

Japanese Focus Fund



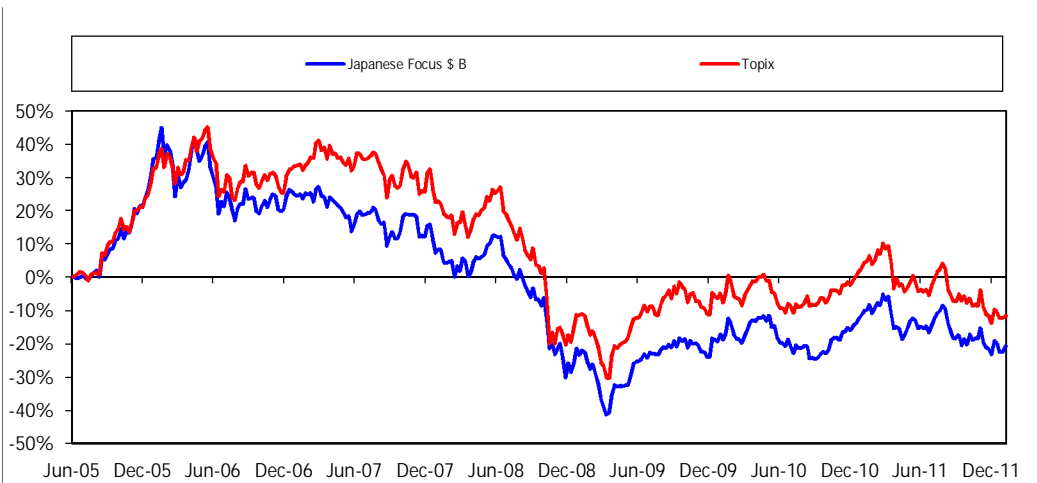
Investment Objective

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 share class is hedged back into its base currency in the normal course of events. The euro share class is unhedged due to the small size of the share class.

Portfolio Commentary

The Net Asset Value of the US Dollar B shares rose by 5.6% in January, marginally outperforming the TOPIX increase of 5.5% in US Dollar terms. In local currency terms, the TOPIX rose 3.7% and the Yen strengthened. Japan thus participated in the global rally but continued to underperform since the persistent strength of the Yen remains a deflationary influence on asset prices and economic activity. High beta financials were the best performing sectors over the month although machinery and autos also outperformed. Defensive sectors generally underperformed as did oil and shipping. The largest contributors to relative outperformance were Makita, Aisin Seiki, Honda and SMFG. Makita, the maker of power tools, rose ahead of good 3rd quarter earnings results thanks to strong sales in emerging markets. Honda and Aisin Seiki were the best of several outperformers in the auto sector as investors start to look beyond the 2011 natural disasters. Decent auto sales data in many emerging markets and the US helped. SMFG was the best of the improving banking sector as solid earnings results and extremely cheap valuations are slowly recognised by the market.

The third quarter reporting season is in full flow at the moment and most results have, it has to be said, been disappointing. Whilst some companies can justifiably blame the Thai floods - notably Honda and those in the hard disk drive industry - many companies have used the natural disaster to mask deeper difficulties. In Japan's consumer electronics industry poor TV and PC sales, due to weak demand in Europe and the strong Yen, have combined to drive many into serious losses and in some cases the failure to back the right technology has compounded the problems. For example Sharp - once a global leader in flat screen TVs and solar panels - is expected to make losses this year that will wipe out over a quarter of shareholders' equity. This serves to highlight how damaging the strong Yen continues to be - much of Japan's manufacturing industry simply cannot compete at the current exchange rate. Until Japan's policy makers recognise and act on the issue, Japan's deflationary pressures will persist.



Top Ten Holdings		Next Ten Holdings		Sector Weights	
Toyota Motor	5.7%	Makita	3.5%	Consumer Disc	29.2%
Aisin Seiki	4.9%	Shimadzu	3.4%	Information Tech	18.6%
Honda Motor	4.9%	Canon	3.4%	Industrials	17.3%
SMC	4.9%	Pioneer	3.3%	Financials	17.1%
THK	4.7%	Keyence	3.1%	Telecoms	5.1%
Sumitomo Mitsui Financial	4.5%	Horiba	3.0%	Property	3.8%
Aeon Credit	4.3%	Nintendo	3.0%	Health Care	2.5%
McDonald's Holdings	4.2%	Nippon Ceramic	2.9%		
Mitsubishi UFJ Financial Group	3.9%	NTT DoCoMo	2.8%		
Nissin Kogyo	3.6%	Toyota Boshoku	2.5%	Liquidity	6.4%

31st January 2012	1 month	3 month	6 month	1 year	2 years	3 years	5 Years
Japan Focus Fund A \$	5.7%	-1.6%	-7.6%	-8.1%	0.4%	11.7%	-34.1%
Japan Focus Fund B \$	5.6%	-1.7%	-7.6%	-8.1%	0.8%	12.9%	-32.6%
Japan Focus Fund A £	3.6%	-1.0%	-9.0%	-14.3%	-15.1%	-5.4%	-58.6%
Japan Focus Fund B £	3.9%	-0.7%	-8.7%	-13.9%	-14.4%	-3.7%	-58.5%
Japan Focus Fund A €	3.5%	5.7%	0.0%	-1.5%	-3.7%	8.4%	-53.8%
Japan Focus Fund B €	3.6%	5.8%	0.0%	-1.5%	-2.8%	8.6%	-53.3%
Japan TPX	5.5%	-2.6%	-8.6%	-10.6%	-0.8%	11.5%	-30.2%
MSCI Japan	4.5%	0.7%	-9.2%	-10.6%	1.4%	17.8%	-26.2%

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.

Portfolio Statistics	
Number of Holdings	28
Top Ten	45.50 %
Top Twenty	76.25 %
"5 and 40 rule"	5.73 %
Median market capitalisation	\$ 8.40 bn
Average weighted market capitalisation	\$ 24.94 bn
Average price earnings ratio (trailing)	17.22 x
Average price book ratio (last)	1.05 x
Average yield (historic)	2.20 %

source: bloomberg (using portfolio data as of 30th December 2011)

Japan Focus Fund B\$	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
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%	5.7%	3.4%	2.6%	7.9%	10.6%
2011	1.1%	4.0%	-8.8%	0.7%	-0.8%	2.0%	3.0%	-7.6%	-0.6%	2.3%	-7.1%	0.3%	-12.0%
2012	5.6%												5.6%

Please see final page for important risk statements and disclaimers

Compound Annual Growth Rate since Inception	
Class A\$ Share	-3.1%
Class B\$ Share	-2.7%
3rd June 2005 - 31st January 2012	

INVESTMENT MANAGEMENT FEE WAIVED DURING 2012

	A Class	B Class
Net Asset Value		
Dollar Class	\$ 8.10	\$ 8.34
Sterling Class	£ 6.00	£ 6.06
Euro Class	€ 6.48	€ 6.57
Fund Size (million)	\$6.4	
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 3mn
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 (est) ^	1.10%	1.10%

^ (excluding performance fee and entry/exit charges)

waived except in exceptional circumstances

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 of 0.2%. BDT Invest has entered into commission sharing arrangements.

Activity

Activity levels are not "targeted". During the past twelve months turnover has been 37.3%.

Distributor / Reporting Status

The Fund received distributing fund status for the year ended Dec 31, 2010. From FY 2011 BDT Invest Funds Plc will be listed as Reporting 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