

HENDERSON European Selected Opportunities (OEIC)

OBSR Fund Rating
A / Bronze

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RATINGS

Key Information

Launch Date	1 September 1984	
Fund Size	£1187.7m	
Type of Shares Available	Accumulation	
Distribution Dates	22 March, 22 September	
Yield	1.24%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%

Classification

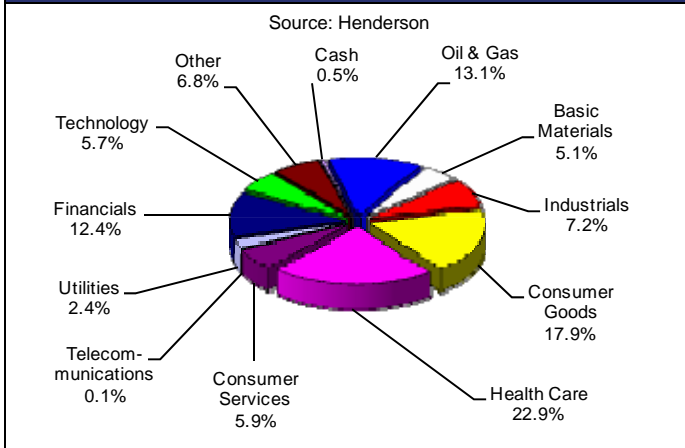
Sector	Europe Ex UK
Market Cap / Style	Large Cap Bias / Blend
Benchmark/Index	FTSE World - Europe Ex UK

Management/Investment Style

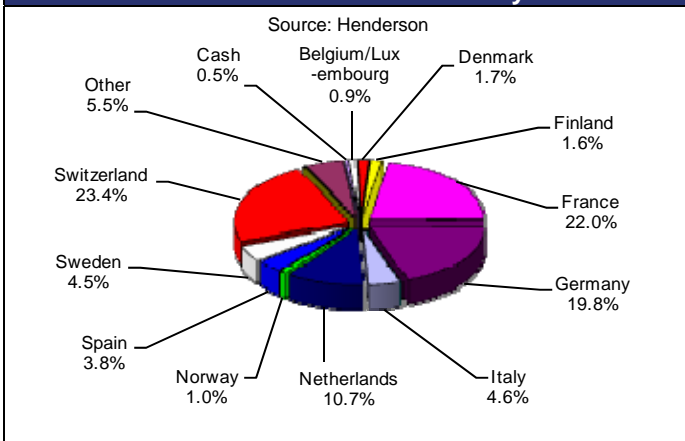
Fund Manager	John Bennett (February 2010)
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Offers investors exposure to a large-cap biased portfolio of 75-100 high conviction stocks. The manager's focus is on companies with attractive track records and the ability to surprise in the future. At the same time, sector themes also play a key part of the process along with an understanding of the underlying market dynamics.

Asset Distribution - Sector



Asset Distribution - Country



Top Ten Holdings

Company	%
Novartis	6.4
Roche Holding	6.1
Sanofi-Aventis	5.6
Total	4.5
Nestle	4.3
SAP	3.7
Reed Elsevier	3.4
UBS	2.2
Henkel	2.0
Siemens	1.8
Concentration (Top 10)	40.1
Total Number of Holdings	62

Source: Henderson

Investment Objective & Methodology

The fund aims to deliver long-term capital growth through investments in the equity and equity-related securities of European (excluding UK) companies. In practice, the fund aims to outperform the FTSE Europe ex UK index by 2.50% per annum over the long term.

The fund is managed by John Bennett who joined Henderson in January 2010 from GAM where he spent the previous 16 years. He is assisted by a close-knit team of analysts who are incentivised and accountable for their recommendations. They are all generalists, as the manager believes this is more in keeping with his pragmatic investment style; the analysts are encouraged to cultivate their own ideas through their sell-side contacts. The manager can also leverage off the broader resource available at Henderson.

The manager believes that attractive returns can be generated through a combination of sector analysis and bottom-up stock selection. The manager pays close attention to macroeconomic and sector trends as he believes an understanding of global market and industry dynamics gives him valuable insights into the prospects and behaviour of European companies. The team believes in mean reversion and looks for inflection points and situations where profit margins and/or CFROIs (Cash Flow Return On Investments) are either improving or have the potential to do so in the future. The manager's investment horizon is around 18 months and he does not attempt to time the market. The team carries out a screening process to find companies with attractive CFROIs. This includes companies with strong track records as well as past achievers with the potential to surprise positively in the future. Common characteristics include businesses with genuine pricing power, strong cash generation, good management, improving or sustainable CFROI and compelling valuations. The manager also aims to add value by investing in under-researched opportunities in the mid and small-cap space where the investment case is not necessarily related to any of the sector themes. This can cause the fund to deviate significantly from the benchmark, which is used only as a reference point.

The portfolio comprises 75-100 stocks. Risk management is central to the process and includes a combination of ex-ante portfolio constraints as well as ongoing quantitative controls through Vision, Henderson's internal risk system. In terms of portfolio risk controls, stock active bets may not exceed +/-1.5% versus the benchmark at cost. Additionally, in order to maintain adequate liquidity for shareholders, the team ensures that at least 85% of the portfolio can be liquidated within five business days with minimal impact to the fund's underlying share prices.

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Data as at 31 December 2011
Last Updated January 2012