

# Henderson European Focus Fund

HFEAX, HFEBX, HFECEX, HFEIX

## Monthly update and outlook

November 30, 2011



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Equities

### Overview

November was a highly volatile month for European equities. Markets were weak for the majority of the month as concern grew over Italy's susceptibility to sovereign debt contagion. However, the month ended on a more positive note as we saw the People's Bank of China easing reserve requirement ratios at domestic banks and the Fed announcing coordinated action with five other central banks to ease dollar funding pressures.

### Fund performance

The Fund underperformed the MSCI Europe Index this month. Positions in the Energy sector performed the best but were offset by Materials and Consumer Discretionary stocks.

At the stock level, **Gulf Keystone Petroleum** had a good month as investors reacted very positively to a move by ExxonMobil to acquire rights over six blocks in Kurdistan. This was the first move by a "supermajor" who has significant operations in Iraq. **Borders & Southern** was another strong contributor. The company is due to drill two highly prospective wells in the South Basin of the Falkland Islands in the New Year and we feel that the risk/reward opportunity is extremely compelling at the current share price. The biggest drag on performance was **Alcatel-Lucent** which had a poor month after announcing weak quarterly results together with reduced full year margin guidance and additional cost cutting plans. We continue to find valuation attractive whilst being mindful of the difficult macro environment being faced by the company.

International investing involves certain risks and increased volatility not associated with investing solely in the US. These risks included currency fluctuations, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. The Fund may invest in securities issued by smaller companies which typically involves greater risk than investing in larger companies. Also, the Fund may invest in limited geographic areas and/or sectors which may result in greater market volatility. In addition, the fund may invest in derivatives, derivatives involve special risks different from, and potentially greater than, the risks associated with investing directly in securities and may result in greater losses.

### Investment activity

We sold out of our positions in **Anglo American** and **William Hill** and initiated positions in **ArcelorMittal**, where we see more value at this point in the cycle, and the defense company, **Chemring** following their profit warning caused by delayed contracts. **Arcelor's** shares have been hit very hard during the recent turmoil in equity markets but we see the company as healthily exposed to structural growth in iron ore demand and a cyclical pick-up in the steel cycle. The balance sheet is in a better state than it was in 2008/09 and we do not see liquidity as being a serious concern. We also reinitiated a position in **Grifols**, this time in the ADRs which are trading at a discount in excess of 35% to the ordinaries. We feel that the shares have sold off too sharply recently and at this valuation, the growth offered by the Talecris synergies and financial leverage looks very attractive.

### Outlook

November has been another difficult month for risk assets. Investors remain focused on the Eurozone and skepticism remains high that a working solution to the sovereign debt crisis can be found. We believe that sentiment should improve going forward as the Eurozone slowly moves towards some level of fiscal union and as the ECB steps up its bond purchases as a result. We are not out of the woods yet by any means, but there are signs of progress and equities should respond well to any improved sentiment.

### For more information

For additional information on any of the Henderson Global Funds or to obtain a prospectus, please call **1.866.443.6337** or visit our website at [www.hendersonglobalinvestors.com](http://www.hendersonglobalinvestors.com)



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Top 5 sectors	
1. Energy	23.7%
2. Materials	22.3%
3. Consumer Discretionary	17.8%
4. Health Care	8.5%
5. Industrials	8.3%

Top 10 holdings	
1. BP	7.1%
2. European Goldfields	4.9%
3. African Minerals	4.3%
4. Tesco	3.9%
5. Kalahari Minerals	3.5%
6. Gulf Keystone Petroleum	3.5%
7. Zhaikmunai	3.3%
8. Cobham	3.1%
9. Vivendi	3.0%
10. Sky Deutschland	2.9%

Performance	as of November 30, 2011		as of September 30, 2011			
	1 month	YTD	1 year	5 years	10 years	Since inception <sup>1</sup>
HFEAX at NAV	-4.89%	-16.98%	-14.44%	1.78%	15.45%	15.20%
HFEAX w/ sales charge	—	—	-19.35%	0.59%	14.77%	14.53%
MSCI Europe Index	-4.48%	-9.11%	-11.26%	-3.55%	5.34%	4.20%
Lipper European Region Funds Average	-3.19%	-11.07%	-11.79%	-4.01%	6.19%	4.95%

<sup>1</sup>Inception date 8/31/01

The Lipper European Funds Average is compiled by Lipper, Inc., which is an independent mutual fund rating service. Lipper returns do not take into effect sales charges.

*Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please call 1.866.443.6337 or visit the Fund's website at [www.hendersonglobalinvestors.com](http://www.hendersonglobalinvestors.com). Performance results with sales charges reflect the deduction of the maximum front-end sales charge of 5.75%. Performance presented at Net Asset Value (NAV) which does not include these sales charges would be lower if these charges were reflected. As stated in the current prospectus, the Fund's annual operating expense ratio is 1.61%.*

On January 14, 2011, Class W shares of Henderson Global Funds were renamed Class I shares. The renaming involved a change in share class name and ticker symbol only; all fee, expense and performance-related information remained the same.

Returns greater than 1-year are annualized and all returns include the reinvestment of dividends and capital gains. Performance results reflect expense subsidies and waivers in effect during the periods shown. Absent these waivers, results would have been less favorable. The MSCI Europe Index is a market-capitalization weighted index of approximately 500 stocks traded in 15 European markets. You cannot invest directly in an index or average.

*One should consider the investment objectives, risks, fees and expenses of any mutual fund carefully before investing. This and other important information is available in the Fund's prospectus and summary prospectus which are available at [www.hendersonglobalinvestors.com](http://www.hendersonglobalinvestors.com), by calling 1.866.443.6337 or by contacting your financial adviser. Please read the prospectus or summary prospectus carefully before investing.*

The views in the summary were those of the Fund manager as of the date referenced and may not reflect the views of the manager on the date the material is first published or anytime thereafter. The views are intended to assist readers in understanding the Fund's investment methodology and do not constitute investment advice. This should not be considered as an offer to sell or a solicitation of an offer to buy securities mentioned herein. Portfolio holdings and allocation may change at any time.

Not FDIC insured, Not bank guaranteed, May lose money.

Forside Fund Services, LLC, distributor (12/11) HGF-18267-11

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