

# Henderson European Special Situations Fund



Fund manager  
Richard Pease

## Fund facts at 30 April 2013

### Fund aim

To achieve long term capital growth by investing in European (excluding UK) equities of companies in special situations.

The fund will be able to invest without restriction by market cap or sector.

### Launch date

Class A - 1 October 2009

Class I - 1 October 2009

### IMA sector

Europe excluding UK

### Fund size

£700.06m

### Yield\* (%)

Forecast dividend 3.2

### Ratings

Morningstar rating - ★★★★★

### Type of shares

Accumulation and Income

### XD dates

1 Oct, 1 Apr

### Dividend pay dates

30 Nov, 31 May

### Minimum investment

Class A £1,000

Class I £3,000,000

### Charges (%)

Class A Initial 5.00 Annual† 1.50

Class I Nil 0.75

### Ongoing

Class A 1.76

Class I 1.08

†For Income shares only, 100% of the Annual Management Charge is taken from capital.

### Market capitalisation (%)

Large 38.7

Mid 46.1

Small 10.8

### SEDOL numbers

B42RJH6 (A - Income)

B3W4624 (A - Accumulation)

B4MGQR2 (I - Income)

B3Y8HP4 (I - Accumulation)



## Fund manager comment

Equities resumed their upward path in April as the worries surrounding the bailout of Cyprus receded into the background. Political stalemate in Italy was also resolved with the formation of a new coalition – although the first decision of the new prime minister was to cancel planned tax hikes. Meanwhile commodities, especially precious metals, fell sharply, encouraging investors to look at less volatile assets. These developments brought about a sharp rally in peripheral debt markets with Italian debt, for example, rallying to levels last seen in 2010. Against this background, the fund rose 1.2% (I-Accumulation), underperforming its benchmark which gained 2.6%.

The fund underperformed due to the strong rally in banks and utilities in the wider market, areas where we are underweight. Our industrial and basic material holdings, having done well this year, made only modest gains. Lift-maker Kone surged 9% as it reported strong orders driven by Chinese demand. Konecranes gained 7% on solid results. Companies with links to metal prices slipped back, including Metso and Weir, and similarly seismic player TGS and rig-owner Prosafe fell back with the oil price. Within basic materials, nutrition provider DSM added 8% on its results whilst Croda shed 10%. In terms of changes, we bought a position in Continental, a high-quality automotive supplier, which was trading on a lowly 8x price to earnings. We purchased Syngenta, which benefits from rising global consumption of crops, and also Getinge, which provides niche components and consumables to hospitals for surgery and other applications, but which had been sold off on fears of austerity cuts. We disposed of Subsea 7, GEA and Bureau Veritas after strong runs.

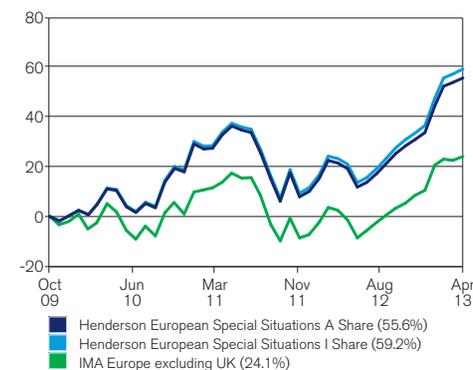
Economic indicators remain mixed with US employment and housing starts picking up but with China slowing and growth in Europe revised down in several countries – even German economic indicators are falling; and the cut in European Central Bank (ECB) rates announced in early May is not going to make much practical difference to the cost of borrowing in southern Europe. Although stock markets are buoyant, debt remains high and there is a risk that the recent criticism about the impact of austerity may encourage politicians to avoid necessary structural reforms. Nevertheless, even after the strong run enjoyed in recent months, equities still look reasonable value compared with the returns on cash or bonds; and a significant part of our portfolio is exposed to global trends that are more attractive than those presented by the eurozone.

\*The stated dividend yield is calculated as the total forecast dividends expected to be received in the next twelve months from the fund's holdings at the factsheet date divided by the net asset value of the fund. The dividend forecasts are taken from Thomson Datastream for each holding. The yield is stated gross before any foreign withholding taxes or UK income taxes. For income share classes, all fund charges are deducted from capital and not income. The yield is an estimate and is not guaranteed.

Top 10 holdings	(%)	Top 10 countries	(%)	Top 10 sectors	(%)
Kone	4.3	Switzerland	18.3	Industrial Engineering	19.3
Symrise	3.9	Germany	16.7	Chemicals	17.2
Novartis	3.7	Netherlands	14.6	Oil Equipment, Services & Distribution	8.2
Wolters Kluwer	3.2	Finland	10.6	Pharmaceuticals & Biotechnology	7.4
Nutreco	3.0	France	9.0	Non-Life Insurance	7.1
Givaudan	2.9	Norway	6.7	Media	5.6
Kerry Group	2.7	Denmark	5.4	Support Services	4.6
Zodiac Aerospace	2.6	Ireland	5.1	Aerospace & Defense	4.4
Fred Olsen Energy	2.5	Sweden	3.7	Software & Computer Services	3.2
Reed Elsevier	2.4	United Kingdom	3.4	Electronic & Electrical Equipment	2.8
<b>Total number of holdings</b>	<b>58</b>			<b>Cash</b>	<b>4.5</b>

## Performance

Percentage growth, 01 Oct 09 to 30 Apr 13.



Source: at 30 Apr 13. © 2013 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

Past performance is not a guide to future performance.

Cumulative performance	A % change	I % change	Sector % change	Quartile ranking†
1 year	30.5	31.6	25.9	1st
2 years	14.2	15.9	5.7	1st
3 years	41.0	43.7	21.9	1st
4 years	n/a	n/a	55.5	n/a
5 years	n/a	n/a	16.0	n/a

Source: at 30 Apr 13. © 2013 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

Discrete year performance	A % change	I % change
30/03/2012 to 28/03/2013	26.8	27.7
31/03/2011 to 30/03/2012	-8.6	-8.0
31/03/2010 to 31/03/2011	19.5	20.2
31/03/2009 to 31/03/2010	n/a	n/a
31/03/2008 to 31/03/2009	n/a	n/a

Source: at 28 Mar 13. © 2013 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

Discrete performance data may change due to final dividend information being received after quarter end. † 1st quartile means the fund (A Class) is ranked in the top 25% of funds in its sector.

# Henderson European Special Situations Fund (continued)

## General risks

- The value of the Funds and the income from them is not guaranteed and may fall as well as rise. You may get back less than you originally invested.
- Past performance is not a guide to future performance.
- You should note that your tax treatment in relation to any investments held outside an ISA will depend on your individual circumstances and may be subject to change in the future. Governments may change the tax rules which affect you or the Funds in which you have invested.

## What are the risks specific to this fund?

- Where the Funds invest in assets (including cash) which are denominated in currencies other than the base currency (pounds sterling) then currency exchange rate movements may cause the value of investments to fall as well as rise.
- Funds investing in smaller companies may carry a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods.
- Certain funds hold a more concentrated portfolio than the average fund. Whilst this can increase the potential reward, the nature of these funds can increase risk. Returns may be volatile and will be impacted more by fluctuations in the value of underlying stock.
- If you opt to receive a fixed monthly income, it may be necessary to sell some of your shares or units in order to meet the level of payment you have chosen. This can lead to capital erosion.
- If a Fund's management charge is taken from its capital, then this may allow more income to be paid, however, it may also restrict capital growth or even result in capital erosion over time.

## Important information

\*The yield displayed is for the A-Income share class. Yields are shown net except for bond funds which are shown gross. The yield does not include any preliminary charge and investors may be subject to tax on their distributions. The Company was incorporated in the United Kingdom as an umbrella open ended investment company. Unless otherwise indicated all figures sourced from Morningstar, Datastream, BNP Paribas and Henderson Global Investors. Please note the views, opinions and forecasts expressed in this document are based on Henderson's research, analysis and house views at the time of publication. Third party data is believed to be reliable, but its completeness and accuracy is not guaranteed. Please note: due to rounding the figures in the holdings breakdowns may not add up to 100%. Fund size at 12pm on last business day of month. Please read all scheme documents before investing. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially than those shown on this document. Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment. Any investment application will be made solely on the basis of the information contained in the Prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the prospectus, and where relevant, the key investor information document before investing. The Fund's Prospectus, the articles of association as well as annual and semiannual reports of any funds managed by Henderson Investment Funds Limited registered for sale in Switzerland are available free of charge from the registered office of the Company at IFDS House St Nicholas Lane Basildon Essex SS15 5FS and at the offices of the Distributor at 201 Bishopsgate, London, EC2M 3AE and at the Swiss Representative is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, who are also the Swiss Paying Agent. Issued in the UK by Henderson Global Investors. Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services.

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