

# **BDT INVEST FUNDS PLC**

Newsletter

Month of May 2009



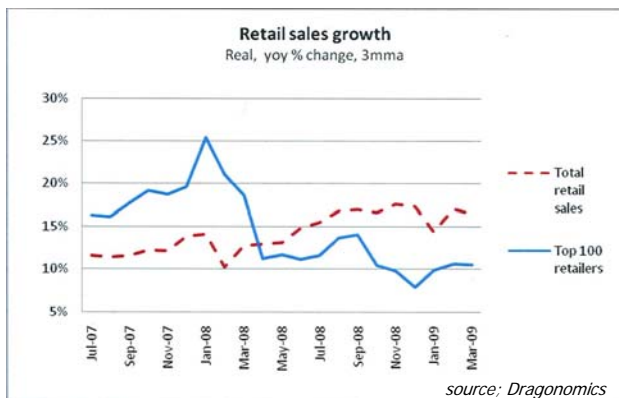
## Review

The melt up continues. The MSCI World Index advanced 9.1% during May. MSCI Japan advanced 10.3% and MSCI Asia ex Japan rose 16.1%. By country India (+36.7%) and by sector real estate (+26.6%) were the places to be. Korea (+4.1%) and Malaysia (+7.0%) were noticeable laggards while defensive sectors such as telecoms (+9.3%) and consumer staples (+10.4%) also continued to lag.

The Oriental and Asian Focus Funds gained 21.0% and 16.2% in May lifting the year to date returns to 46.7% and 30.9% respectively. Both funds still have some distance to travel to fully atone for the errors of 2008 but it is heartening to witness many of our investments returning to what might be termed normal valuation levels after the horrors of the past nine months. The Japanese Focus Fund and the Japanese Smaller Companies Fund advanced 9.8% and 12.9% respectively. All performance returns refer to the US Dollar B share class, please refer to the fund factsheets for individual performance details and commentaries.

## China - confusing signals

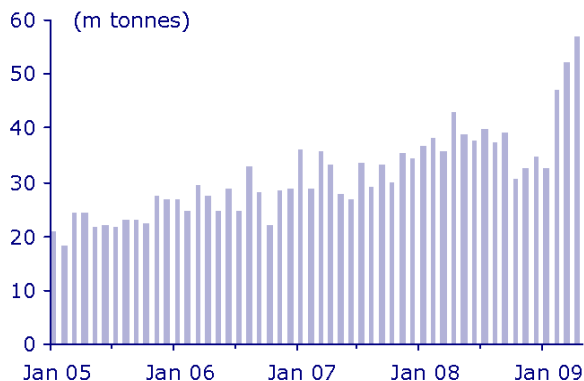
We spent a week in China last month. Official statistics continue to suggest that domestic demand is strong, investment is growing and economic growth remains robust. Indeed the recently released May PMI suggests that domestic demand, not exports, are driving the economy. The chart below (courtesy of Beijing based research company Dragonomics), however, suggests that official statistics leave much to be desired.



The chart compares the year-on-year revenue growth for China's top 100 state owned retailers (in blue) with the official year-on-year change in retail sales (in red). This suggests that the true growth in retail sales is probably around 8%, half the growth rate reported by official statistics. This, still very acceptable, lower rate of growth is much more consistent with same store sales growth quoted by a number of listed retailers visited and intuitively is much more in tune with an economy that has lost perhaps twenty million manufacturing jobs in the past twelve months.

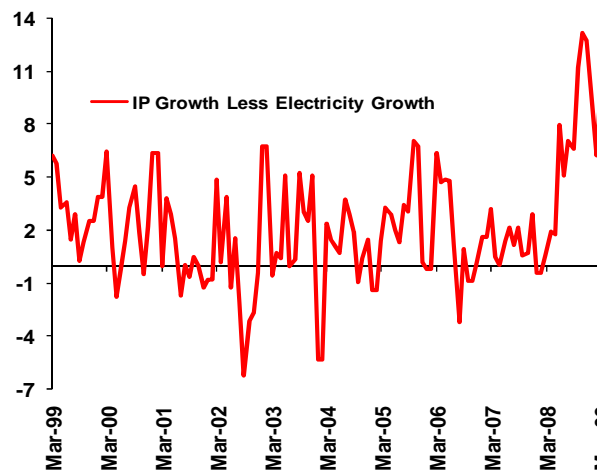
We also met with BaoSteel, China's largest steel producer, who painted a sobering canvas. Total steel producing capacity in China stands at circa 600mt pa and demand at about 425mt pa. Demand remains weakest in flat products but Government attempts to bring supply and demand into line by forcing the closure of smaller, less efficient plants are focussed on long product capacity - the segment seeing decent demand as construction and infrastructure spending accelerate. Needless to say BaoSteel's outlook for steel demand, steel prices and their own profitability was muted.

## Iron ore imports



Source: CEIC, CLSA Asia-Pacific Markets

Despite weak demand for steel, iron ore imports are booming as the chart above illustrates with monthly shipments up nearly 100% year-on-year. The figures for copper are even more dramatic, monthly imports have nearly tripled in year-on-year terms. Statistics like these may explain why bulk shipping rates have been on a tear recently and can be explained in part by increased "strategic" stockpiling by State bodies but these are not free market driven events. We also note the complete breakdown in the relationship between electricity consumption and industrial production statistics (see the chart below). Apparently energy is no longer required to make things - now that really would be progress!



## Outlook

The liquidity generated by central banks in reaction to the meltdown of the western banking system has bypassed the real economy (which is in recession, is trying to deleverage and, the auto industry aside, doesn't want money - indeed precisely the reverse) and flooded into financial assets be they equities, commodities or currencies. Yes, there has been good news (India's election for example) and at the margin economic data is improving and no, equities are not outrageously expensive but the binary nature of this rally, which relies entirely upon a weakening US Dollar, is scary. Tread carefully.

BDT Invest  
1st June 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 rose by 16.2% last month lifting the year to date return to 31%. FarGlory rose 112% after announcing a joint venture with a mainland real estate developer and both our Indian holdings performed strongly following the fantastic showing of the Congress Party in the election. We also saw good moves in Japan with Nippon Electric Glass and Mitsubishi UFJ Leasing both rallying 15%. We disposed of EZRA during the month and added to Jardine Matheson. We have put a toe in the water establishing a position in Inspur - China's Microsoft in the making. By recent standards REXlot had a quiet month, gaining just 12.1%. Liquidity stands at 14.5%

Compound Annual Growth Rate since Inception

Class A\$ Share 8.7%

Class B\$ Share 9.3%

5th March 2001 - 29th May 2009

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 18.70	\$ 19.51
Sterling Class	£ 20.63	£ 21.67
Euro Class	€ 14.74	€ 14.83
Fund Size (million)	\$59.8	
Historic Yield	1.2%	1.1%

**Dealing**

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

**Fee and Charges**

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

(excluding performance fee and entry/exit charges)

**Performance Fee**

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

**Broking Commissions**

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

**Activity**

Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 112%.

**Distributor Status**

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

**Investment Manager (for enquiries)**

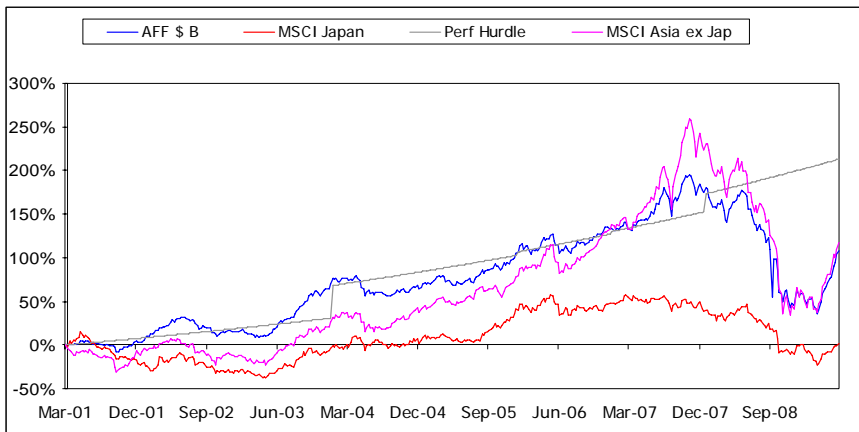
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SW1Y 6LX +44 (020) 7659 1300

**Administrator (for dealing and admin)**

HSBC Securities Services (Ireland) Limited  
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**Regulatory Status**

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



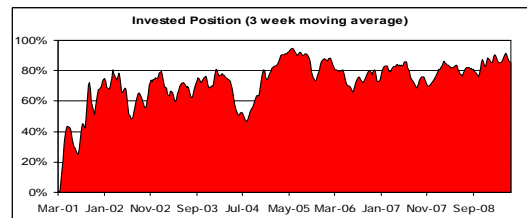
Top Twenty Holdings		Country Weights		Sector Weights	
China Insurance	8.3%	Japan	21.3%	Consumer Discretionary	27.5%
Rexlot Holdings Ltd	7.4%	China	14.5%	Industrial	15.1%
Farglory Land Development	5.0%	Hong Kong	14.1%	Property	13.0%
Minth Group	4.3%	Indonesia	1.9%	Financials	9.7%
Top Glove	4.2%	India	6.0%	Telecoms	8.3%
Bharat Heavy Electricals	3.6%	Korea	1.1%	Materials	6.0%
Jardine Matheson	3.5%	Malaysia	7.2%	Health Care	3.0%
Lafarge Cement	3.0%	Philippines	1.1%	Energy	1.7%
East Japan Railway	3.0%	Singapore	3.5%	Information Technology	1.2%
Taiwan Semi	2.9%	Thailand	2.0%	Consumer Staple	0.0%
Yuanta Financial Holdings	2.7%	Taiwan	12.9%	Utilities	0.0%
Standard Chartered Plc	2.5%				
HDFC	2.4%				
First Financial Holdings	2.3%				
Cheung Kong	2.2%				
SCB	2.0%				
Stanley Electric	2.0%	% Invested	85.5%		
Jasa Marga	1.9%	Cash	14.5%		
Ping An Insurance Group	1.9%	T-bills	0.0%		
Daiichi Sankyo	1.9%				

Portfolio Concentration	
Top Twenty	66.7%
"5 & 40 rule"	20.7%
Number of Holdings	35

29th May 2009	1 month	3 month	6 month	1 year	3 years	5 years
Asian Focus Fund A \$	16.1%	46.4%	40.3%	-24.7%	-3.5%	24.0%
Asian Focus Fund B \$	16.2%	46.7%	40.9%	-24.1%	-1.7%	27.8%
Asian Focus Fund A £	8.1%	29.3%	34.9%	-7.3%	18.2%	55.6%
Asian Focus Fund B £	8.2%	29.5%	34.5%	-6.9%	20.0%	59.9%
Asian Focus Fund A €	15.8%	44.1%	37.5%	-28.3%	-10.9%	12.7%
Asian Focus Fund B €	15.9%	44.5%	38.7%	-27.7%	-10.0%	14.7%
MSCI Asia ex Japan	16.1%	54.2%	49.8%	-27.4%	12.4%	77.5%
MSCI Japan	10.3%	23.5%	9.0%	-29.6%	-29.5%	0.5%

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%								31.0%

## 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 Net Asset Value of the US Dollar B shares rose 21.0% in April which compares with the 16.1% gain in the MSCI Asia ex Japan Index. FarGlory rose 112% after announcing a joint venture with a mainland real estate developer. First Ship Lease Trust rose 54% despite suggestions from management that dividends are likely to be cut as loan repayments rise. Mermaid Marine rose 53% despite posting weak (and poorly flagged) first quarter earnings. Post the move in the stock the shares trade at just 0.8x book value. Still plenty of upside, especially if oil remains well bid. LPN, a Thai condominium developer, rose 44%. China Insurance's acquisition of Ming An makes good strategic sense although our interest in the company remains focussed on the life rather than non-life business. Liquidity remains in the high teens.

## Compound Annual Growth Rate since Inception

**Class A\$ Share** 11.1%

**Class B\$ Share** 11.9%

11th Oct 2004 - 29th May 2009

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 15.42	\$ 15.98
Sterling Class	£ 19.09	£ 19.69
Euro Class	€ 13.59	€ 14.05
Fund Size (million)	\$12.0	
Historic Yield	1.3%	1.3%

## Dealing

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

## Fee and Charges

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

(excluding performance fee and entry/exit charges)

## Performance Fee

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

## Broking Commissions

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

## Activity

Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 125%.

## Distributor Status

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

## Investment Manager (for enquiries)

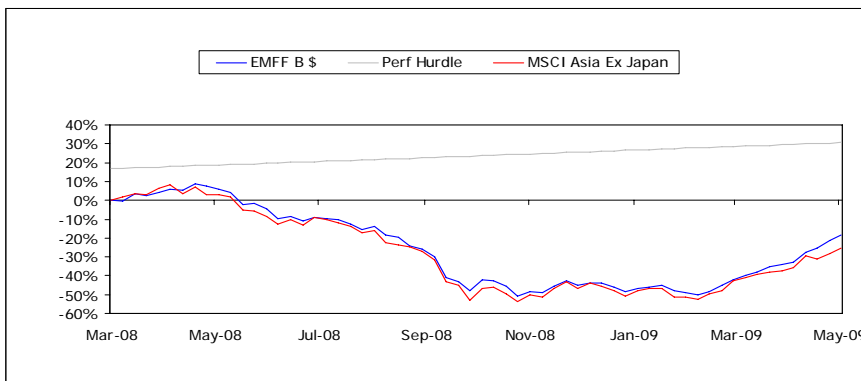
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## Regulatory Status

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



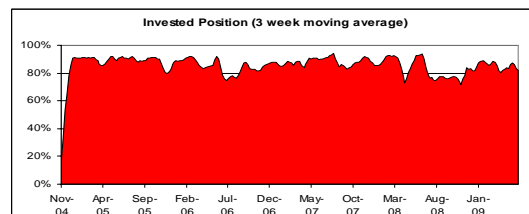
Top Twenty Holdings		Country Weights		Sector Weights	
Rexlto Holdings Ltd	8.6%	China	14.8%	Financials	24.8%
Mermaid Maritime Pcl	7.8%	Hong Kong	17.2%	Consumer Discretionary	15.5%
China Insurance	7.7%	Indonesia	1.2%	Property	11.5%
Top Glove corp	4.9%	India	5.6%	Industrial	8.8%
Farglory Land	4.5%	Korea	1.9%	Energy	7.8%
Jardine Matheson	4.3%	Malaysia	7.6%	Health Care	4.9%
Minth Group	3.8%	Philippines	2.2%	Information Technology	3.8%
Bharat Heavy Electricals	3.2%	Singapore	14.5%	Materials	2.8%
Technronic Industries	3.1%	Thailand	4.6%	Consumer Staple	1.6%
LPN Development	2.8%	Taiwan	11.8%	Telecoms	0.0%
Lafarge Cement	2.8%			Utilities	0.0%
Taiwan Semi	2.7%				
Yuanta Financial Holdings Ltd	2.5%				
First Ship Lease	2.4%				
HDFC	2.4%				
Standard Chartered Plc	2.3%				
Ayala Land Inc	2.2%				
First Financial Hold	2.1%				
Cheung Kong	2.1%				
Samsung F & M Ins	1.9%				

Portfolio Concentration	
Top Twenty	73.9%
% Invested	81.4%
"5 & 40 rule"	24.1%
Number of Holdings	26

29th May 2009	1 month	3 month	6 month	1 year	2 years	3 years
Oriental Focus Fund A \$	20.8%	58.8%	57.8%	-23.7%	-13.8%	20.2%
Oriental Focus Fund B \$	21.0%	59.0%	58.3%	-23.2%	-12.7%	23.0%
Oriental Focus Fund A £	12.5%	40.2%	51.7%	-5.8%	5.8%	46.8%
Oriental Focus Fund B £	12.6%	40.3%	52.2%	-5.6%	7.1%	49.4%
Oriental Focus Fund A €	20.5%	56.2%	55.0%	-28.8%	-21.3%	7.8%
Oriental Focus Fund B €	20.6%	56.8%	56.0%	-27.9%	-19.7%	10.2%
MSCI Asia ex Japan	16.1%	54.2%	49.8%	-27.4%	-18.4%	12.4%
MSCI EMF Asia	15.1%	55.7%	51.7%	-28.0%	-19.1%	11.1%

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%								46.8%





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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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