

Investment Objective

The BDT Invest Japanese Focus Fund invests in Japanese equities. The Fund is not managed against, nor constrained by, any index. The Fund is "long only" and carries market risk. The fee structure, however, is designed to reward the investment manager for achieving absolute returns. Monies not invested in equities will generally be held in short term US Dollar or local currency accounts. 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 6.5% in August, underperforming the TOPIX decline of 2.2% in US Dollar terms. In local currency terms, the TOPIX fell by 5.3%. There was a clear move away from companies dependent on overseas demand in favour of companies with stable domestic revenue streams. Utilities, foods and railways were all amongst the best performing sectors, technology sectors amongst the worst. This sectoral pattern accounted for the underperformance of the Fund relative to the Index. We have long believed the prospects for domestic growth to be anaemic and feel that the best investment opportunities in Japan lie amongst its internationally competitive world leading companies. However concern over a return to global recession and the strength of the Yen has caused the market to doubt the sustainability of earnings in these companies. As a result more than half a dozen stocks in the portfolio trade on a single digit multiple of this year's earnings forecasts. If earnings do not collapse in the second half of the fiscal year, growth has never been priced so cheaply in Japan.

After an encouraging first quarter earnings season it was disappointing to see the TOPIX Index end August at a new low for the year. The Yen and anxiety over global growth were factors, but a new bout of political uncertainty and policy paralysis in Japan has contributed to the market's loss of confidence. A contest is on for the role of Prime Minister. The incumbent Mr. Kan refused to offer leading power broker Ichiro Ozawa a role in his Government. The latter retaliated by deciding to challenge for the leadership of the Party (and therefore the position of Prime Minister) in Party elections due to take place in mid September. With the backing of his own faction in addition to that of former Prime Minister Hatoyama's, Ozawa has a powerful support base and it is very possible that Japan will have its fourth Prime Minister in 13 months. This is important because the market desperately wants to see signs that the Government has a plan. Although he is very unpopular with the public, the market may take encouragement from the more decisive leadership style that would follow an Ozawa victory. He is in favour of fiscal stimulus and direct intervention in the FX market. With a budget deficit running at 11% of GDP, room for manoeuvre on the former is limited but action on the latter could change market sentiment quite dramatically.

Compound Annual Growth Rate since Inception	
Class A\$ Share	-6.0%
Class B\$ Share	-5.5%
3rd June 2005 - 31st August 2010	

	A Class		B Class	
Net Asset Value				
Dollar Class	\$	7.21	\$	7.42
Sterling Class	£	5.86	£	5.88
Euro Class	€	5.57	€	5.61
Fund Size (million)			\$6.6	
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 (1H 10)	3.57% 2.97%
<i>(excluding performance fee and entry/exit charges)</i>	

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

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

Activity
Activity is not "targeted" and will depend upon market conditions. Since launch turnover (an average of purchases and sales divided by the fund size and expressed as an annualised percentage) has been 129%

Distributor Status
The Fund has received distributing fund status for the year ended Dec 31, 2009

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

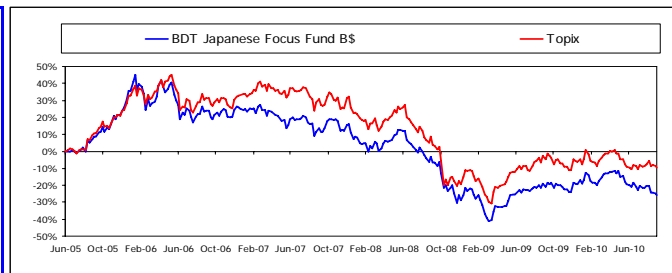
Administrator (for dealing and admin)
HSBC Securities Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2 Telephone
Ireland +353 (01) 635 6000

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

Top Twenty Holdings		Sector Weights	
Murata Manufacturing	5.3%	Financials	22.7%
Toyota Motor	5.1%	Consumer Discretionary	18.7%
Shionogi	4.2%	Information Technology	15.3%
Sumitomo Mitsui Financial	4.0%	Industrials	13.4%
Mitsubishi UFJ Financial Group	3.9%	Property	5.4%
Stanley Electric	3.9%	Materials	5.0%
Aisin Seiki	3.9%	Health Care	4.2%
Mitsubishi UFJ Lease & Finance	3.7%	Consumer Staple	0.0%
SMC	3.7%	Utilities	0.0%
THK	3.7%	Energy	0.0%
Fuji Machine	3.6%	Telecoms	0.0%
Nippon Electric Glass	3.4%	Liquidity	15.4%
Tokyo Electron	3.2%	Portfolio Concentration	
Fuyo General Lease	3.2%	Top Twenty	69.4%
Goldcrest	3.1%	"5 & 40 rule"	10.4%
Honda Motor	2.5%	Number of Holdings	30
Fanuc	2.4%		
Mitsubishi Estate	2.3%		
Suruga Bank	2.2%		
Horiba	2.1%		

31st August 2010	1 month	3 month	6 month	1 year	2 years	3 years
Japan Focus Fund A \$	-6.6%	-7.9%	-10.4%	-8.8%	-24.2%	-35.8%
Japan Focus Fund B \$	-6.5%	-7.8%	-10.1%	-8.3%	-23.3%	-34.7%
Japan Focus Fund A £	-9.0%	-15.3%	-16.2%	-18.5%	-45.2%	-54.8%
Japan Focus Fund B £	-9.0%	-15.2%	-15.9%	-17.9%	-46.0%	-55.2%
Japan Focus Fund A €	-9.0%	-15.2%	-16.1%	-17.9%	-45.0%	-55.2%
Japan Focus Fund B €	-9.3%	-15.4%	-16.1%	-18.1%	-45.3%	-55.2%
Japan TPX	-2.2%	-0.7%	-4.6%	-7.5%	-17.2%	-31.0%
MSCI Japan	-2.3%	-0.8%	-4.5%	-5.9%	-15.5%	

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
2006	2.9%	-5.8%	5.1%	-1.4%	-7.0%	-1.1%	-2.2%	1.0%	-2.2%	1.9%	0.6%	0.0%	-8.5%
2007	-0.5%	1.3%	-1.8%	-3.2%	-1.3%	1.2%	-0.8%	-3.9%	4.0%	0.9%	-3.1%	-5.2%	-11.3%
2008	-4.1%	0.9%	-1.9%	4.8%	2.8%	-6.5%	-3.3%	-4.4%	-6.5%	-13.1%	-5.4%	5.9%	-28.1%
2009	-6.1%	-17.4%	3.8%	7.4%	9.8%	4.9%	0.1%	2.4%	0.4%	-2.3%	-0.6%	3.0%	3.2%
2010	1.8%	-0.2%	6.5%	0.7%	-9.1%	-3.3%	2.1%	-6.5%					-8.6%