

# **BDT INVEST FUNDS PLC**

Newsletter

Month of November 2009





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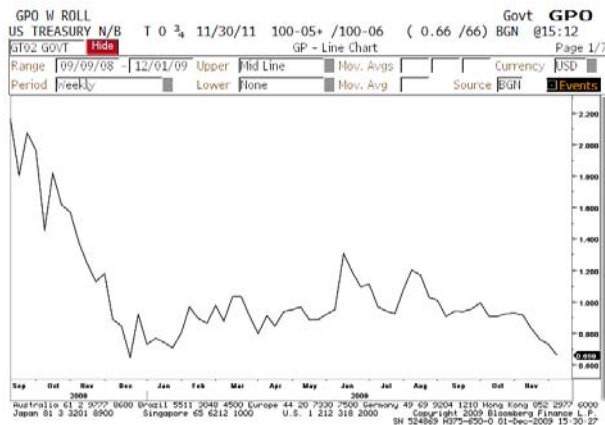
## Market Review

The backdrop remains unchanged - authorities continue to feed money to a real economy which, by and large, doesn't want it so it slops around the guys in suits who look decidedly brighter than they did this time last year. Borrow dollars and punt remains the name of the game. The pause in October thus proved short lived and markets ploughed ahead. The MSCI World Index rose 4.1% while MSCI Asia ex Japan gained a lesser 2.1%. True to recent form the MSCI Japan Index managed to buck the trend and return a 1.0% decline.

India (+8.4%) reacted to the elevation of their test side to top slot while Hong Kong (-1.2%) remembered they don't have one. The material (+8.1%) and real estate (-2.1%) sectors continued their recent divergent runs.

The Japanese Focus Fund (-0.6%) slipped marginally while the Japanese Smaller Companies Fund (-4.6%) fell rather harder reflecting higher exposure to manufacturing companies. The Asian Focus Fund (+1.1%) and the Oriental Focus Fund (1.2%) generated acceptable if unspectacular returns.

*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.*



## Bonds or Equities - which to believe?

We are not "bond experts" by any stretch of the imagination but we do try to comprehend the underlying signals being relayed. The chart above depicts the two year US Treasury yield - in the past month this yield has fallen from 1.03% to 0.65% and is now back to the lows of December 2008. Signals don't get much clearer than this over the past month the bond market has radically downgraded the likelihood of the Federal Reserve raising the Fed Funds rate over the next twelve months.

The five year Treasury has also seen an acceleration in the rally that began in early June while the Dollar, of course, remains the sick man of the forex markets. It is, however, fair to say that (with the notable exception of Australia) other OECD bonds markets are moving in sympathy. Growth and inflation expectations are falling in bond land, not rising. Since early July the S&P500 Index has rallied by over 25% driven by liquidity but justified by upward revisions to top and bottom line items. There is an obvious contradiction here. We are not panicking yet but the history books suggest that the bond market is generally the smarter investor.

## Capital Controls Ahead

If the preceding paragraph presents us with something of a problem in trying to evaluate which of the two scenarios is more plausible this is nothing compared to the certain problem facing Asia's (and most other emerging markets') central banks - wave after wave of suited gentlemen coming to punt regional markets with ever more of the Fed's free money. This is, of course, not the first time they have faced this situation. The difference is that this time around it is now widely recognised as a problem whereas in the early 1990s the accepted belief was that these nice gentlemen were long term investors interested in Asia's long term development.

In several countries the Authorities have already taken action. Brazil slapped a 2% "entry charge" on equity and bond purchases by foreigners in late October. Taiwan has banned foreigners from placing funds on time deposit. Korea has placed limits on export related currency forward contracts. India is considering placing limits on overseas borrowings and capping non-resident deposit rates while the Indonesians are discussing restricting access to the short end of the bond market. Some commentators suggest that by running "dirty floats" against the US Dollar Asia has created this problem and, to the extent that Asian currencies are undervalued, this is a valid point. Greater exchange rate flexibility on its own, however, has not eliminated the problem as any long term chart of the Brazil Real or the South African Rand illustrates.

## Big Government is back & here to stay

The rise and rise of Government meddling and command economy directives in the both the United States and the United Kingdom, formerly the champions of the free market, over the past couple of years has not gone unnoticed in Asia. One presumes Asian authorities are (like the rest of us) still trying to work why the "hair shirt" medicine applied to Asia and other emerging markets in 1998 appeared wholly inappropriate for the West in 2008.

The Western medicine - print money and bail everybody out - is delivering unpleasant side effects to Asian economies - who are not even patients - and we would not be surprised to see more draconian capital controls introduced across Asian markets during the course of 2010. For the foreseeable future we intend to hold any liquidity in the Asian and Oriental Focus Funds in currencies around the region.

## Outlook

The party rolls on and Asia now trades at a 20% premium to average historical price to book. This does not make the region expensive but it is no longer a "no-brainer". What remains a "no-brainer" is the summary execution of traditional asset allocation models that suggest Western savers should place no more than 10% of their savings in the only part of the world able to sustain growth over the next decade. Messrs B, D and T reiterate their suggested weighting of 50% plus a lot more. Long term investors only please.

Quote of the month comes from Korean Air Lines President Lee Jong Hee who recently admitted he flies as often as he can with Singapore Air to "compare first class offerings". Right.

BDT Invest LLP  
2nd December 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 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 1.1% last month, an okay result but not inspired. Long time holdings Minth and Top Glove jumped 36% and 12% respectively as brokers continue to upgrade earnings estimates and argue for higher valuations targets. China Taiping, East Japan Railway and Jasa Marga also moved higher. At the other end of the scale Metro Pacific fell 20% as the First Pacific Group, via Metro, were "forced" to bid a silly price for an additional chunk of Merico. Eastern & Oriental also fell sharply after the Government reimposed a property sales tax. We are holding on to both but are wedded to neither. Mermaid Maritime announced okay results at the end of the month - the key point is that a much better year lies ahead.

Compound Annual Growth Rate since Inception  
**Class A\$ Share 11.0%**  
**Class B\$ Share 11.1%**  
 5th March 2001 - 30th November 2009

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 22.32	\$ 23.36
Sterling Class	£ 23.94	£ 25.23
Euro Class	€ 16.35	€ 16.52
Fund Size (million)	\$68.6	
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

	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)	2.03%	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.

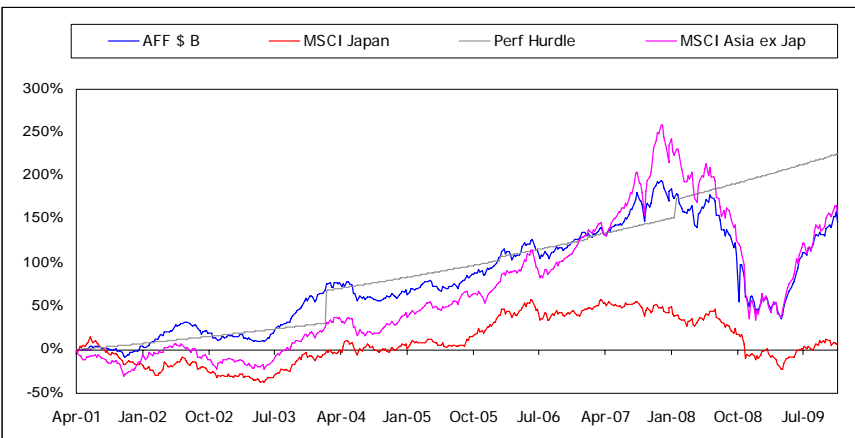
**Activity**  
 Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 112%.

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

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

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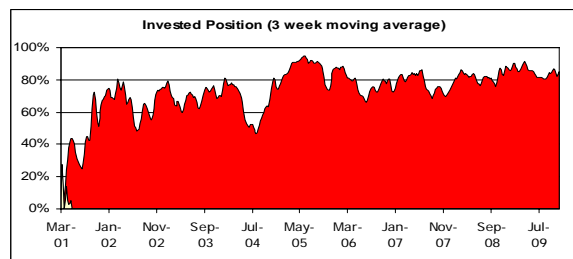
**Regulatory Status**  
 Listed on the Irish Stock Exchange, approved by the IFSRA, Authorised and Regulated by the FSA



Top Twenty Holdings		Country Weights		Sector Weights	
China Taiping Insurance	8.8%	Japan	19.9%	Financials	27.3%
Rexlot Holdings Ltd	6.4%			Consumer Discretionary	15.1%
Minth Group	5.2%	China	16.2%	Industrial	13.6%
Mermaid Maritime	3.6%	Hong Kong	12.2%	Information Technology	6.5%
Top Glove	3.4%	Indonesia	4.3%	Materials	6.0%
Johnson Electric Hldgs	2.8%	India	6.2%	Health Care	5.4%
Nippon Electric Glass	2.6%	Korea	2.1%	Property	5.0%
First Ship Lease Trust	2.5%	Malaysia	7.6%	Energy	3.6%
Toyko Electron	2.4%	Philippines	2.2%	Consumer Staple	3.0%
Jasa Marga	2.3%	Singapore	8.0%	Telecoms	0.0%
Ping An Insurance Group	2.2%	Thailand	0.0%	Utilities	0.0%
Metro Pacific	2.2%	Taiwan	6.8%		
Samsung F & M Ins	2.1%			<b>Portfolio Concentration</b>	
Bharat Heavy Electricals	2.1%			Top Twenty	61.0%
Lafarge Cement	2.1%			"5 & 40 rule"	20.4%
Yuanta Financial Holdings	2.1%			Number of Holdings	38
HDFC	2.1%	% Invested	85.5%		
ITC	2.0%	Cash	8.6%		
Stanley Electric	2.0%	T-bills	5.9%		
Daiichi Sankyo	2.0%				

30th November 2009	1 month	3 month	6 month	1 year	3 years	5 years
Asian Focus Fund A \$	1.1%	6.9%	19.4%	67.5%	4.5%	44.0%
Asian Focus Fund B \$	1.1%	7.1%	19.7%	68.7%	6.5%	48.5%
Asian Focus Fund A £	1.3%	5.5%	16.0%	56.5%	25.0%	73.3%
Asian Focus Fund B £	1.4%	5.7%	16.4%	56.6%	27.0%	78.1%
Asian Focus Fund A €	-0.4%	1.8%	10.9%	52.5%	-9.5%	21.9%
Asian Focus Fund B €	-0.2%	2.0%	11.4%	54.5%	-8.5%	24.2%
MSCI Asia ex Japan	2.7%	11.2%	21.0%	81.2%	14.7%	85.5%
MSCI Japan	-1.0%	-5.2%	4.6%	14.0%	-26.7%	0.2%

*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%		56.6%



## 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 1.2%, lifting year to date return to 87.4%. Minth (+36%) and Want Want (+18%) topped the leader board while Top Glove, Ayala Land and China Taiping also turned in strong performances. Holcim gave back a decent chunk of recent gains which was to be expected, Mermaid was also weaker over the month as the market digested its recent rights issue. We expect profits to grow strongly next year. Recent purchases Metro Pacific (luffed into paying too much for Meralco) and Easterr & Oriental (property tax measure in budget unhelpful) generated disappointing returns. E&O reported decent 1H profits and we are hopeful of a recovery but Metro Pacific's parent, First Pacific, has some repair work to do with investors.

Compound Annual Growth Rate since Inception

<b>Class A\$ Share</b>	<b>15.2%</b>
<b>Class B\$ Share</b>	<b>16.1%</b>
11th Oct 2004 - 30th November 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 19.63	\$ 20.41
Sterling Class	£ 23.63	£ 24.45
Euro Class	€ 15.96	€ 16.68
Fund Size (million)	\$23.5	
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.

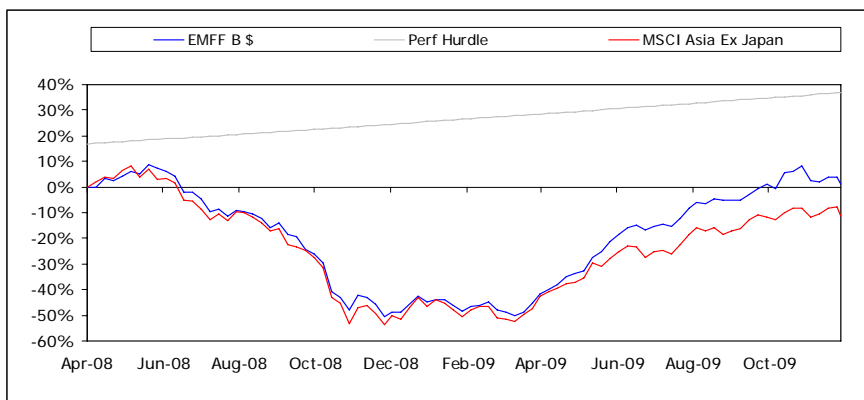
**Activity**  
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 125%.

**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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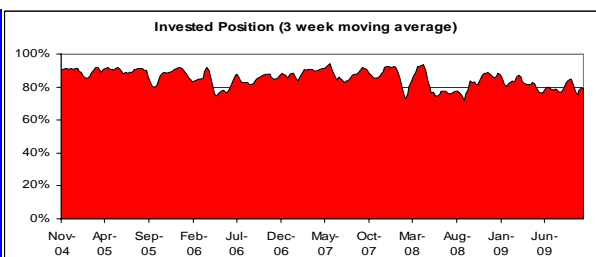
Top Twenty Holdings		Country Weights		Sector Weights	
China Taiping Insurance	8.7%	China	19.8%	Financials	23.3%
Mermaid Maritime Pcl	7.0%	Hong Kong	16.6%	Industrial	13.5%
Rexlot Holdings Ltd	6.3%	Indonesia	4.3%	Consumer Discretionary	13.0%
Minth Group	4.8%	India	6.3%	Energy	7.0%
Johnson Electric Holdings	3.5%	Korea	1.9%	Property	6.8%
Top Glove Corp	3.2%	Malaysia	7.2%	Materials	6.0%
Hong Kong Aircraft	3.1%	Philippines	4.1%	Consumer Staple	4.1%
Jardine Matheson	2.6%	Singapore	12.0%	Health Care	3.2%
First Ship Lease	2.5%	Thailand	0.0%	Information Technology	2.0%
Jasa Marga	2.4%	Taiwan	6.7%	Telecoms	0.0%
Ping An Insurance Group	2.3%			Utilities	0.0%
Metro Pacific	2.2%				
ITC Ltd	2.1%				
Lafarge Cement	2.1%				
HDFC	2.1%				
Bharat Heavy Electricals	2.1%				
Cheung Kong	2.0%	% Invested	78.7%		
Taiwan Fertilizer	2.0%				
Lenovo Group	2.0%	Cash	12.7%		
Want Want China Holdings	1.9%	T-bills	8.6%		

Portfolio Concentration	
Top Twenty	64.8%
"5 & 40 rule"	22.0%
Number of Holdings	29

	1 month	3 month	6 month	1 year	2 years	3 years
EM Focus Fund A \$	1.1%	9.1%	27.3%	100.9%	-8.3%	26.7%
EM Focus Fund B \$	1.2%	9.3%	27.7%	102.2%	-7.1%	29.5%
EM Focus Fund A £	1.4%	7.7%	23.8%	87.8%	9.8%	50.9%
EM Focus Fund B £	1.5%	7.8%	24.2%	88.9%	11.3%	54.0%
EM Focus Fund A €	-0.2%	4.0%	17.4%	82.0%	-21.6%	5.9%
EM Focus Fund B €	-0.2%	4.1%	18.7%	85.1%	-19.4%	9.5%
MSCI Asia ex Japan	2.7%	11.2%	21.0%	81.2%	-21.8%	14.7%
MSCI EMF Asia	3.1%	11.5%	21.8%	84.7%	-22.3%	14.3%

*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%		87.4%



## 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 0.6% in November, just outperforming the TOPIX fall of 0.8% in US Dollar terms. In local currency terms, the TOPIX declined 6.1%. In such a poor month for the Index in local currency terms, it is not surprising that defensive sectors generally fared relatively well. Utilities, railways, food and pharmaceuticals all outperformed, whilst global cyclical were amongst the worst performers. Oil and shipping stocks did particularly poorly. Amongst individual stocks, those companies announcing secondary equity issues suffered badly. Hitachi, NEC and T&D Holdings all fell almost 20% over the month whilst MUFG's second financing of the year weighed heavily on the banking sector.

The largest contributors to the Fund's relative performance were Nippon Electric Glass and Kuraray, both suppliers of components to the LCD industry. The feared oversupply in the industry has failed to materialise thanks to strong TV sales in China and the stocks have rallied after their late summer corrections. The Fund's more defensive holdings also contributed - East Japan Railway, Japan Tobacco and cable TV operator Jupiter Telecom all outperformed. With the Yen rising another 4% against the US\$, some of the exporters were amongst the Fund's worst performers, including Fuji Machine and SUMCO. Tsumura also fell sharply as the Government threatened to withdraw approval of its Chinese medicines under the State health insurance programme. We sold our position as this type of regulatory risk is very difficult to gauge.

In the economy the major trends remain intact. Production and trade are recovering, mainly thanks to exports to Asia. Meanwhile the domestic side of the economy remains weak, especially in nominal terms thanks to the severe deflationary forces at work. The appreciation of the Yen to a new 14 year high is very much a cause of the latter, reinforcing the manufacturing sector's tendency to export jobs overseas. How Japan reacts to this danger will be very important. If it prompts real policy change, involving quantitative easing and/or unsterilised foreign exchange intervention, the market reaction will be very positive. If all we see is more jawboning from the Government, it is difficult to foresee an end to Japan's underperformance. Yesterday's move by the Bank of Japan looks like a small step in the right direction.

Compound Annual Growth Rate since Inception	
<b>Class A\$ Share</b>	<b>-5.7%</b>
<b>Class B\$ Share</b>	<b>-5.2%</b>
3rd June 2005 - 30th November 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 7.69	\$ 7.88
Sterling Class	£ 6.42	£ 6.44
Euro Class	€ 6.13	€ 6.15
Fund Size (million)	\$6.9	
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%

(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 131%

**Distributor Status**  
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**Investment Manager (for enquiries)**  
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4th Floor, 52 Jermyn Street  
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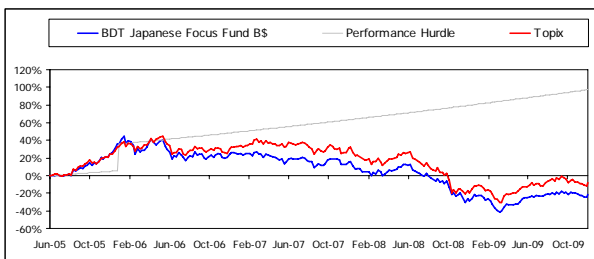
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Grand Canal Harbour  
Dublin 2 Telephone  
Ireland +353 (01) 635 6000

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

Top Twenty Holdings		Sector Weights	
Nippon Electric Glass	4.3%	Industrials	20.4%
Murata Manufacturing	4.1%	Consumer Discretionary	20.4%
Jupiter Telecommunications	4.0%	Information Technology	18.1%
Toyota Motor	4.0%	Financials	13.9%
Nikon	3.9%	Health Care	5.6%
East Japan Rail	3.5%	Materials	5.6%
Tokyo Electron	3.5%	Property	2.9%
Fast Retailing	3.4%	Consumer Staple	2.5%
SMC	3.2%	Utilities	0.0%
Shionogi	3.1%	Energy	0.0%
JSR	3.0%	Telecoms	0.0%
Nisssha Printing	3.0%	Liquidity	10.7%
Mitsubishi Estate	2.9%		
Stanley Electric	2.8%	Portfolio Concentration	
Kuraray	2.6%	Top Twenty	63.7%
Fuyo General Lease	2.6%	"5 & 40 rule"	0.0%
Japan Tobacco	2.5%	Number of Holdings	34
Daiichi Sankyo	2.5%		
Mitsubishi UFJ Financial Group	2.4%		
Fanuc	2.4%		

30th November 2009	1 month	3 month	6 month	1 year	2 years	3 years
Japan Focus Fund A \$	-0.8%	-2.8%	5.1%	5.3%	-32.6%	-37.8%
Japan Focus Fund B \$	-0.6%	-2.6%	5.3%	6.1%	-31.8%	-36.7%
Japan Focus Fund A £	-5.6%	-10.7%	-6.1%	-6.1%	-49.1%	-53.9%
Japan Focus Fund B £	-5.4%	-10.1%	-5.3%	-4.6%	-49.7%	-54.0%
Japan Focus Fund A €	-5.1%	-9.7%	-5.1%	-4.7%	-49.1%	-54.5%
Japan Focus Fund B €	-5.5%	-10.2%	-5.7%	-5.7%	-49.4%	-54.4%
Japan TPX	-0.8%	-5.6%	4.8%	11.3%	-29.9%	-29.4%
MSCI Japan	-1.0%	-5.2%	4.6%	14.0%	-28.3%	-26.7%

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%		-5.3%

## 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 9.6% in November, underperforming the 8.5% fall in the TSE 2nd Section Index and the 5.9% decline in the JASDAQ Index. The leading contributors to returns were electronics and technology stocks as demand trends in these areas remain firm. However some of the more foreign exchange sensitive stocks in the Fund retreated quite sharply as the Yen strengthened. The Fund remains more heavily weighted in the "global growth" sectors. The other area of weakness was in the holdings of finance and property stocks. These stocks tend to be high beta.

## Stock Highlights:

### Takata (2.9 % of NAV, TSE-1):

One of the world's leading manufacturers of automotive safety systems. Airbags (45.6% of total sales), seatbelts (29.8%) and child safety seats (14.6%) are its core products. Tighter safety regulations supports growth in developed countries whilst accelerating motorization drives growth in developing countries. A better than expected earnings recovery was reported in the second quarter to 9/09 after the unprecedented slump in 2008 and early '09. The share sells at a P/E of 17x for FY3/11.

### Fanci (2.5% of NAV, TSE-1):

One of the leading manufacturers of additive-free natural cosmetics (52.2% of total sales) and supplements (28.4%). The domestic market for natural cosmetics was growing steadily but it is now quite mature, as is the case with supplements. The company recently bought stakes in two Chinese sales agents in order to accelerate sales of natural cosmetics in the Chinese market. The share sells at a P/E of 21x for FY3/11.

### Furuya Metal (2.1% of NAV, JASDAQ):

The company extracts and recycles rare metals such as Iridium and Ruthenium that have been used in high-tech electronics equipment. A rapid recovery has been seen in the latest quarter after a significant downturn that bottomed in the Spring. Its plant utilization has now recovered to the previous peak level. The share sells at a P/E of 14x for FY6/11.

Compound Annual Growth Rate since Inception	
Class A \$ Share	-1.3%
Class B \$ Share	-0.8%
9th Feb 2004 - 30th November 2009	

	A Class	B Class
<b>Net Asset Value</b>		
Dollar Class	\$ 9.26	\$ 9.56
Sterling Class	£ 9.07	£ 9.28
Euro Class	€ 8.48	€ 8.65
Yen Class	JPY 756	JPY 779
Fund Size (million)	\$23.4	
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

	A Class	B Class
<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%

(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, 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

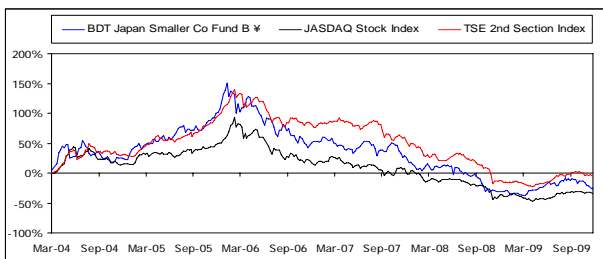
Top Twenty Holdings		Portfolio Emphasis		Sector Weights	
Disco	3.9%	Internet Services	1.0%	Industrial	25.0%
Funai Electric	3.5%	Discount Retailing	3.1%	Information Technology	22.1%
Nissha Printing	3.5%	Environmental care	5.7%	Consumer Discretionary	15.7%
Stanley Electric	3.3%	Finance	6.8%	Materials	13.8%
K' S Holdings	3.1%	Asset reflation	3.7%	Financials	7.7%
Shinko Electric Ind	3.0%	Demographic Change	0.0%	Consumer Staple	6.0%
Matsuda Sangyo	2.9%	Other	0.0%	Property	1.3%
Mabuchi Motor	2.9%	Domestic growth	20.3%	Energy	0.0%
Takata	2.9%	Climate change	6.7%	Health Care	0.0%
Daiseki	2.8%	Silicon Cycle	8.0%	Telecoms	0.0%
Koito Manufacturing	2.8%	Other Electronics	30.1%	Utilities	0.0%
Taiyo Ink	2.8%	Autos	13.1%		
THK	2.8%	Machinery	8.8%		
Toyo Tanso	2.7%	Others	4.5%		
Air Water	2.6%	Global growth	71.2%		
Fanci	2.5%				
Sumitomo Bakelite	2.5%	% Invested	91.5%		
Fuyo General Lease	2.4%	Cash	8.5%		
Nabtesco	2.3%	T-bills	0.0%		
Goldcrest	2.3%				

Portfolio Concentration	
Top Twenty	57.5%
"5 & 40 rule"	0.0%
Number of Holdings	40

30th November 2009	1 month	3 month	6 month	1 year	3 years	5 years
Japanese SC Fund A \$	-4.6%	-9.5%	5.5%	19.9%	-31.0%	-28.4%
Japanese SC Fund B \$	-4.6%	-9.4%	5.8%	20.6%	-29.7%	-26.4%
Japanese SC Fund A £	-9.0%	-16.6%	-5.4%	8.1%	-45.9%	-31.9%
Japanese SC Fund B £	-8.9%	-16.3%	-5.3%	8.4%	-45.4%	-30.5%
Japanese SC Fund A €	-9.1%	-16.3%	-5.1%	8.4%	-47.4%	-35.9%
Japanese SC Fund B €	-9.2%	-16.1%	-4.8%	8.7%	-46.7%	-34.2%
Japanese SC Fund A ¥	-9.7%	-17.0%	-5.8%	8.4%	-48.6%	-40.0%
Japanese SC Fund B ¥	-9.6%	-16.9%	-5.6%	8.9%	-47.8%	-38.4%
Japan TPX 2nd Section	-8.5%	-14.6%	-1.5%	2.1%	-51.3%	-32.7%
Japan JASDAQ	-5.9%	-9.4%	4.4%	2.6%	-45.8%	-45.4%

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%	4.5%	7.2%	11.4%	4.9%	5.0%	3.1%	-4.4%	-3.8%	-9.6%		7.5%

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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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