

BDT INVEST FUNDS PLC

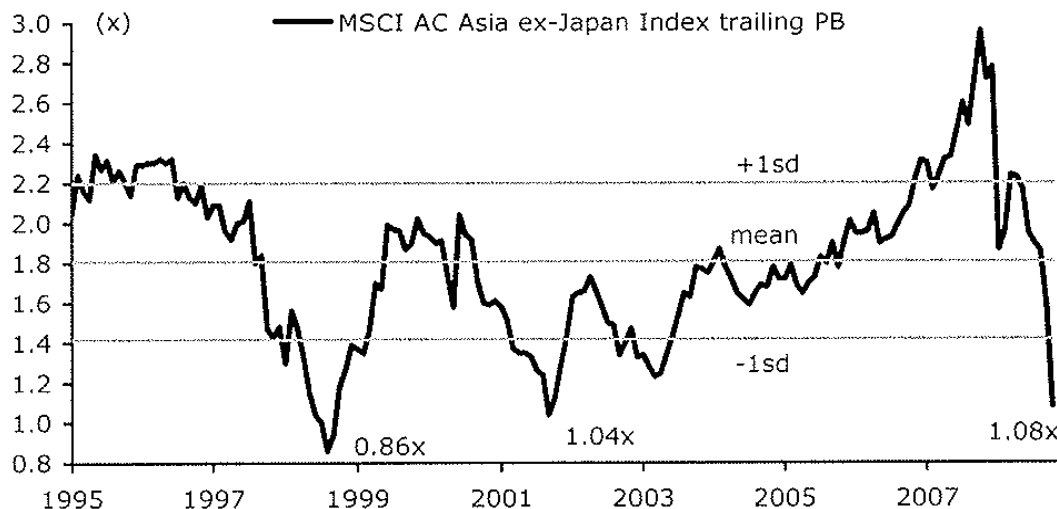
Newsletter

Month of October 2008



ASIA EX JAPAN PRICE TO BOOK - BACK TO THE LOWS

Figure 2
MSCI AC Asia ex-Japan Index trailing price-to-book



Note: Data up to 27 October 2008. Source: Bloomberg, CLSA Asia-Pacific Markets

VALUATION BY MARKET

Exhibit 6 - Regional Market Valuation Comparisons (Based On 27 Oct. Closing Prices)

| | P/E | | Div yield | ROE | P/BV | Net debt/equity |
|---------------|------|-------|-----------|-------|-------|-----------------|
| | 2007 | 2008E | 2008E | 2008E | 2008E | 2008E |
| | (x) | (x) | (%) | (x) | (x) | (%) |
| China | 7.0 | 6.7 | 6.3 | 17.3 | 1.1 | 22.2 |
| South Korea | 7.8 | 7.7 | 3.0 | 13.2 | 1.0 | 3.2 |
| India | 9.8 | 8.0 | 2.5 | 22.3 | 1.6 | 18.9 |
| Taiwan | 7.3 | 11.0 | 7.3 | 10.0 | 1.1 | 7.5 |
| Singapore | 8.1 | 8.6 | 6.3 | 11.5 | 1.0 | 43.7 |
| Malaysia | 10.3 | 8.7 | 5.5 | 16.1 | 1.3 | 37.4 |
| Thailand | 8.7 | 5.4 | 8.2 | 17.6 | 0.9 | 46.0 |
| Hong Kong | 7.9 | 9.1 | 6.8 | 10.4 | 0.9 | 17.8 |
| Indonesia | 7.9 | 7.0 | 5.8 | 24.8 | 1.6 | 13.5 |
| ASIA ex Japan | 7.8 | 7.4 | 5.5 | 15.8 | 1.1 | 19.8 |

Sources: Bloomberg; BNP Paribas estimates

Review

Meltdown - Mark II. The MSCI World Index fell 19.0% in US Dollar terms during October. The MSCI Japan Index fell 14.8% while the MSCI Asia ex Japan Index declined a whopping 24.1%.

The progress of the Korean equity and currency markets was remarkable although perhaps unsurprising since, as previously noted, Korea has the most leveraged banking system in the region and is highly geared to global trade. The US Dollar denominated MSCI Korea Index fell 44.5% in eighteen trading sessions before rebounding 33.1% in the last five to finish the month with a decline of 26.1%. Not bad for a market recently elevated to developed market status. Indonesia, down 39.6% over the month, went one better falling 47.6% before a limited recovery set in. This was in spite of the continued suspension of former market darling Bumi Resources (see below) which, for a nanosecond, was Indonesia's largest listed company earlier this year.

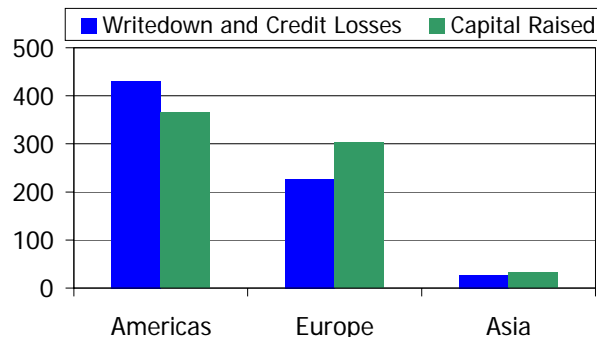
The US Dollar share classes of our four sub funds again suffered a difficult month. Please refer to the individual factsheets for performance details and commentaries.

Leopards and Spots

In recent months we have been at pains to point to the general lack of leverage across Asia. As with all generalisations one needs a couple of exceptions to prove the rule. Several have floated to the surface during the month. Unauthorised currency bets by CITIC Pacific cost the company an estimated US\$2bn. The market capitalisation of the Company, which peaked at near US\$15bn a year ago, dropped to US\$1bn at the low and only a parent with deep pockets is keeping this particular show on the road.

The swings in the balance sheet of PT Bakrie Brothers, where the net debt to equity ratio ballooned from 29% in March 2008 to 143% just three months later despite the company undertaking the biggest rights issue in Indonesian history during the quarter, offered a few clues of trouble ahead. The rights issue and concurrent massive increase in debt was to facilitate the purchase of stakes in three listed companies from the Bakrie family (Bumi was by far the largest). Within six months the company has been forced by its bankers to offload this 35% stake in Bumi Resources. This stake was worth US\$4.6bn in March, US\$6bn in June and today Bakrie are being dealt out at a mere US\$1.3bn. Fortunately the Company has been able to work out who is to blame - "the corporate action announced was to settle all outstanding debt ahead of schedule as a proactive management response to the irrational market conditions triggered by the US subprime crises which has affected the global economy leading to plunging stock markets accompanied by extremely tight liquidity". No doubt minority shareholders will be greatly relieved to learn of this proactive management response. According to Bloomberg the largest shareholder is the appropriately named Credit Suisse Long Haul.

There is no doubt that tight credit conditions and the sharp slow down in growth will produce more victims as regional economies slow. Certainly companies reliant upon short term debt, or revolving credit lines, face a difficult period ahead particularly if their lenders are international, rather than local, banking groups. Collectively, however, the region remains in good health at a corporate level as the table on page two illustrates.



Source Bloomberg, data from 3Q07 to 4Q08, US\$bn

Following the effective nationalisation of the banking system in the UK, Europe and America last month we append an updated chart of credit losses and capital raising by region. According to the Bloomberg data a total of approximately US\$250bn of capital was raised, or committed, last month in the Americas and Europe. Mitsubishi UFJ accounted for all of Asia's US\$10bn in capital rising during the month. Further capital raising in Japan looks likely following the damage to capital ratios inflicted by the decline in the equity market and we suspect many Korean financials will need an injection in due course. The chart, however, continues to highlight where the real credit problems lie - the west.

Forced Selling

Evidence of forced selling across regional markets became increasingly widespread during October and individual stocks recorded quite extraordinary declines. A whiff of leverage, hint of maritime activity or small cap status was sufficient to warrant immediate execution. In the latter example, of course, this becomes a self fulfilling prophecy. With large hedge funds continuing to suspend withdrawals on a daily basis it is far too early to suggest that the current process of deleveraging has run its course. We can only hope that process of liquidating equities (a ready source of cash in comparison to most other assets owned) is reasonably advanced. So we expect to continue to operate in an environment of forced sellers and scare stories interspersed with short, sharp rallies. We aim to avoid the landmines and take advantage of the inevitable mispricing of assets that is occurring. There appears to be many an investor who can neither distinguish between an AHTS and a Capesize, nor a casino and a lottery nor indeed the merits of long term financing compared to short term debt. During the last week of October we increased the invested positions of all the sub funds.

Outlook

The western world is in recession and Asia's smaller, "satellite" economies are slowing rapidly. The key is China - will fiscal and monetary stimulation prove sufficient to offset the impact of faltering growth? It has not paid to underestimate the ability of the authorities during past slowdowns but there is little doubt that growth will slow rapidly in 2009. What is highly probable is that valuations around the region recently bounced off rock bottom levels (see charts on page 2).

BDT Invest LLP
5th November 2008

Asian Focus Fund

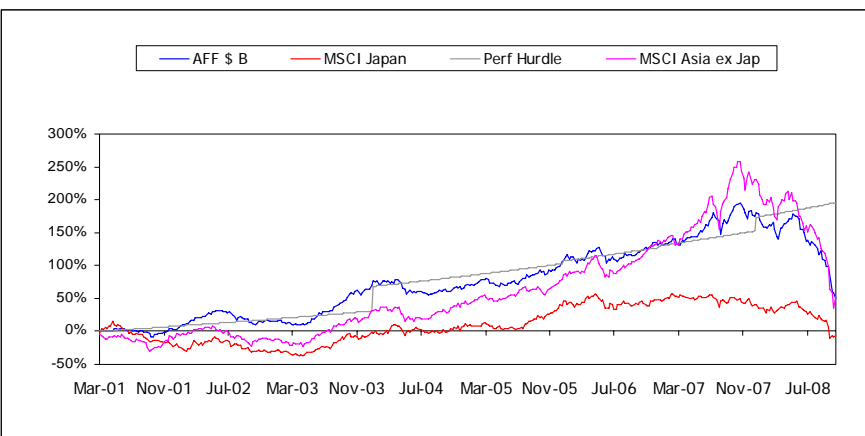


Investment Objective

The BDT Invest Asian Focus Fund aims to achieve absolute returns. The Fund is not managed against, nor constrained by, any index; comparisons are for illustrative purposes only. Equity investments will be made in Japanese, Asian and other Emerging Markets. Monies not invested in equities will generally be held in short term fixed interest securities. US Dollar, Sterling and Euro denominated share classes are available. Since early 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

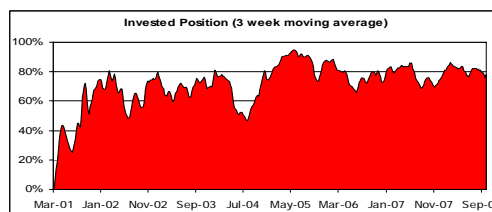
The Net Asset Value of the US Dollar B shares declined by 15.3% last month. It is of little comfort that this was significantly better than the 24.1% fall in the MSCI Asia ex Japan Index (although slightly behind the MSCI Japan Index fall of 14.8%). Anything of a smaller cap persuasion continued to face aggressive forced selling, but even among the larger stocks there were few places to hide. A ray of hope came from China Insurance, buoyed by some takeover related speculation. We have added to a number of existing holdings late in the month as well as taking a new position in Keppel Corp in Singapore and repurchased Petrochina 35% lower than our sale of just a month ago. Liquidity is now below 20%.



| Top Twenty Holdings | | Country Weights | | Sector Weights | |
|-------------------------------------|------|-----------------|-------|-------------------------|-------|
| China Insurance International Hldgs | 9.7% | Japan | 32.2% | Financials | 34.1% |
| NTT Docomo | 4.2% | China | 18.3% | Industrial | 11.8% |
| Takeda Pharmaceutical | 3.9% | Hong Kong | 3.8% | Information Technology | 9.0% |
| Siam Commercial Bank | 3.1% | Indonesia | 0.0% | Health Care | 7.0% |
| Top Glove Corp | 3.1% | India | 4.3% | Consumer Discretionary | 5.0% |
| Fanuc Ltd | 3.1% | Korea | 0.0% | Telecoms | 4.2% |
| Mitsubishi UFJ Financial Group | 3.0% | Malaysia | 5.5% | Property | 3.4% |
| East Japan Railway | 2.8% | Philippines | 0.0% | Energy | 2.9% |
| Nintendo | 2.5% | Singapore | 5.4% | Materials | 2.3% |
| Stanley Electric | 2.4% | Thailand | 4.6% | Utilities | 1.6% |
| Lafarge Malayan Cement | 2.3% | Taiwan | 8.8% | Consumer Staple | 1.6% |
| Cheung Kong Hldgs | 2.3% | | | | |
| Taiwan Semiconductor Manufacturing | 2.3% | | | | |
| Ping An Insurance Group | 2.3% | | | | |
| Housing Development Finance Corp | 2.2% | | | | |
| Bharat Heavy Electricals | 2.1% | | | | |
| Keppel Corp | 2.0% | | | | |
| ORIX Corp | 2.0% | | | | |
| Petrochina Co Ltd | 2.0% | | | | |
| First Financial Hldgs Co Ltd | 2.0% | | | | |
| | | % Invested | 82.8% | | |
| | | Cash | 10.7% | | |
| | | T-bills | 6.5% | | |
| | | | | Portfolio Concentration | |
| | | | | Top Twenty | 59.1% |
| | | | | "5 & 40 rule" | 9.7% |
| | | | | Number of Holdings | 38 |

| 31st October 2008 | 1 month | 3 month | 6 month | 1 year | 3 years | 5 years |
|-----------------------|---------|---------|---------|--------|---------|---------|
| Asian Focus Fund A \$ | -15.4% | -31.2% | -40.1% | -46.2% | -15.4% | -3.1% |
| Asian Focus Fund B \$ | -15.3% | -31.2% | -39.9% | -45.9% | -13.8% | -0.1% |
| Asian Focus Fund A £ | -5.9% | -16.0% | -27.1% | -34.3% | 1.9% | 20.6% |
| Asian Focus Fund B £ | -5.8% | -15.5% | -26.5% | -33.6% | 4.1% | 24.8% |
| Asian Focus Fund A € | -17.8% | -33.6% | -41.8% | -48.0% | -21.2% | -10.6% |
| Asian Focus Fund B € | -17.8% | -33.6% | -41.8% | -47.8% | -21.0% | -9.2% |
| MSCI Asia ex Japan | -24.1% | -41.0% | -50.2% | -58.0% | -1.9% | 29.7% |
| MSCI Japan | -14.8% | -27.3% | -33.0% | -37.5% | -23.6% | 1.7% |

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 |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|--------|
| 2001 | | | 0.1% | 3.1% | 0.9% | -1.8% | -2.6% | -1.0% | -4.7% | 4.2% | 5.4% | 2.3% | 5.6% |
| 2002 | 6.4% | 5.3% | 3.4% | 3.8% | 4.3% | -3.5% | -4.5% | -1.2% | -5.0% | -0.3% | 2.6% | -3.1% | 7.6% |
| 2003 | 0.7% | -1.3% | -3.6% | 1.5% | 7.4% | 6.1% | 4.4% | 7.2% | 6.3% | 8.0% | -1.9% | 6.1% | 48.1% |
| 2004 | 2.4% | 2.3% | -0.2% | -5.9% | -1.7% | -0.7% | -2.4% | 0.4% | 2.1% | -1.0% | 4.8% | 2.0% | 1.7% |
| 2005 | 0.9% | 4.0% | -4.1% | -2.4% | 1.8% | 1.2% | 3.9% | 1.4% | 5.4% | -2.7% | 3.9% | 6.4% | 21.0% |
| 2006 | 3.4% | -1.6% | 3.6% | 1.9% | -4.7% | 0.7% | -0.2% | 2.0% | 0.4% | 2.9% | 4.4% | 0.2% | 13.2% |
| 2007 | -0.9% | 1.7% | 0.1% | 2.7% | 2.9% | 4.5% | 5.7% | -2.6% | 5.9% | 4.7% | -5.4% | 0.4% | 20.9% |
| 2008 | -9.9% | 4.4% | -4.1% | 5.1% | 2.1% | -9.2% | -5.8% | -5.0% | -14.4% | -15.3% | | | -43.0% |

| Compound Annual Growth Rate since Inception | |
|---|------|
| Class A \$ Share | 5.9% |
| Class B \$ Share | 6.4% |
| 5th March 2001 - 31st October 2008 | |

| Net Asset Value | A class | B Class |
|---------------------|----------|----------|
| Dollar Class | \$ 14.79 | \$ 15.35 |
| Sterling Class | £ 16.09 | £ 16.93 |
| Euro Class | € 11.88 | € 11.86 |
| Fund Size (million) | \$74.6 | |
| Historic Yield | 1.7% | 1.6% |

| Dealing | Daily |
|-----------------------|-----------------------|
| 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 116%.

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

Investment Manager (for enquiries)
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Administrator (for dealing and admin)
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Grand Canal Harbour
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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

Oriental Focus Fund

previously the Emerging Markets Focus Fund

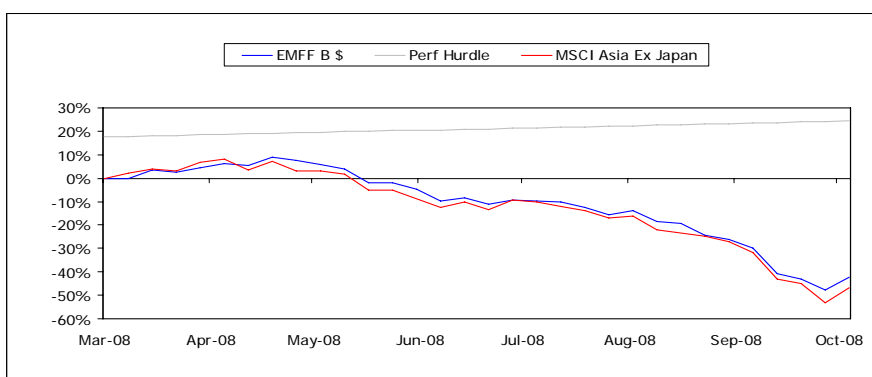


Investment Objective

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 early 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

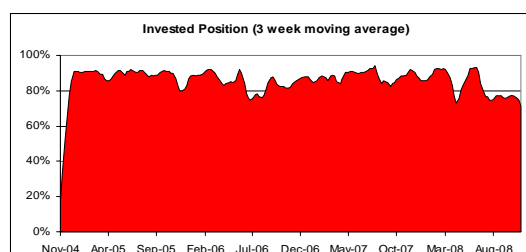
The Net Asset Value of the US Dollar B shares declined by 18.8% in what turned out to be a shocking month for the region with the MSCI Asia ex Japan down 24.1%. There were few places to hide. Some of our smaller caps continued to face aggressive forced selling and remained at the bottom of the return table but larger stocks were also hit hard. We managed to avoid much of the Won related swings, selling Samsung Fire & Marine and Samsung Electronics early in the month, and have had no exposure to Indonesia. China Insurance was a rare gainer, buoyed by some takeover speculation. Toward month end we felt valuations were getting extreme even among some of Asia's bluest chips and took the opportunity to add Swire Pacific, Hang Seng Bank, Keppel Corp and repurchase Petrochina. The liquidity position has declined to around 20%.



| Top Twenty Holdings | | Country Weights | | Sector Weights | |
|-------------------------------------|-------|-----------------|-------|-------------------------|-------|
| China Insurance International Hldgs | 14.8% | China | 24.7% | Financials | 40.9% |
| Top Glove Corp | 5.0% | Hong Kong | 11.6% | Consumer Discretionary | 10.8% |
| Housing Development Finance Corp | 3.2% | Indonesia | 0.0% | Industrial | 5.8% |
| First Ship Lease Trust Unit | 3.0% | India | 7.5% | Health Care | 5.0% |
| Siam Commercial Bank | 2.8% | Korea | 1.5% | Energy | 4.3% |
| Somboon Advance Technology | 2.7% | Malaysia | 7.5% | Property | 4.1% |
| Cheung Kong Hldgs | 2.6% | Philippines | 0.0% | Information Technology | 3.4% |
| Lafarge Malayan Cement | 2.5% | Singapore | 9.1% | Materials | 2.5% |
| Thai Military Bank | 2.4% | Thailand | 9.6% | Utilities | 1.7% |
| NagaCorp | 2.4% | Taiwan | 8.0% | Consumer Staple | 1.0% |
| Taiwan Semiconductor Manufacturing | 2.4% | | | Telecoms | 0.0% |
| Swire Pacific Ltd | 2.3% | | | | |
| Educomp Solutions Ltd | 2.3% | | | | |
| Rexcapital Financial Hldgs | 2.2% | | | | |
| Ping An Insurance Group | 2.2% | | | | |
| First Financial Hldgs Co Ltd | 2.1% | | | | |
| Hang Seng Bank | 2.1% | | | | |
| Keppel Corp | 2.0% | | | | |
| Bharat Heavy Electricals | 2.0% | | | | |
| Minth Group Ltd | 1.9% | | | | |
| | | % Invested | 79.5% | | |
| | | Cash | 1.6% | | |
| | | T-Bill | 18.9% | | |
| | | | | Portfolio Concentration | |
| | | | | Top Twenty | 63.0% |
| | | | | "5 & 40 rule" | 19.9% |
| | | | | Number of Holdings | 31 |

| 31st October 2008 | 1 month | 3 month | 6 month | 1 year | 2 years | 3 years |
|--------------------|---------|---------|---------|--------|---------|---------|
| EM Focus Fund A \$ | -18.9% | -36.2% | -45.0% | -51.6% | -23.1% | 1.0% |
| EM Focus Fund B \$ | -18.8% | -36.1% | -44.8% | -51.3% | -21.9% | 3.3% |
| EM Focus Fund A £ | -9.7% | -22.1% | -33.1% | -41.0% | -7.0% | 21.2% |
| EM Focus Fund B £ | -9.7% | -22.0% | -32.9% | -40.7% | -5.8% | 23.4% |
| EM Focus Fund A € | -22.1% | -39.2% | -47.3% | -54.0% | -28.6% | -8.2% |
| EM Focus Fund B € | -21.6% | -39.0% | -47.1% | -53.5% | -27.8% | -6.7% |
| MSCI Asia ex Japan | -24.1% | -41.0% | -50.2% | -58.0% | -27.5% | -1.9% |
| MSCI EMF Asia | -24.1% | -41.1% | -51.0% | -59.0% | -28.0% | -0.6% |

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 | | | | 5.3% | 1.2% | -10.5% | -4.6% | -4.8% | -17.4% | -18.8% | | | -41.9% |

* from 1st April

| Compound Annual Growth Rate since Inception | |
|---|------|
| Class A \$ Share | 3.7% |
| Class B \$ Share | 4.5% |
| 11th Oct 2004 - 31st October 2008 | |

| Net Asset Value | A class | B Class |
|---------------------|----------|----------|
| Dollar Class | \$ 11.18 | \$ 11.54 |
| Sterling Class | £ 13.67 | £ 14.04 |
| Euro Class | € 10.11 | € 10.36 |
| Fund Size (million) | \$10.2 | |
| Historic Yield | 0.0% | 0.0% |

| Dealing | Daily | |
|-----------------------|---------------------|-------------|
| 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 119%.

Distributor Status
The Fund has received distributing fund status for the year ended Dec 31, 2007
Investment Manager (for enquiries)
BDT Invest LLP
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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



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 13.1% in October, slightly bettering the TOPIX decline of 13.8% in US Dollar terms. In local currency terms, the TOPIX fell 20.3%. The turmoil on global financial markets once again took its toll on the Japanese market in October with indiscriminate selling driving prices down sharply. Towards the end of the month this appeared to abate and at the time of writing the TOPIX has rallied 34% from its late October low. Cyclical again lead the declines but were joined by bank shares as the fall in stock prices hit their capital ratios.

Our exposure to companies whose earnings can be characterised as defensive - utilities, drugs and tobacco - helped to protect the Fund in these volatile market conditions but the holdings in the financial sector suffered badly. The decline in the TOPIX through the 2003 bear market low brought the prospect of increased writedowns on equity holdings at the banks. Mitsubishi UFJ announced a capital raising as a result and other banks are expected to follow.

The last week of October saw the interim earnings season begin in earnest. Most non-financial companies have now reported profits for the half year to September and aggregate pre-tax profits are down 21% on last year. Full year profits are now expected to fall 23%, versus original expectations of a 6% decline. Undoubtedly the main culprit for the deterioration is the strength in the Yen but there has also been a clear downturn in demand, especially from Europe. Japan's close trading ties with the rest of Asia, as well as Prime Minister Aso's fiscal stimulus programme, will mitigate the weakness but until there is an upturn in the world trade cycle the prospects for an improvement in corporate earnings are remote.

Nevertheless the acceleration in the market's decline brought valuations down to levels unseen in the modern era and we decided to reduce the level of liquidity in the Fund. The Fund's cash position is below 10% for the first time since early February.

| | |
|---|--------------|
| Compound Annual Growth Rate since Inception | |
| Class A\$ Share | -7.3% |
| Class B\$ Share | -6.8% |
| 3rd June 2005 - 31st October 2008 | |

| Net Asset Value | A class | B Class |
|---------------------|---------|---------|
| Dollar Class | \$ 7.72 | \$ 7.86 |
| Sterling Class | £ 7.40 | £ 7.14 |
| Euro Class | € 6.87 | € 6.96 |
| Fund Size (million) | \$6.5 | |
| Historic Yield | 0.0% | 0.0% |

| Dealing | Daily |
|-----------------------|-----------------------|
| 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) | 2.27% | 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 141%

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

Investment Manager (for enquiries)
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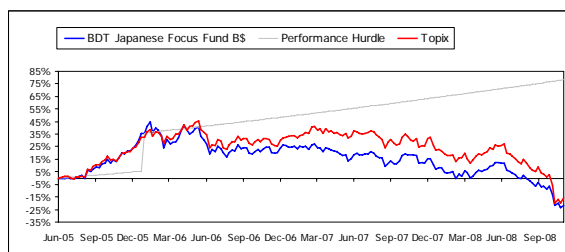
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Grand Canal Harbour
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Ireland +353 (01) 635 6000

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

| Top Twenty Holdings | | Sector Weights | |
|--------------------------------|------|-------------------------|-------|
| NTT Docomo | 6.9% | Financials | 31.9% |
| East Japan Railway | 6.2% | Industrials | 15.1% |
| Takeda Pharmaceutical | 6.1% | Information Technology | 11.8% |
| Japan Tobacco | 6.1% | Consumer Discretionary | 7.0% |
| Sony Financial Holdings | 5.6% | Telecoms | 6.9% |
| ORIX Corp | 4.4% | Health Care | 6.1% |
| Mitsubishi UFJ Financial Group | 4.2% | Consumer Staple | 6.1% |
| Fanuc | 4.0% | Property | 4.0% |
| Nintendo | 3.1% | Materials | 2.3% |
| Stanley Electric | 3.1% | Energy | 0.0% |
| Chuo Mitsui Trust Hldgs | 3.1% | Utilities | 0.0% |
| TDK Corp | 3.1% | Liquidity | 8.9% |
| Mitsubishi UFJ Lease & Finance | 2.9% | Portfolio Concentration | |
| Toyota Motor Corp | 2.8% | Top Twenty | 76.6% |
| Mitsubishi Estate | 2.8% | "5 & 40 rule" | 30.9% |
| T&D Hldgs | 2.8% | Number of Holdings | 30 |
| Nidec Corp | 2.5% | | |
| Mizuho Financial Group | 2.4% | | |
| Kuraray | 2.3% | | |
| Nomura Hldgs | 2.3% | | |

| 30th September 2008 | 1 month | 3 month | 6 month | 1 year | 2 years | 3 years |
|-----------------------|---------|---------|---------|--------|---------|---------|
| Japan Focus Fund A \$ | -13.2% | -22.5% | -28.0% | -34.5% | -37.1% | -33.4% |
| Japan Focus Fund B \$ | -13.1% | -22.4% | -27.8% | -34.1% | -36.4% | -32.2% |
| Japan Focus Fund A £ | -22.9% | -33.0% | -34.6% | -45.5% | -47.0% | -40.6% |
| Japan Focus Fund B £ | -26.9% | -36.5% | -38.0% | -48.1% | -49.1% | -42.8% |
| Japan Focus Fund A € | -24.5% | -34.5% | -36.2% | -47.0% | -49.2% | -44.0% |
| Japan Focus Fund B € | -24.5% | -34.4% | -36.1% | -46.7% | -48.7% | -43.5% |
| Japan TPX | -13.8% | -25.8% | -31.5% | -36.4% | -34.9% | -27.4% |
| MSCI Japan | -14.8% | -27.3% | -33.0% | -37.5% | -34.5% | -23.6% |

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% | | | -28.2% |

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 fell 12.3% in October, outperforming both the 16.1% decline in the TSE 2nd Section Index and the 16.2% fall in the JASDAQ Index. The Fund's holdings in the healthcare sector performed relatively well in October and contributed to the outperformance of the indices, as did the high level of liquidity. In common with our other Funds, this liquidity has now been substantially reduced as we took advantage of the market weakness to accumulate some very attractively priced investments.

Stock Highlights

Unicharm Petcare (4.1 % of NAV, TSE-1):

A specialist manufacturer of pet-foods and other pet-accessories. The percentage of pet-owners is 25% of total households but this number rises to almost 70% amongst the retired. This section of the population will more than double over the next two decades given the ageing population. The company's pet-food has been developed with keeping pets healthy in mind. The positive market outlook and its excellent product range should lead to sustained growth. The share sells at a P/E of 26x for FY3/'10.

Santen Pharmaceutical (3.3% of NAV, TSE-1):

The largest manufacturer of ophthalmic medicines for eye specialists. It's antibacterial eye solutions "Tarivid" and "Cavit" support steady growth while other drugs meet the increasing demand from elderly patients suffering from dry eye and glaucoma. Overseas sales (14.3% of total sales) are growing fast although the recent purchase of the Asian rights for a retina detachment medicine will cause a 22% decline in net profit this year. Longer term, however, the ageing population in developed countries should ensure sustainable growth. The share sells at a P/E of 16x for FY3/'10.

Shimamura (3.1% of NAV, TSE-1):

A leading retailer of casual and business clothing targeting the low-end of the market. It runs 1,450 stores across Japan and 28 stores in Taiwan. Its focus on the value end of the market means that it is less sensitive to economic conditions. Four new store formats have been launched over the last several years and these have contributed to top line growth. All goods are fabricated in Asia, so the stronger Yen and lower raw material prices will help margins in the second half to 2/'09. The share sells at a P/E of 12x for FY2/'10.

| | |
|---|-------|
| Compound Annual Growth Rate since Inception | |
| Class A\$ Share | -5.3% |
| Class B\$ Share | -4.7% |
| 9th Feb 2004 - 31st October 2008 | |

| | A class | B Class |
|------------------------|---------|---------|
| Net Asset Value | | |
| Dollar Class | \$ 7.74 | \$ 7.95 |
| Sterling Class | £ 8.44 | £ 8.63 |
| Euro Class | € 7.92 | € 8.02 |
| Yen Class | JPY 711 | JPY 729 |
| Fund Size (million) | \$14.5 | |
| Historic Yield | 0.0% | 0.0% |

| | Daily |
|-----------------------|-----------------------|
| 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 |

| | A class | B Class |
|------------------------|---------|---------|
| 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 188%.

Distributor Status

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

Investment Manager (for enquiries)

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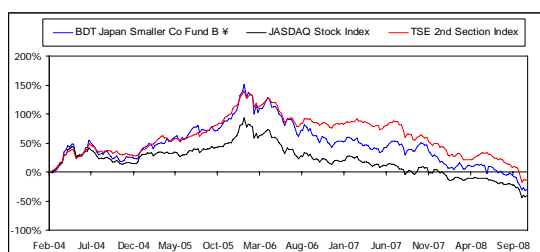
Regulatory Status

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| Top Twenty Holdings | | Portfolio Emphasis | | Sector Weights | |
|--------------------------|------|-----------------------|-------|------------------------|-------|
| Hogy Medical | 5.4% | Internet Services | 4.9% | Health Care | 22.3% |
| So-Net M3 | 5.2% | Discount Retailing | 16.4% | Consumer Staple | 13.4% |
| Tsumura & Co | 5.0% | Corporate Outsourcing | 6.2% | Industrial | 13.3% |
| Sugi Holdings | 4.7% | Lifestyle Change | 6.9% | Consumer Discretionary | 8.8% |
| Kobayashi Pharmaceutical | 4.6% | Recycling | 4.1% | Information Technology | 4.4% |
| Daiseki | 4.4% | Demographic Change | 13.1% | Financials | 3.3% |
| Unicharm Petcare Corp | 4.1% | Other | 8.5% | Materials | 0.9% |
| Moshi Moshi Hotline | 3.8% | Domestic growth | 60.1% | Property | 0.6% |
| Message | 3.3% | Climate change | 3.8% | Energy | 0.0% |
| Santen Pharmaceutical | 3.3% | Silicon Cycle | 0.8% | Telecoms | 0.0% |
| Shimamura | 3.2% | Other Electronics | 1.0% | Utilities | 0.0% |
| NPC | 3.1% | Others | 1.4% | | |
| Works Applications | 3.1% | Global growth | 7.0% | | |
| ABC-Mart | 3.0% | | | | |
| Fuyo General Lease | 1.5% | | | | |
| Komeri | 1.5% | | | | |
| Plenus | 1.2% | % Invested | 67.1% | | |
| Aeon Credit Service | 1.0% | Cash | 6.2% | | |
| Ricoh Leasing | 0.9% | T-bills | 26.7% | | |
| Daibiru Corp | 0.6% | | | | |

| 31st October 2008 | 1 month | 3 month | 6 month | 1 year | 2 years | 3 years |
|-----------------------|---------|---------|---------|--------|---------|---------|
| Japanese SC Fund A \$ | -5.3% | -21.7% | -31.4% | -44.4% | -45.9% | -54.3% |
| Japanese SC Fund B \$ | -5.1% | -21.5% | -31.2% | -43.8% | -45.1% | -53.3% |
| Japanese SC Fund A £ | -13.4% | -30.6% | -36.1% | -52.4% | -53.2% | -57.9% |
| Japanese SC Fund B £ | -13.3% | -30.5% | -35.9% | -52.3% | -52.7% | -57.3% |
| Japanese SC Fund A € | -13.7% | -30.6% | -36.3% | -52.9% | -54.4% | -59.6% |
| Japanese SC Fund B € | -13.2% | -30.6% | -36.2% | -52.2% | -53.8% | -58.8% |
| Japanese SC Fund A ¥ | -12.3% | -29.7% | -36.1% | -52.9% | -55.2% | -61.3% |
| Japanese SC Fund B ¥ | -12.3% | -29.6% | -35.9% | -52.7% | -54.7% | -60.7% |
| Japan TPX 2nd Section | -16.1% | -28.8% | -31.8% | -46.1% | -52.8% | -54.0% |
| Japan JASDAQ | -16.2% | -26.5% | -31.5% | -44.4% | -50.4% | -58.4% |

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 |
|----------------------|-------|-------|-------|-------|--------|-------|--------|-------|--------|--------|--------|-------|--------|
| 2004 | | 0.1% | 25.1% | 18.3% | -13.5% | 18.4% | -12.3% | 1.7% | -8.4% | -4.3% | 6.6% | 4.9% | 32.7% |
| 2005 | 11.7% | 0.2% | 0.4% | 6.1% | 1.5% | 5.2% | 7.8% | -4.5% | -0.5% | 7.6% | 6.8% | 18.6% | 77.0% |
| 2006 | 1.4% | -9.2% | 5.1% | -5.3% | -11.4% | 1.0% | -12.1% | 2.9% | -5.0% | -2.7% | -7.3% | 4.2% | -33.7% |
| 2007 | 2.2% | -3.1% | -3.0% | -4.1% | -0.1% | 7.0% | -0.3% | -7.3% | 3.2% | 5.2% | -14.5% | -8.1% | -22.3% |
| 2008 | -8.4% | 7.3% | -6.2% | 2.0% | 0.3% | -4.4% | -5.0% | -2.8% | -17.5% | -12.3% | | | -39.7% |

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

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