

HENDERSON European Growth (OEIC)

OBSR Fund Rating
AAA /  Gold

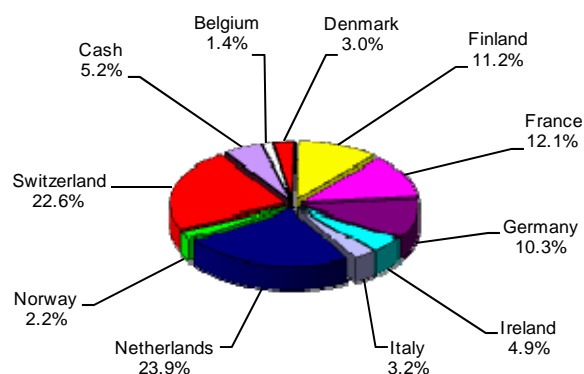


Key Information

Launch Date	23 July 2001	
Fund Size	£839.2m	
Type of Shares Available	Accumulation	
Distribution Date	31 October	
Dividend Yield	n/a	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.25%
	Annual	1.50%

Asset Distribution - Country

Source: Henderson



Top Ten Holdings

Top Ten Holdings	%
Schindler	4.8
Givaudan	4.8
Novartis	4.4
Wolters Kluwer	4.3
Kone	3.7
Royal Dutch Shell	3.7
Sampo	3.6
Air Liquide	3.2
Reed Elsevier	3.2
Sodexo	3.1
Concentration (Top 10)	38.7
Total Number of Holdings	45

Source: Henderson

Classification

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

Management/Investment Style

Fund Managers	Simon Rowe (2010) Richard Pease (July 2001)
---------------	--

A fund which emphasises mid-cap European companies. The investment style is essentially eclectic, based on seeking out quality companies, with sound businesses and financials, at attractive valuations relative to their growth potential.

Investment Objective & Methodology

The fund seeks long-term capital growth principally through investment in the securities of European companies, excluding the UK. It aims to generate long-term capital growth in excess of the FTSE World Europe ex UK index.

The fund is managed by Simon Rowe and Richard Pease. Both moved across to Henderson following their acquisition of New Star in 2009. Mr Rowe has been involved with the fund since launch, initially as an analyst but was promoted to assistant manager in March 2007 and co-manager of the fund in April 2009. Mr Pease previously managed Jupiter's mainstream European fund and its European Special Situations fund, the New Star European Growth fund and currently manages the Henderson European Special Situations fund. He spent over ten years at Jupiter before joining New Star in July 2001.

Portfolio construction is driven by bottom-up stock selection and the manager's level of conviction in a company, rather than by any consideration of the index. Stock selection is driven by four key factors: the company's business, its management, its financials and its valuation. Firstly, the manager seeks good businesses which he identifies as those that offer returns on capital employed that are above average, are sustainable and can grow. These companies will tend to have stable EBIT margins and will be able to sustain and grow these margins. The manager's preference for companies with robust margins will typically lead him towards quality niche businesses rather than more commodity-based businesses which are unable to maintain pricing power. Secondly, he examines the company's management as he is a great believer in track record and he will typically look at long-term records to see how management has performed. Another key factor is determining where management's financial interests lie, i.e. are they more focused on shareholders than self-aggrandisement. Thirdly, the manager analyses the financials and thus the valuation of the company. He focuses on how leverage works from a balance sheet and operational point of view, he carries out sensitivity analysis, looking at the company's vulnerability to weaker sales and he ascertains whether the company is generating free cashflow and is carrying out post-maintenance capex. The manager places great emphasis on the potential downside risk associated with investing, as well as looking for attractive upside. The investment approach is likely to favour companies that are undervalued, misunderstood, out of favour or have genuine growth potential.

The portfolio will typically comprise around 70 stocks and top ten holdings will typically account for over 25% of assets. There will be a core of roughly two-thirds of the fund which will be long-term holdings. The remainder will comprise shorter-term opportunities identified by the manager. The fund emphasises medium-sized companies but will have some large and small-cap exposure. The manager does not pay regard to country, sector or benchmark weightings and will use cash as a strategic defence against market volatility, as and when he deems it appropriate.

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012