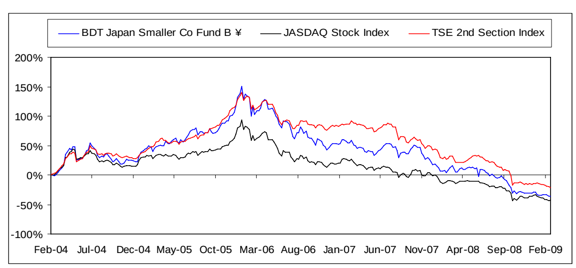
THK (2.2% of NAV, TSE-1):

A specialist manufacturer of linear motion systems that commands a 70% domestic and 60% global market share. Sales to the machinery industry account for 81% of total sales with the remaining 19% to the auto sector. Growth is closely correlated with industrial production, so no recovery may be seen for at least a few quarters. However Yen 320 of net cash per share and PBR of 0.8x should limit further downside in the stock price.

Top Twenty Holdings		Portfolio Emphasis		Sector Weights	
Tsumura & Co	4.6%	Internet Services	6.4%	Health Care	25.0%
Santen Pharmaceutical	4.6%	Discount Retailing	9.6%	Consumer Discretionary	18.6%
EPS Co Ltd	4.2%	Corporate Outsourcing	7.0%	Industrial	18.3%
Message	4.1%	Lifestyle Change	3.9%	Information Technology	14.5%
So-Net	4.1%	Asset reflation	6.5%	Financials	9.0%
Kobayashi Pharmaceutical	3.8%	Demographic Change	12.6%	Materials	5.1%
Plenus	3.5%	Other	10.8%	Property	4.3%
Shimamura	3.4%	Domestic growth	56.8%	Consumer Staple	3.8%
Towa Pharmaceutical	3.4%	Climate change	2.5%	Energy	0.0%
Disco Corp	3.1%	Silicon Cycle	8.6%	Telecoms	0.0%
Shinko Electric Industries	3.1%	Other Electronics	13.0%	Utilities	0.0%
Daiseki Co Ltd	2.9%	Autos	11.6%	Portfolio Concentration	
Matsuda Sangyo	2.7%	Others	6.0%		
ABC-Mart	2.7%	Global growth	41.7%		
Mitsubishi UFJ Lease & Finance Compa	2.6%			Top Twenty	65.6%
Mabuchi Motor	2.6%				
Toyo Tanso	2.6%	% Invested	98.5%	"5 & 40 rule"	0.0%
Mimasu Semiconductor Industry	2.5%	Cash	1.5%		
Daibiru Corp	2.5%	T-bills	0.0%	Number of Holdings	38
Nissha Printing	2.5%				

27th February 2009	1 month	3 month	6 month	1 year	2 years	3 years
Japanese SC Fund A $	-12.0%	-9.8%	-27.0%	-40.8%	-48.8%	-64.3%
Japanese SC Fund B $	-11.9%	-9.7%	-26.8%	-40.4%	-48.0%	-63.6%
Japanese SC Fund A £	-4.1%	-7.5%	-35.0%	-43.4%	-55.5%	-67.1%
Japanese SC Fund B £	-3.9%	-7.4%	-34.9%	-43.2%	-55.2%	-66.8%
Japanese SC Fund A €	-3.6%	-6.8%	-34.9%	-43.6%	-56.4%	-68.3%
Japanese SC Fund B €	-3.5%	-6.9%	-35.0%	-43.5%	-56.0%	-67.8%
Japanese SC Fund A ¥	-4.0%	-7.8%	-34.5%	-44.7%	-57.6%	-69.9%
Japanese SC Fund B ¥	-3.9%	-7.7%	-34.4%	-44.4%	-57.2%	-69.4%
Japan TPX 2nd Section	-5.3%	-8.0%	-30.1%	-40.1%	-58.2%	-63.9%
Japan JASDAQ	-5.1%	-6.4%	-28.1%	-35.8%	-53.2%	-65.4%

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%											**-8.9%**

	A class	B Class
Net Asset Value		
Dollar Class	$ 6.96	$ 7.16
Sterling Class	£ 7.76	£ 7.93
Euro Class	€ 7.29	€ 7.41
Yen Class	JPY 643	JPY 661
Fund Size (million)	$12.3	
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	1.75%	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 197%.

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

Please see final page for important risk statements and disclaimers

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There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. The yield from and capital value of an investment in the Fund may fluctuate and investors may get back less than their investment. Investment in emerging markets involves risks which may not be typically associated with investing in more developed markets. The fees of the Investment Manager and Administrator in respect of the Fund will be charged to its capital. Thus shareholders may get back less than they invested. Changes in rates of exchange may cause the value of an investment in the Fund to fluctuate. A comprehensive list of risk factors appear in the Prospectus.

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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BDT Invest LLP
52 Jermyn Street
London
SW1Y 6LX

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

Authorised and Regulated by the Financial Services Authority