

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 2.0% in July, underperforming the 0.2% decline in the TSE 2nd Section Index and the 0.1% fall in the JASDAQ Index. Small caps reacted to Yen strength in a similar manner to the broader market. Machinery companies were amongst the poorer performers in the portfolio as these stocks underwent a correction after performing well in the first half of 2010.

Stock Highlights:

Mabuchi Motor (3.7 % of NAV, TSE-1):

The world's largest manufacturer of small-size DC brush motors commanding more than 50% global market share. 90% of production is done in China and Vietnam. It supplies to diversified users from automobile makers to consumer electronics. In particular the motors used for power windows are highly likely to improve overall profit margins due to its successful marketing in China. The share sells at a P/B of 0.8x.

Matsuda Sangyo (3.2 % of NAV, TSE-1)

One of the leaders in recycling precious metals (mainly gold, platinum, silver and palladium) from defective electronic parts and waste plating chemicals. Earnings growth has largely been driven by volume growth at customers' plants and the market price of precious metals which has been rising. The share sells at a P/E of 10x for FY3/11.

C Uyemura (2.7% of NAV, OSE-2):

A top manufacturer of plating chemicals and related equipment commanding a 20% global market share. It is renowned for surface treatment plating technology for hard disk drives. It enjoys a high share in Taiwan for HDD plating chemicals. As Intel has switched its procurement of IC Packages to the Taiwanese company Nanya, one of its best customers, C Uyemura is well placed to benefit. The share sell at a P/E of 9x for FY3/11.

Compound Annual Growth Rate since Inception	
Class A\$ Share	-1.7%
Class B\$ Share	-1.1%
9th Feb 2004 - 30th July 2010	

	A Class		B Class	
Net Asset Value				
Dollar Class	\$	8.98	\$	9.31
Sterling Class	£	8.75	£	8.81
Euro Class	€	8.28	€	8.48
Yen Class	JPY	735	JPY	761
Fund Size (million)		\$24.3		
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	1.75%	1.25%
Entry Charge	3.0%	0.0%
Exit Charge	0.0%	3.0%
TER (estimated)	3.00%	2.50%
<i>(excluding entry/exit charges)</i>		

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 196%.

Distributor Status

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

Investment Manager (for enquiries)

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Administrator (for dealing and admin)

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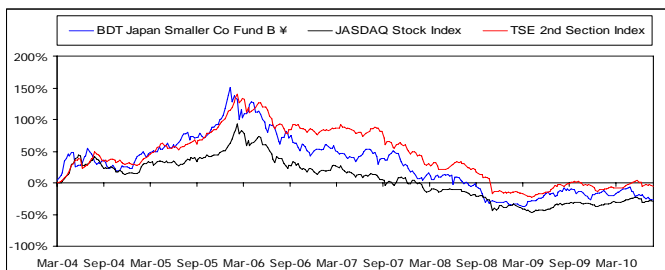
Regulatory Status

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

Top Twenty Holdings		Portfolio Emphasis		Sector Weights	
THK	4.7%	Internet Services	2.8%	Information Technology	30.2%
Hamamatsu Photonics	4.2%	Discount Retailing	0.0%	Industrial	25.3%
Toyo Tanso	4.2%	Environmental care	6.5%	Consumer Discretionary	17.8%
Disco	4.0%	Finance	9.0%	Materials	11.6%
Taiyo Ink	4.0%	Asset reflation	7.9%	Financials	9.1%
Horiba	3.9%	Demographic Change	0.0%	Property	4.7%
Mabuchi Motor	3.7%	Other	0.0%	Consumer Staple	0.0%
Nabtesco	3.6%	Domestic growth	26.2%	Energy	0.0%
Sumitomo Real Estate	3.4%	Climate change	0.0%	Health Care	0.0%
Daisei	3.4%	Silicon Cycle	17.3%	Telecoms	0.0%
Goldcrest	3.4%	Other Electronics	24.3%	Utilities	0.0%
Fuyo General Lease	3.3%	Autos	18.2%	Portfolio Concentration	
Koito Manufacturing	3.3%	Machinery	6.0%		
Matsuda Sangyo	3.2%	Others	6.7%	Top Twenty	69.9%
Sumco	3.1%	Global growth	72.5%	"5 & 40 rule"	0.0%
Shinko Electric Ind	3.0%	% Invested	98.6%	Number of Holdings	33
Musashi Semitsu	3.0%	Cash	1.4%		
Jafco	2.9%	T-bills	0.0%		
Mitsubishi UFJ Lease & Finance	2.9%				
Stanley Electric	2.9%				

30th July 2010	1 month	3 month	6 month	1 year	3 years	5 years
Japanese SC Fund A \$	0.4%	-13.8%	-7.6%	-7.9%	-32.9%	-47.2%
Japanese SC Fund B \$	0.6%	-13.6%	-7.3%	-7.4%	-31.4%	-45.7%
Japanese SC Fund A £	-2.2%	-21.4%	-12.4%	-16.8%	-49.8%	-55.2%
Japanese SC Fund B £	-2.1%	-22.8%	-13.9%	-17.8%	-50.4%	-55.3%
Japanese SC Fund A €	-2.2%	-20.7%	-11.5%	-15.8%	-50.3%	-57.1%
Japanese SC Fund B €	-2.1%	-20.4%	-11.1%	-15.2%	-49.3%	-55.8%
Japanese SC Fund A ¥	-2.1%	-20.9%	-11.6%	-16.8%	-51.0%	-59.2%
Japanese SC Fund B ¥	-2.0%	-20.8%	-11.3%	-16.4%	-50.3%	-58.2%
Japan TPX 2nd Section	-0.3%	-9.6%	2.0%	-4.9%	-48.7%	-43.7%
Japan JASDAQ	-0.1%	-9.2%	-1.1%	3.1%	-33.9%	-49.5%

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
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%	10.3%	18.6%
2010	-0.2%	-3.3%	12.2%	3.2%	-14.0%	-6.0%	-2.0%						-11.5%