Henderson European Focus Trust plc

Annual Report and Financial Statements for the year ended 30 September

2013

Henderson European Focus Trust plc

Objective and policy The Company seeks to maximise total return from a focused portfolio of listed Continental European stocks. The portfolio is unconstrained by benchmark and contains between 50 to 60 holdings at any one time. The portfolio has a bias to larger capitalised companies but it is able to invest in the equity of mid and smaller capitalised companies. The exposure to smaller capitalised stocks is normally limited to 10% of net asset value. Full details are given on page 12.

Benchmark Index Performance is measured against the FTSE World Europe ex UK Index on a total return basis in sterling terms.

Manager Henderson Global Investors Limited is appointed to manage the investment portfolio.

Board The Company has an independent Board of Directors which monitors the performance of the Company and considers the investment strategy.

Website Information about the Company can be found on the website **www.hendersoneuropeanfocus.com**

Savings As well as investing directly, shares can be purchased through dealing platforms and held in share plans, ISAs or pensions. Links to some dealing platforms can be found via the website.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Cover image is Ile de Ré, France

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Financial Calendar

Key dates for 2013/2014 are set out below:

Interim dividend (in lieu of final) payable	31 December 2013
Annual general meeting	24 January 2014
Half year results announced	May 2014
Final results announced	December 2014

Strategic Report

Performance Highlights

	1 year %	3 years %	5 years %	10 years %
Total return performance				
Net asset value per ordinary share	29.7	44.8	77.0	228.7
Ordinary share price	44.8	55.8	89.2	292.9
FTSE World Europe ex UK Index in sterling terms	28.3	24.8	47.7	155.2

Total return performance assumes that net dividends are reinvested.

Financial Highlights

	At 30 September 2013	At 30 September 2012
Shareholders' funds		
Net assets (£'000)	**145,762**	115,431
Net asset value ("NAV") per ordinary share	**861.48p**	682.22p
Share price		
Market capitalisation of ordinary shares in issue (excluding treasury shares) (£'000)	**140,689**	100,124
Middle market price	**831.50p**	591.75p
Average discount to NAV per share over the year[1]	**8.7%**	15.2%
Gearing		
Actual gearing	**11.6%**	8.3%
Maximum gearing authorised by the Board	**20.0%**	20.0%

	Year ended 30 September 2013	Year ended 30 September 2012
Total return to equity shareholders (£'000)		
Revenue return after taxation	**4,292**	2,998
Capital return after taxation	**29,254**	16,834
Total return after taxation	**33,546**	19,832
Total return per ordinary share[2]		
Revenue	**25.37p**	17.49p
Capital	**172.90p**	98.18p
Total	**198.27p**	115.67p
Dividend per ordinary share	**21.30p**	19.00p
Ongoing charge[3]	**1.10%**	1.16%

(1) Discount calculated using cum-income NAV.

(2) Based on the weighted average number of shares in issue during the year.

(3) The ongoing charge excludes performance fees; if included the charge would have been 1.17% in the year (2012: 2.28%).

Sources: Henderson Global Investors Limited, Datastream.

Strategic Report
Historical Performance

Historical record

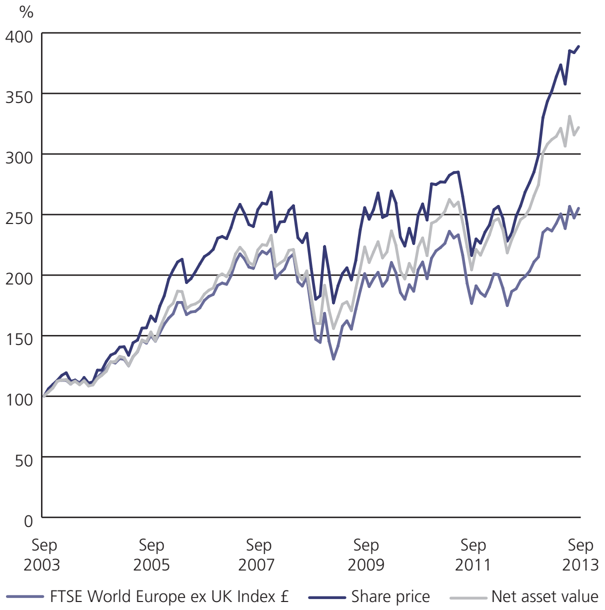
	Net assets (£'000)	Net asset value per ordinary share (basic) p	Net asset value per ordinary share (diluted)[1] p	Mid-market price per ordinary share p	Dividend per share p	Revenue return per share p	Total return per share p
30 September 2003	180,482	321.5	310.3	259.75	3.00	3.45	60.93
30 September 2004	210,877	352.0		312.00	4.35	4.79	45.45
30 September 2005[2]	279,605	470.4		421.00	6.00	7.46	118.23
30 September 2006	322,093	555.4		538.00	12.00	8.78	96.35
30 September 2007	219,515	667.8		632.50	8.00	7.12	124.53
30 September 2008[3]	161,739	551.3		505.50	14.00	15.12	(108.73)
30 September 2009	176,766	657.0		613.00	14.00	15.63	110.55
30 September 2010	144,945	645.9		585.50	16.50	15.69	(6.37)
30 September 2011	103,913	580.0		493.88	17.75	18.29	(50.80)
30 September 2012	115,431	682.2		591.75	19.00	17.49	115.67
30 September 2013	**145,762**	**861.5**		**831.50**	**21.30**	**25.37**	**198.27**

(1) The warrants were repurchased for cancellation in January 2004 and so no diluted net asset value is stated after that time.
(2) Net assets and net asset value restated in 2005 to include investments at bid prices. All subsequent years have been calculated using bid prices.
(3) Revenue return includes 1.45p per ordinary share in respect of VAT recovery on past management fees.

Maximum gearing levels as a percentage of net assets

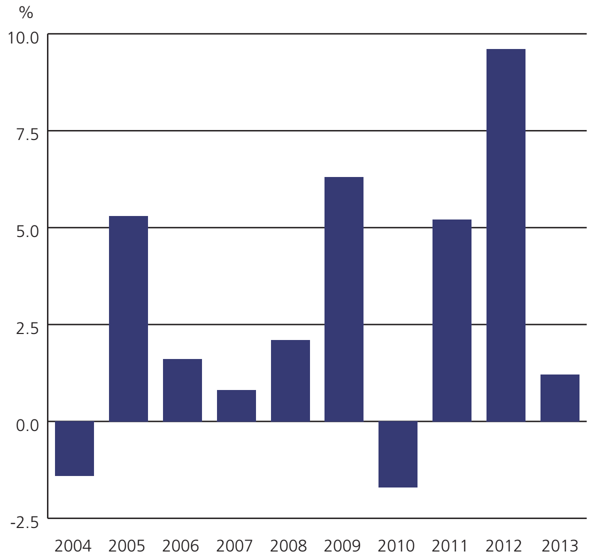
2008	4.7%
2009	5.8%
2010	9.4%
2011	6.2%
2012	12.7%
2013	**16.2%**

Total return performance 10 years to 30 September 2013 (rebased to 100)



Sources: Henderson Global Investors Limited, Datastream.

Annual net asset value performance relative to FTSE World Europe ex UK Index



Strategic Report
Chairman's Statement

Rodney Dennis

Performance

In the financial year to 30 September 2013 the Company produced a net asset value ("NAV") per share total return of 29.7%. This compares with a rise of 28.3% in the benchmark, the FTSE World Europe ex UK index in sterling terms, again expressed as a total return. The Company's share price produced a total return of 44.8% in the same period.

This is my third annual statement since the Board approved the change of Portfolio Manager as well as a refinement of the investment strategy to a more focused approach. Over the three years to 30 September 2013 the Company's NAV return per share has been 44.8% and the share price total return has been 55.8%. The benchmark has produced a total return of 24.8% over those three years. This, together with a return to favour of the European equity asset class, has helped drive a substantial narrowing of the Company's discount to net asset value, which stood at 3.5% at the year end.

Revenue and dividend

Income received from our investments grew strongly during the year and the Board has declared an interim dividend in lieu of final of 21.30p per share. This is an increase of 12.1% over last year's payment and is a continuation of our progressive dividend policy. The dividend will be paid on 31 December 2013 to shareholders on the register on 13 December 2013. The shares will be marked ex-dividend on 11 December 2013.

Annual general meeting ("AGM")

At the AGM on 24 January 2014, the Directors will again be seeking to renew the authorities previously granted to allot and to buy-back shares for cancellation or to be held in treasury. The passing of these resolutions will continue to provide the Board with flexibility to add shareholder value should the opportunity arise. Shareholders are also being asked to renew the authority to call general meetings at short notice. Further details are provided in a separate letter to shareholders which includes the notice of AGM. I hope you will give these resolutions your full consideration and support.

Regulatory developments

The Board has noted that the Alternative Investment Fund Managers Directive was written into UK legislation with effect from 22 July 2013. There is a one year transition period for the Company to comply with the provisions of this directive, which include appointing an alternative investment fund manager ("AIFM") and an independent depositary, who will provide an independent monitoring role to ensure the Company complies with the regulations. The Board has agreed in principle that Henderson, its Manager, will be appointed as the AIFM and has instructed Henderson to take the necessary actions to ensure that all documentation and processes to enable the Company to comply with these regulations are in place within the transition period. A decision on the appointment of a depositary will be taken in due course.

It is proposed that the Company's articles of association be amended so that the Board may authorise a depositary appointed in respect of the Company (on the terms and conditions prescribed in the AIFM regulations, together with any further requirements that may be prescribed by the Board) to discharge itself of liability where the Company holds assets in a country other than the UK and the law of that country does not satisfy certain delegation requirements that are specified in the AIFM regulations. Certain other minor amendments to the articles of association are proposed to reflect the implementation of the AIFM Directive and the AIFM regulations. Full details are included in the separate letter to shareholders.

Outlook

It is often said that managing money demands a combination of skills: financial analysis, an understanding of economics and indeed behavioural psychology are often cited as among the most necessary of pre-requisites. Yet, in recent years, some form of ability to second guess politicians – from Capitol Hill to Berlin via Westminster – has seemed an additional need. It is with some relief therefore that we welcomed Mario Draghi's "we will do whatever it takes" speech of 2012.

Strategic Report

Chairman's Statement

continued

It is hard to shrug off the belief that central bankers and politicians are much less in control of events than they like to portray; witness the succession of US Fed Governors – the latest being Ms Yellen – who failed to spot (or chose to ignore) that country's various asset bubbles, from NASDAQ equities to housing. Nevertheless, it was right to identify Mr Draghi's assertion as tantamount to chopping the "tail risk" in Europe. It needn't matter, at least for now, that his words are merely that – words. It is true that the European Central Bank has not needed to follow up with the action of buying by the boat load the region's sovereign bonds. His words served to draw at least a psychological line in the sand and have gone some way to reducing yields – and therefore borrowing costs – in the distressed periphery of Europe. For the moment, therefore, Europe's rendition of what is in fact a global debt crisis is in abeyance. This, in turn, has enabled our Portfolio Manager to re-visit the long-shunned banking sector over the past year, something which is elaborated upon in the following pages.

In last year's annual report we referred to the premium investors were paying for safety and drew particular attention to the low yields available on corporate debt. This dash to (perceived) safety and flight from volatility was also evident in equity land. Dashes and flights invariably present opportunity to the contrarian investor. Notably, investors had become enamoured with consumer staples stocks whose sales and profits had come to be seen as somewhat immune to the travails of Europe. Yet, as our Portfolio Manager never tires of saying, everything in life is cyclical and recent months have shown that the sales of makers of ice cream, peanut butter and beer are susceptible to the realities of sluggish economies as well as weakness in emerging market currencies. I draw attention to this not because of the Company's underweight stance to the "staples" sector but due to the fact that investors' recent dislike of most things European and penchant for all things Latin American/Asian had almost certainly gone too far: the elastic had been over-stretched in this respect and the Company was able to identify an opportunity to favour certain "euro-centric" value opportunities in the past year. Again, the Portfolio Manager's Report elaborates further.

Investors continue to face the somewhat neurotic tug of war between macro and micro. At the macro level it is easy to understand a hide behind the sofa approach. Certainly there are plenty of anxieties to keep the investor in that position: American politics, which seems to be a front runner as a challenger to Italy in the partisan brinkmanship stakes, Chinese slowdown, emerging market devaluations and the perennial eurozone fault-lines are among the more front-of-mind worries. Our own biggest concern remains that "eurozone crisis" is in fact a misnomer: this is not a European crisis – there is enough European money to repay all European sovereign debts – this is in fact a global debt crisis and we may well be yet to see the extent of it in the likes of China. Nevertheless, as many an investor has rued to his or her cost, allowing the more extreme macro anxieties to outweigh bottom up opportunity is very often among the biggest of investment mistakes. The performance of western world equities since the lows of 2009 is just a recent reminder of that. The Company will continue to focus on stock and sector specific opportunities.

The Company will continue with its current investment policy but with a minor change to permit the Manager to hold more than 10% of the NAV in smaller companies (those with a market capitalisation of less than €1 billion at the time of investment) in certain circumstances. Such circumstances include participation in IPO opportunities which might otherwise require the Manager to reduce existing smaller company holdings. However, the Board would expect the exposure to such companies to normally be 10% of the NAV or less.

It remains a challenging geopolitical environment but relentless focus on bottom up opportunities, attempting to identify positive business change and paying the right price for growing cash flows remains our best way of delivering value to shareholders.

Rodney Dennis
Chairman
5 December 2013

Strategic Report
Portfolio Manager's Report

John Bennett

The opening paragraph of my report last year concluded with an observation regarding the importance of a central bank's credibility. This was in the context of Europe's seemingly interminable existential crisis. The paragraph ended with the words "lender of last resort". Whether cynical or not, some have described Mario Draghi's heat of battle "whatever it takes" pledge as a highly successful confidence trick. To us, as our Chairman has alluded, these words were enough to provide confidence that battle lines had indeed been drawn and that the European Central Bank was ready to stand as lender of last resort. We operate in a world which disseminates instant and constant news compounded by the craving of instant gratification. An unfortunate by-product of this is that much investment commentary is of the "binary" sort: we have lost count of the number of "game changers" the macro commentariat has endeavoured to sell us. Nevertheless, Mr Draghi's words were sufficient to tempt us back, gingerly, to areas of Europe we had hitherto run a mile from.

Banking

The single biggest sectoral change in our portfolio over the past year has been the purchase of selected European banks' shares. We identified that a number of conditions were falling into place so that, once again, we might profitably adopt a stock picking approach to the industry. One early commitment, beginning in October 2012, was to Belgian bank KBC. This stock epitomised the kind of situation which could attract us if we were to re-engage in a sector which had proven a wonderful example of mean reversion, both in profitability and in valuation. Our starting point is a belief (sometimes learned the hard way) that banks are not particularly great businesses. Far too many, for far too long, have done nothing to dispel the notion that they embody leverage in the wrong hands. Yet, as certain Scandinavian banks have demonstrated, a strong retail banking franchise, managed by sensible people (admittedly the minority in an industry given to the egocentric and adventurous), with strong market shares and adequately capitalised balance sheets, can prove a good investment. With its Benelux market share, rational management, a freshly capitalised balance sheet and the added optionality of Irish exposure, KBC fitted the bill and remains a portfolio holding.

The Irish theme was developed further by our purchase of a position in Bank of Ireland early in 2013. Necessarily, an element of macro was inherent in this decision as we took a "first in first out" view of the Irish economic situation. We believed that those nations first to succumb to peripheral Europe's meltdown would be the first to emerge. It is to Ireland's credit that the country has swallowed some nasty dollops of medicine in the shape of a housing bust and internal devaluation. The saplings, if not fruits, are there to be seen in a stabilising real estate sector and, importantly, a renaissance of exports. Indeed, as we write, the signs grow that the country is readying to exit its Europe-provided bail out.

As 2013 progressed we applied the above logic to other parts of the beleaguered European periphery and, by autumn, we had added stakes in Spanish domestic banks Bankia and Bankinter to the portfolio. Spain is another nation which has, after much pressure, swallowed strong medicine and we have consciously favoured these banks for their greater leverage to recovery in the Spanish domestic economy. By contrast, the better known Spanish banks such as BBVA and Santander bring with them non-Spanish assets and exposures we don't particularly need. We also harbour lingering worries that such giants may need fresh capital.

We are aware that this report tends to reach investors around Christmas and we hope that the pantomime known as Italian politics will one day face a curtain call, allowing that country to join Ireland and Spain in getting serious about labour and product market reform. With this in mind we re-engaged in the tricky world of Italian banking via a holding in Unicredit.

The above has meant that our weighting to European financials rose over the year to stand at 19.9% by year end, up from 12.4% a year earlier. Thus far – and in full acknowledgement that Eurozone frailties are in abeyance rather than fixed – this has proven a rewarding decision.

Strategic Report

Portfolio Manager's Report

continued

Smart cars

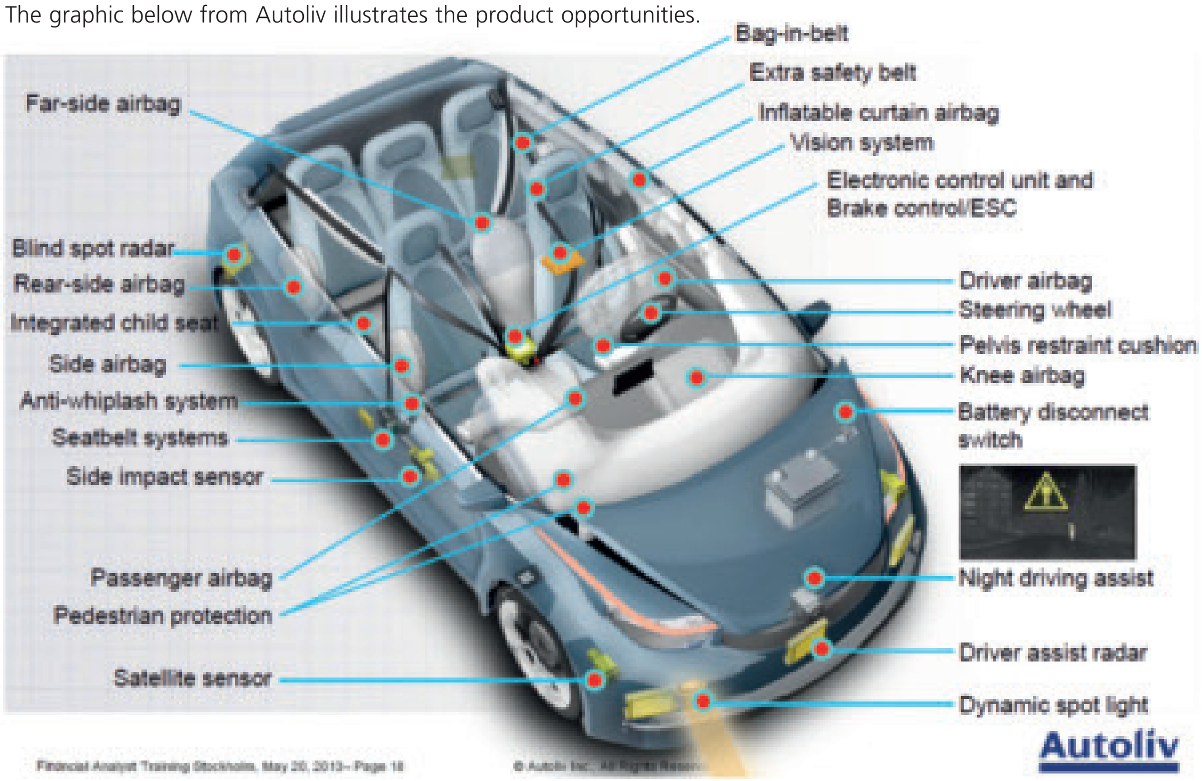
Over the past year our meetings with a number of Europe's automotive components companies has convinced us that this particular sector offers characteristics we like to invest in. The opportunity can be summed up as "growth at a value price". Passenger cars need to become lighter and safer. Those needs are driven by consumer pull and regulatory push: occupants wants to be safe, insurers want less accidents and governments are pushing through emissions regulations. Thus, we look set to experience attractive growth rates in a whole host of fuel consumption and safety technologies. The chart opposite gives a good example of the kind of products in mind. The chart is from Continental, a German company known for its tyre business, held in the portfolio. Yet, as the chart depicts, the higher growth bits of the business are likely to be away from tyres.

Product group	CAGR 2011-2020e(1) %
Particulate filters, petrol engines	100
Catalyser components	69
Battery propulsion systems (e.g. voltage converter)	67
Coolants, pumping systems	50
Tyre pressure sensors	32
Lane departure warning systems	31
Electric motors	30
Start/stop systems	28
Parking assistance systems	28
Collision warning systems	28
Turbochargers	27
Blind spot detection systems	24
Voice recognition systems	16

(1) Estimated compound annual growth rate.
Source: Continental, METZLER Equity Research, as at September 2013.

We have never been fans of the rather sterile labels of "growth" and "value". As with Continental, our other holdings within the smart cars theme can be considered "non-obvious" growth stocks since auto components is often viewed as a volatile "value" sector. Valeo in France gives us exposure to stop-start technology as well as energy efficient heating, ventilation and air conditioning systems. Sweden's Autoliv specialises in passive safety such as airbags and seat belts while offering exposure to the new wave of active safety in areas such as radar and camera technology. Infineon in Germany is a supplier of microchips to the automotive industry to help all of the above work. There may be some fancy technologies in and around these companies but, crucially, their stocks trade at non-fancy valuations.

The graphic below from Autoliv illustrates the product opportunities.



Source: Autoliv, as at May 2013.

Strategic Report

Portfolio Manager's Report

continued

Pharmaceuticals

Investors in the Company will be no strangers to our views on this sector, since it has been a highly important investment theme for the past three years and it remains our single biggest exposure. It has been interesting to observe the debate surrounding the pharmaceutical industry over the period we have favoured it. Seen as "deep value" some four years ago, the sector enjoyed a re-rating up until about the time Ben Bernanke floated the idea of "tapering" in May 2013. Since then the pharmaceutical sector has been in a slumber, prompting a number of strategist and analysts to pronounce that it is merely a "defensive yield play". It is worth reminding ourselves of the hard to kick habit of such commentators whereby they will invent a narrative to justify a price move, be the latter up or down. Having bought into the sector for the opposite of defensive reasons we beg to differ with the prevailing view. We continue to believe that here is an industry, like automotive components, offering growth at a value price. It is apparent that the wider market is not yet in the mood to believe the growth element of this thesis as the sector struggles to justify higher PER multiples than 12-13 times. For us to be proven right we need to see the pharmaceutical industry deliver pipeline success after a particularly barren period during the last seven years.

The re-rating of the pharmaceutical sector from washed up value to boring defensive has been a profitable experience for us yet we are holding out for more. The science pipelines will determine whether we are right.

Personal holding

My beneficial interest in the Company's shares rose over the year and as at 2 December 2013 stood at 149,763 shares, or 0.9% of the issued capital.

John Bennett
Portfolio Manager
Henderson Global Investors Limited

Strategic Report

Investment Portfolio

as at 30 September 2013

Company	Sector	Country of listing	Valuation £'000	% of portfolio investments
Roche	*Pharmaceuticals & biotechnology*	Switzerland	11,746	7.15
Novartis	*Pharmaceuticals & biotechnology*	Switzerland	11,384	6.93
Bayer	*Pharmaceuticals & biotechnology*	Germany	8,168	4.97
AstraZeneca	*Pharmaceuticals & biotechnology*	Sweden	7,423	4.52
Nestlé	*Food producers*	Switzerland	6,293	3.83
Sanofi	*Pharmaceuticals & biotechnology*	France	6,055	3.69
BNP Paribas	*Banks*	France	5,250	3.20
Nordea	*Banks*	Sweden	5,162	3.14
Total	*Oil & gas producers*	France	5,159	3.14
UBS	*Banks*	Switzerland	4,378	2.67
10 largest			**71,018**	**43.24**
ASML	*Technology hardware & equipment*	Netherlands	4,347	2.65
Reed Elsevier	*Media*	Netherlands	3,875	2.36
Novo Nordisk	*Pharmaceuticals & biotechnology*	Denmark	3,557	2.17
Valeo	*Automobiles & parts*	France	3,492	2.13
Henkel	*Household goods & home construction*	Germany	3,372	2.05
Carrefour	*Food & drug retailers*	France	3,283	2.00
Ahold	*Food & drug retailers*	Netherlands	3,279	2.00
Veidekke	*Construction & materials*	Norway	3,159	1.92
Schindler	*Industrial engineering*	Switzerland	2,986	1.82
Continental	*Automobiles & parts*	Germany	2,896	1.76
20 largest			**105,264**	**64.10**
Fresenius	*Health care equipment & services*	Germany	2,879	1.75
Autoliv	*Automobiles & parts*	Sweden	2,870	1.75
Schneider Electric	*Electronic & electrical equipment*	France	2,832	1.72
BMW	*Automobiles & parts*	Germany	2,171	1.32
Phillips	*General industrials*	Netherlands	2,169	1.32
Infineon Technologies	*Technology hardware & equipment*	Germany	2,147	1.31
Interpump	*Industrial engineering*	Italy	2,116	1.29
Allianz	*Nonlife insurance*	Germany	2,021	1.23
Pandora	*Personal goods*	Denmark	2,001	1.22
BIC	*Household goods & home construction*	France	1,913	1.17
30 largest			**128,383**	**78.18**
EVS Broadcast	*Electronic & electrical equipment*	Belgium	1,888	1.15
Tikkurila	*Construction & materials*	Finland	1,862	1.14
Bankinter	*Banks*	Spain	1,795	1.09
KBC	*Banks*	Belgium	1,751	1.07
GEA	*Industrial engineering*	Germany	1,739	1.06
Nobia	*Household goods & home construction*	Sweden	1,666	1.02
Nokia	*Technology hardware & equipment*	Finland	1,663	1.01
Marr	*Food & drug retailers*	Italy	1,611	0.98
Dassault Systemes	*Software & computer services*	France	1,563	0.95
Bank of Ireland	*Banks*	Ireland	1,563	0.95
40 largest			**145,484**	**88.60**
Ziggo	*Fixed line telecommunications*	Netherlands	1,530	0.93
Prosafe	*Oil equipment services & distribution*	Norway	1,486	0.91
Fred Olsen Energy	*Oil equipment services & distribution*	Norway	1,483	0.90
Tessenderlo Chemie	*Chemicals*	Belgium	1,469	0.90
Cloetta	*Food producers*	Sweden	1,465	0.89
Axa	*Nonlife insurance*	France	1,448	0.88
Richemont	*Personal goods*	Switzerland	1,448	0.88
ING	*Life insurance*	Netherlands	1,435	0.87
Unicredit	*Banks*	Italy	1,433	0.87
Freenet	*Mobile telecommunications*	Germany	1,432	0.87
Sampo	*Nonlife insurance*	Finland	1,412	0.86
Fuchs Petrolub	*Chemicals*	Germany	1,363	0.83
Svenska Handelsbanken	*Banks*	Sweden	1,320	0.81
Total listed equity investments at fair value			**164,208**	**100.00**

All securities are equity investments.

Strategic Report
Portfolio Analysis

Country analysis

	Valuation at 30 September 2012 £'000	%	Net transactions £'000	Appreciation/ (depreciation) £'000	**Valuation at 30 September 2013 £'000**	**% of net assets**
Belgium	1,165	1.0	3,138	805	**5,108**	**3.5**
Denmark	3,338	2.9	2,216	4	**5,558**	**3.8**
Finland	4,804	4.2	(1,065)	1,198	**4,937**	**3.4**
France	28,755	24.9	(2,046)	4,286	**30,995**	**21.3**
Germany	27,874	24.1	(8,464)	8,778	**28,188**	**19.3**
Ireland	–	–	861	702	**1,563**	**1.1**
Italy	2,573	2.2	1,913	674	**5,160**	**3.6**
Netherlands	14,649	12.7	(2,966)	4,952	**16,652**	**11.4**
Norway	5,641	4.9	787	(300)	**6,128**	**4.2**
Spain	–	–	1,828	(33)	**1,795**	**1.2**
Sweden	6,807	5.9	12,367	732	**19,906**	**13.7**
Switzerland	30,925	26.8	(2,491)	9,801	**38,235**	**26.2**
Other transactions(1)	–	–	(229)	229	**–**	**–**
Total investments	126,531	109.6	5,849	31,828	**164,208**	**112.7**
Net current liabilities	(11,100)	(9.6)	(7,346)	–	**(18,446)**	**(12.7)**
Net assets	115,431	100.0	(1,497)	31,828	**145,762**	**100.0**
Attributable to equity shareholders' funds	115,431	100.0	–	30,331(2)	**145,762**	**100.0**

(1) Represents the proceeds from the liquidation of the Company's subsidiary during the period.
(2) Company's total return, less dividends paid during the period.

Sector analysis

	Euros £'000	Swiss francs £'000	Swedish krona £'000	Norwegian kroner £'000	Danish kroner £'000	Sterling £'000	**Valuation at 30 September 2013 £'000**	**% of net assets**
Oil & gas	5,159	–	–	2,969	–	–	**8,128**	**5.6**
Basic materials	11,000	–	–	–	–	–	**11,000**	**7.5**
Industrials	12,606	2,986	–	3,159	–	–	**18,751**	**12.9**
Consumer goods	13,844	7,741	6,001	–	2,001	–	**29,587**	**20.3**
Health care	8,934	23,130	7,423	–	3,557	–	**43,044**	**29.5**
Consumer services	12,048	–	–	–	–	–	**12,048**	**8.3**
Telecommunications	2,962	–	–	–	–	–	**2,962**	**2.0**
Financials	18,108	4,378	6,482	–	–	–	**28,968**	**19.9**
Technology	9,720	–	–	–	–	–	**9,720**	**6.7**
Total investments	94,381	38,235	19,906	6,128	5,558	–	**164,208**	**112.7**
Net current liabilities	(2,374)	(3,335)	(9,061)	(1,754)	(928)	(994)	(18,446)	**(12.7)**
Net assets	92,007	34,900	10,845	4,374	4,630	(994)	**145,762**	**100.0**

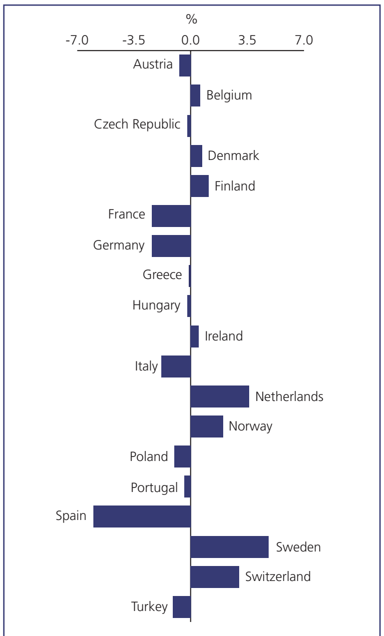
Strategic Report
Portfolio Weightings

Country weightings of the portfolio investments at 30 September 2013

	Oil & gas %	Basic materials %	Industrials %	Consumer goods %	Health care %	Consumer services %	Telecoms %	Utilities %	Financials %	Technology %	Portfolio investments %	Benchmark Index[1] %
Austria	–	–	–	–	–	–	–	–	–	–	–	0.7
Belgium	–	0.9	1.1	–	–	–	–	–	1.1	–	3.1	2.6
Czech Republic	–	–	–	–	–	–	–	–	–	–	–	0.2
Denmark	–	–	–	1.2	2.2	–	–	–	–	–	3.4	2.7
Finland	–	–	1.1	–	–	–	–	–	0.9	1.0	3.0	1.9
France	3.1	–	2.9	2.1	3.7	2.0	–	–	4.1	1.0	18.9	21.3
Germany	–	5.8	1.1	5.2	1.7	–	0.9	–	1.2	1.3	17.2	19.6
Greece	–	–	–	–	–	–	–	–	–	–	–	0.1
Hungary	–	–	–	–	–	–	–	–	–	–	–	0.2
Ireland	–	–	–	–	–	–	–	–	1.0	–	1.0	0.5
Italy	–	–	1.3	–	–	1.0	–	–	0.9	–	3.2	4.9
Netherlands	–	–	1.3	–	–	4.4	0.9	–	0.9	2.6	10.1	6.5
Norway	1.8	–	1.9	–	–	–	–	–	–	–	3.7	1.7
Poland	–	–	–	–	–	–	–	–	–	–	–	0.9
Portugal	–	–	–	–	–	–	–	–	–	–	–	0.4
Spain	–	–	–	–	–	–	–	–	1.1	–	1.1	7.1
Sweden	–	–	–	3.6	4.5	–	–	–	3.9	–	12.0	7.2
Switzerland	–	–	1.8	4.7	14.1	–	–	–	2.7	–	23.3	20.4
Turkey	–	–	–	–	–	–	–	–	–	–	–	1.1
Total	**4.9**	**6.7**	**12.5**	**16.8**	**26.2**	**7.4**	**1.8**	**–**	**17.8**	**5.9**	**100.0**	
Benchmark index	5.7	8.4	14.9	18.6	12.4	5.6	4.1	3.9	22.3	4.1		100.0

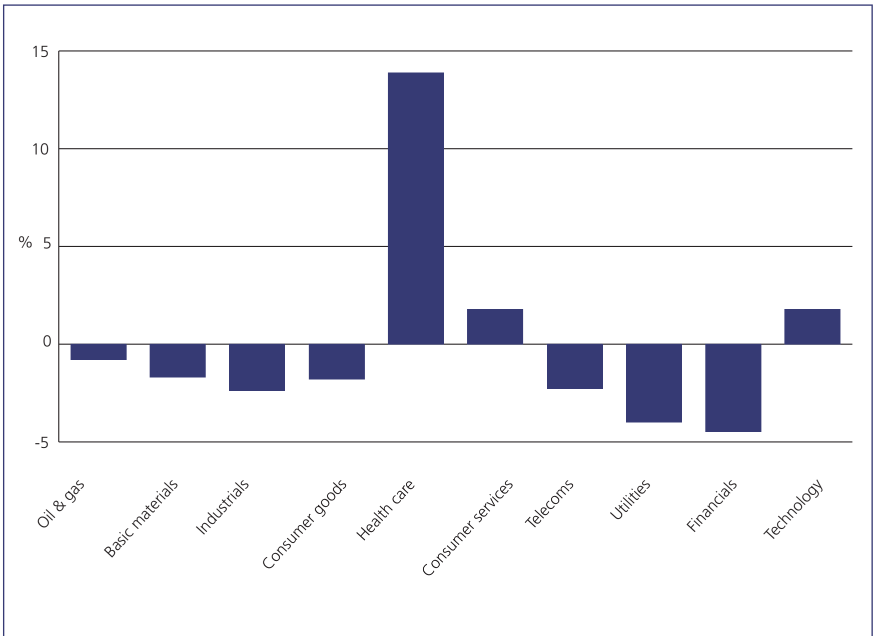
(1) FTSE World Europe ex UK Index in sterling terms.
Source: Henderson Global Investors Limited.

Country underweights/overweights at 30 September 2013



Source: Henderson Global Investors Limited.

Sector underweights/overweights as at 30 September 2013



Source: Henderson Global Investors Limited.

Strategic Report
Strategic Review

The Strategic Report is designed to provide information primarily about the Company's business and results for the year ended 30 September 2013. The Strategy and business model are contained within section b) Investment objective and policy set out below.

a) Status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 ("the Act") and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ("Section 1158"), is subject to the UK Listing Authority's Listing Rules and is governed by its articles of association, amendments to which must be approved by shareholders by way of a special resolution. The Company is not a close company.

The Company has obtained approval from HM Revenue & Customs ("HMRC") of its status as an investment trust under Section 1158; the Directors are of the opinion that the Company has conducted its affairs in compliance with Section 1158 since approval was granted and intends to continue to do so. The Company is liable to corporation tax on its net revenue profits but is exempt from corporation tax on capital gains if it has complied at all times with Section 1158.

b) Investment objective and policy

Investment Objective

The Company seeks to maximise total return from a focused portfolio of listed Continental European stocks.

Investment Policy

Asset allocation

The portfolio is unconstrained by benchmark and contains between 50 to 60 holdings at any one time. While awareness of benchmark constituents and sector weightings inform portfolio construction, actual weightings of stocks held in the Company's portfolio are based upon the Manager's view of their total return prospects rather than their weighting in the benchmark, therefore the stock weighting in the portfolio can be materially higher or lower than the benchmark weighting. The aim is to seek out inflection points at both stock and sector level where growth can be purchased at a reasonable price.

Less emphasis is given to geographical diversification. The portfolio is not constructed with a yield target. Derivative instruments (such as futures and options) may be used for investment purposes for up to 10% of net assets.

The portfolio has a bias to larger capitalised companies but may be invested in the equity of mid and smaller capitalised companies. The exposure to smaller capitalised stocks is normally limited to 10% of net asset value ("NAV"). Smaller capitalised companies are considered by the Manager to be those with a market capitalisation of less than €1 billion at the time of investment.

Risk diversification

The Company is invested in a diversified portfolio of investments containing between 50 to 60 stocks, with a maximum single stock weighting of 10% of NAV of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more are not expected to exceed 40% of NAV in aggregate and the typical minimum stock weight is 1% of NAV.

Gearing

The Company has the power to borrow and does so on a tactical basis when the Manager is confident that market conditions and opportunities exist to enhance investment returns by using gearing. The Manager has discretion to borrow within limits set by the Board from time to time but gearing will not exceed 20% of net assets at the time the borrowing is assumed.

The Company's Benchmark Index is the FTSE World Europe ex UK Index (sterling total return).

c) Principal risks and uncertainties

The Board's policy on risk management has not changed from last year. The Directors have put in place processes to identify and manage significant risks to the Company, including internal controls to minimise operational risks. The Board, in conjunction with the Audit Committee, regularly reviews the system of internal controls. These include controls to safeguard the Company's assets and shareholders' investments. A summary of the Company's approach to internal controls and risk can be found in the Corporate Governance Statement on page 22.

The Board has identified its key risks as follows:

- *Market risk*

The Company's performance is dependent on the performance of the companies and markets in which it invests and will also be affected by the strength of currencies in the regions in which it invests relative to sterling. Investment risk is spread by holding a diversified portfolio of companies with strong balance sheets and above average growth prospects. A significant proportion of the holdings in the Company's

Strategic Report
Strategic Review
continued

portfolio may not be represented in the Benchmark Index. An analysis of the Company's portfolio and geographical weightings compared to the Benchmark Index is included on pages 10 and 11.

- *Gearing*

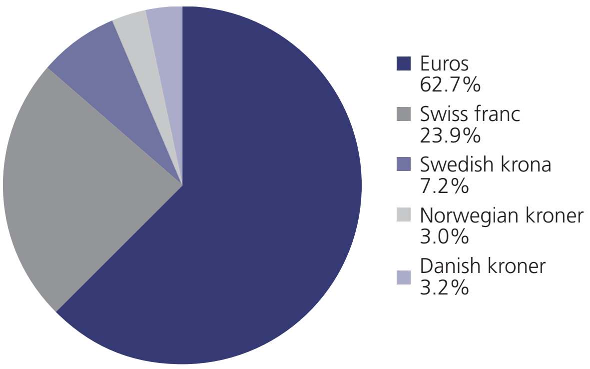
The Manager has authority to use gearing in line with the Company's investment policy. In the event of a significant or prolonged fall in equity markets gearing would exacerbate the effect of the falling market on the Company's NAV and, consequently, its share price.

- *Other financial risks*

The Company minimises the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone rigorous due diligence by the Manager.

The Company holds its liquid funds, which are mostly denominated in euros, almost entirely in interest bearing bank accounts in the UK or on short-term deposit. This, together with a portfolio which comprises mainly investments in large and medium-sized companies mitigates the Company's exposure to liquidity risk.

The majority of the Company's assets and liabilities are denominated in currencies other than sterling. No hedging of the currency exposure is currently undertaken. Consequently, exchange rate fluctuations have the potential to reduce or enhance returns for sterling based investors. Exposure to currencies as a percentage of the portfolio as at 30 September 2013 is shown below.



Source: Henderson Global Investors Limited.

Other principal risks associated with the Company's financial instruments and policies for managing these risks are given in note 14 to the financial statements.

d) Management arrangements and related party transactions

Henderson Global Investors Limited ("Henderson") (which is authorised and regulated by the Financial Conduct Authority) provides investment management services in accordance with an investment management agreement dated 25 November 2012, which is terminable on six months' notice by either party.

During the year under review, Henderson received a management fee of 0.75% per annum, calculated monthly in arrears on the value of the Company's net assets. Since 1 October 2013 this fee has been reduced to 0.65% per annum.

An additional management fee based on performance is payable if the Manager meets certain targets for the year. The performance fee is charged when the NAV percentage increase over the year is greater than the percentage increase in the Benchmark Index in sterling and on total return terms, plus a hurdle of 1%. The Manager is entitled to 15% of the NAV outperformance of the Benchmark Index above the hurdle (excluding the effect of share buy-backs), subject to the maximum amount payable in any one year in respect of the management fee and the performance fee being 1.75% of net assets at the year end. Since 1 October 2013 the maximum amount payable in any one year has been reduced to 1.3% of net assets at the year end.

Underperformance is carried forward and must be made up before any further performance fee can be paid. Any excess performance is carried forward and can be set against underperformance but not used to earn or enhance a performance fee payment.

Each annual performance related fee is calculated based on the relevant figures for the financial year as audited and published in the relevant annual report. A performance related fee of £87,000 was payable in respect of the year ended 30 September 2013 (2012: £1,211,000).

Henderson and its subsidiaries provide accounting, company secretarial and general administrative services under the terms of the investment management agreement. There is no separate charge for the provision of these services. Some of the administration and accounting services are carried out, on behalf of Henderson, by BNP Paribas Securities Services Limited (prior to 1 April 2013 such services were carried out by HSBC Securities Services Limited).

Strategic Report

Strategic Review

continued

Other than the relationship between the Company and its Directors, the provision of services by Henderson is the only related party arrangement currently in place. Other than fees payable by the Company in the ordinary course of business there have been no material transactions with this related party affecting the financial position or performance of the Company during the year under review.

Custody services are provided by HSBC Bank plc.

e) Financial review

- *Assets*

The Company's net assets at 30 September 2013 amounted to £145,762,000 compared with £115,431,000 at 30 September 2012.

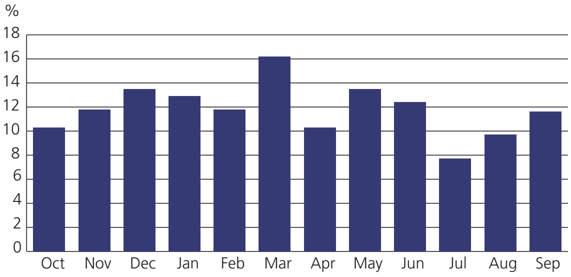
- *Income*

The total return for the year was £33,546,000 (2012: £19,832,000). The return per share was 198.27p (2012: 115.67p).

The Company made a net revenue surplus in the year, after expenses and taxation of £4,292,000 (2012: £2,998,000).

f) Borrowing

The Manager is authorised to gear the portfolio through the use of flexible multi-currency borrowing facilities, details of which are provided in note 13 to the financial statements. The Manager is responsible for deciding on the currency mix of the borrowings. In deciding on this he is mindful of the currencies of the stocks he is invested in. The Board monitors the level of gearing, which is restricted by the Company's investment policy. Borrowing levels are also restricted by financial covenants. During the year, gearing ranged from between 7.7% and 16.2% of net assets. At 30 September 2013 gearing was 11.6% (2012: 8.3%).



Source: Henderson Global Investors

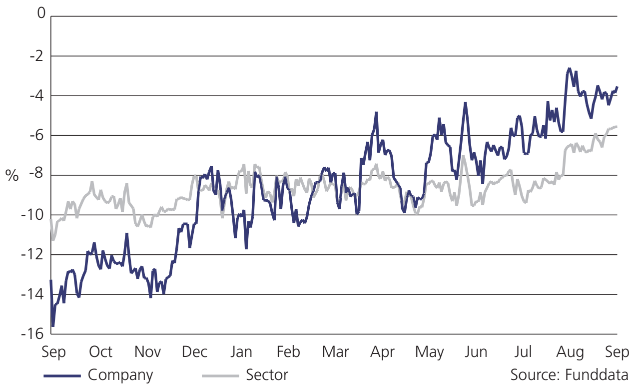
g) Performance measurement and key performance indicators

In order to measure the success of the Company in meeting its objectives the Directors take into account the following key performance indicators:

- The movement of the NAV per ordinary share compared with the movement of the FTSE World Europe ex UK Index in sterling terms on a total return basis ("the Benchmark Index"). Information on the Company's performance in the year under review is included in the Chairman's Statement on page 4 and in the tables on page 2.

- The Board also monitors the performance of the Company's ordinary shares and, in particular, the level of discount at which the ordinary shares trade relative to the NAV. Over the year to 30 September 2013, the middle-market price of the Company's ordinary shares increased by 40.5% to 831.50p.

Share price discount to NAV (compared with the AIC Europe sector) over the year to 30 September 2013



Source: Funddata

The Board has a pragmatic approach to share buy-backs and keeps its policy under review, monitoring liquidity in the Company's shares and the level of discount in comparison to its peers as well as the longer term trends for discounts in the sector.

- Additionally, the Board regularly reviews the costs of running the Company calculated using the AIC methodology for ongoing charges. The Company's ongoing charge for the year ended 30 September 2013 was 1.10% compared to 1.16% in 2012. Any performance fee payable is excluded from the ongoing charge calculation. For information, such charge including the performance fee was 1.17% in the year (2012: 2.28%).

Information on how the Company has performed over the longer term is included on pages 2 and 3.

Strategic Report
Strategic Review
continued

h) Corporate Responsibilities

- *Responsible investment (SEE statement)*

The Manager is responsible for managing the Company's investments and reporting on its work on corporate governance and corporate responsibility (or social, environmental and ethical ("SEE") issues) in the companies in which it invests on its clients' behalf, across all funds. In May 2005 Henderson became a founding signatory to the United Nations Principles for Responsible Investment. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance ("ESG") issues into mainstream investment decision-making and ownership practices.

The way companies respond to sustainability and corporate responsibility can affect their business performance, both directly and indirectly. An investee company's policy on social responsibility and the environment is therefore considered as part of the investment risk decision.

- *Voting policy and the UK Stewardship Code*

Henderson's responsible investment policy sets out the Manager's approach to corporate governance and corporate responsibility for all the companies in which it invests on behalf of its clients and its policy on proxy voting. The policy also sets out how Henderson implements the Stewardship Code. The Company has reviewed Henderson's policy and has delegated responsibility for voting to the Manager. The Board receives a report annually on the voting undertaken by the Manager on behalf of the Company.

Henderson believes that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the Portfolio Manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale therefor are fed back to the investee company prior to voting.

Practical difficulties may prevent the Manager voting in some markets. In particular, various factors, including restrictions on dealing and costs, may inhibit voting in some international markets and must be taken into account.

The Henderson responsible investment policy can be found on the Henderson website, **www.henderson.com**

- *Employee, social, community, human rights and environmental matters*

The Company has no employees and its core activities are undertaken by Henderson, which has implemented environmental management practices, including systems to limit the use of non-renewable resources and to minimise the impact of operations on the environment, and is focused on reducing greenhouse gas emissions and minimising waste, where possible. The Company has therefore not reported on these, or social, community or human rights issues.

Henderson's corporate responsibility statement is included on the website www.henderson.com. For 2012 it was granted CarbonNeutral Company status which it has committed to maintain at least until the end of 2015. The Company's annual and half year reports are printed on carbon balanced paper, whereby the carbon impact of the production and distribution process has been balanced, or offset, by the World Land Trust, an international conservation charity. Papers for all of the Company's meetings are now circulated electronically rather than in paper form.

- *Gender metrics*

All of the Company's Directors are male. More information on the Board's consideration of diversity is given in the Corporate Governance Statement on page 21.

By order of the Board
Debbie Fish ACIS
For and on behalf of
Henderson Secretarial Services Limited, Company Secretary
5 December 2013

Directors

Rodney Dennis (Chairman of the Board and of the Nomination, Remuneration and Management Engagement Committees) runs an investment and pensions consulting business. He was formerly deputy chief executive of the Prince's Trust, prior to which he held a number of senior positions at Prudential Portfolio Managers Limited. He was appointed to the Board on 11 November 2003 and as Chairman on 14 September 2006.

Jean Claude Banon retired in June 2011 from Veolia Environnement SA where he was for many years CEO of some of the group's operations in the UK, then representative of the group within the EU institutions in Brussels. He is now developing corporate advisory services. He joined the Board on 18 March 1991.

Alexander Comba (Chairman of the Audit Committee and Senior Independent Director) is a chartered accountant. He has been group finance director of Vinci PLC, one of the UK's leading construction groups, since 1993. He joined the Board on 11 November 2003.

Michael Firth is a non-executive director of Network Rail Limited and Communisis plc. He was previously a non-executive director of Somerfield plc and First Technology PLC having previously been head of corporate banking at HSBC Bank plc. He joined the Board on 17 November 2006.

All Directors are independent of the Manager.

All Directors are members of the Audit, Nomination, Remuneration and Management Engagement Committees.

Management

Henderson Global Investors Limited ("Henderson") (which is authorised and regulated by the Financial Conduct Authority) and its subsidiaries undertake management, administration and company secretarial services.

The day-to-day management of the Company's portfolio is carried out by an award winning team led by John Bennett.

John Bennett is a director of European equities at Henderson. He joined Gartmore, the Company's previous Manager, in 2010 after spending 17 years at GAM and has over 20 years' experience of managing Continental and Pan European equities. He qualified in 1986 as a member of the Chartered Institute of Bankers in Scotland.

Debbie Fish ACIS acts as Company Secretary on behalf of Henderson Secretarial Services Limited.

Report of the Directors

The Directors present the audited financial statements of the Company and their report for the year from 1 October 2012 to 30 September 2013.

The Company (registered in England & Wales on 20 January 1947 with company registration number 427958) was active throughout the year under review and was not dormant.

a) Directors

- Board composition

The Board consists of four non-executive Directors and the biographies of those holding office at the date of this report, which are set out on page 16, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors. All Directors served through the year.

- *Directors' remuneration and shareholdings*

The Directors' Remuneration Report on pages 25 to 26 provides information on the remuneration and interests of the Directors.

- *Directors' conflicts of interest*

The Company's articles of association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company ("situational conflicts"). The Board has a formal system in place for Directors to declare situational conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. In deciding whether to authorise a situational conflict, the non-conflicted Directors must act honestly and in good faith with a view to the best interests of the Company and they may impose limits or conditions when giving the authorisation, or subsequently, if they think this is appropriate.

Any situational conflicts considered, and any authorisations given, are recorded in the relevant meetings' minutes. The prescribed procedures have been followed in deciding whether, and on what terms, to authorise situational conflicts and the Board believes that the systems it has in place for reporting and considering situational conflicts continues to operate effectively.

b) Share capital and shareholders

- *Share capital*

As at 30 September 2013 the Company's paid up share capital consisted of 18,204,149 ordinary shares of 50p each, 16,919,919 shares with full voting rights and 1,284,230 shares held in treasury. All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. To the extent that they exist, the revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holding of ordinary shares.

Subject to annual shareholder approval, the Company may purchase its own shares at a discount to net asset value per share. At the annual general meeting ("AGM") in January 2013 shareholders gave the Board authority to buy back 2,536,295 ordinary shares during the following 15 months for cancellation or to be held in treasury. During the year ended 30 September 2013 the Company did not repurchase any ordinary shares. Since the end of the year to the date of this report no shares have been repurchased by the Company.

- *Holdings in the Company's shares*

Declarations of interests in the voting rights of the Company as at 30 September 2013 in accordance with DTR5 were as follows:

Voting rights at
30 September 2013

	Percentage of voting rights
Investec Wealth & Investment Limited	11.9
Rathbone Investment Management	5.0

- At 30 September 2013 the Company had 16,919,919 ordinary shares in issue with a total of 16,919,919 voting rights. There were 1,284,230 shares held in treasury at that date with no voting rights.
- The percentage is calculated by applying the latest holding disclosure to the Company to the aggregate voting rights in respect of the issued ordinary share capital.

In the period from 1 October 2013 to 2 December 2013 no disclosures of voting rights have been received by the Company.

Report of the Directors

continued

The Board is aware that, as at 30 September 2013 7.7% of the issued ordinary shares were held on behalf of participants in Halifax Share Dealing products. The participants in these schemes are given the opportunity to instruct the relevant nominee company to exercise the voting rights appertaining to their shares in respect of all general meetings of the Company. The nominee company has stated that it will exercise the voting rights of any shares held through the scheme that have not been exercised by the individual participants. They will do so by voting for or against all resolutions to be put at all general meetings of the Company (or by withholding votes on such resolutions) pro rata to the aggregate voting instructions for each resolution received from those participants who have chosen to exercise their voting rights.

c) Going concern

Having considered the Company's investment objective, the nature and liquidity of the Company's investment portfolio and income and expenditure projections, the Directors believe it is appropriate for the Company to continue to prepare its financial statements on a going concern basis. The assets of the Company consist almost entirely of securities that are readily realisable and the value of the Company's assets is greater than its liabilities. Accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

d) Dividend

The Directors have declared an interim dividend, in lieu of final, of 21.30p per ordinary share which will be paid on 31 December 2013 to shareholders on the register on 13 December 2013.

e) Annual general meeting

The AGM will be held on Friday 24 January 2014 at 2.30 p.m. at the Company's registered office. Separate resolutions will be proposed for each substantive issue. The notice and details of the resolutions to be put at the AGM are contained in a separate letter being sent to shareholders with this report.

f) Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving this report are listed on page 16. Each of those Directors confirms that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

g) Global greenhouse gas emissions

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations for the year to 30 September 2013 (2012: same), nor does it have responsibility for any other emissions producing sources under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7, Part 7.

By order of the Board
Debbie Fish ACIS
For and on behalf of
Henderson Secretarial Services Limited, Company Secretary
5 December 2013

Corporate Governance Statement

The Directors present the Corporate Governance Statement for the year ended 30 September 2013.

a) Applicable corporate governance codes

The Board is accountable to shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the Directors are all non-executive. Thus not all the provisions of the UK Corporate Governance Code (the "UK Code") issued by the FRC are directly applicable to the Company. The Board has therefore considered the principles and recommendations of the Code of Corporate Governance published by the Association of Investment Companies in February 2013 (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the applicable principles, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The FRC has confirmed that by following the AIC Guide, boards of investment companies should fully meet their obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules.

Copies of the AIC Code, the AIC Guide and the UK Code can be found on the respective organisations' websites: **www.theaic.co.uk** and **www.frc.org.uk**

b) Statement of compliance

The Board believes that the Company has complied with the recommendations of the AIC Code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and therefore the provisions of the UK Code that are relevant to the Company, except as set out below or elsewhere in the Corporate Governance Statement.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the Company as an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

c) Directors

- *terms of appointment*

The Board has set, and each Director has agreed to adopt, generic terms and conditions of appointment of non-executive Directors of the Company, a copy of which is available for inspection at the Company's registered office during normal business hours and at the Company's annual general meeting ("AGM") and is available on the website **www.hendersoneuropeanfocus.com**

- *Directors' appointment and retirement*

All Directors are appointed for an initial term of three years. The articles of association require each Director to retire and submit themselves for re-election at least every three years. No Director is subject to these provisions this year.

In accordance with the requirements of the UK Code, Rodney Dennis, Jean Claude Banon and Alexander Comba, who have served as Directors for more than nine years, will stand for re-election at the AGM. The Board confirms that, having conducted a formal performance evaluation, as explained on page 22, each of the Directors seeking re-election continue to demonstrate their commitment to the Company and to perform their roles effectively and recommends that you vote in favour of each of the relevant resolutions being put to the AGM.

- *Directors' independence*

All Directors have a wide range of other interests and are not dependent on the Company itself. At the Nomination Committee meeting in September 2013, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of the Manager. Rodney Dennis, Jean Claude Banon and Alexander Comba have served on the Board for more than nine years. In line with the AIC Code, the Board believes that length of service does not diminish the contribution from a Director as experience and knowledge of the Company is a positive factor and should not impact a Director's independence. The Board has determined that all Directors are independent in character and judgement and that their individual skills, broad business experience and high degree of knowledge and understanding of the Company are of great benefit to shareholders. The Board is cognisant that there is still a majority of longer serving Directors on the Board and the active plan for succession is ongoing, with a search for a new Director underway.

Alexander Comba is appointed as Senior Independent Director.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. No Director has a contract of service with the Company and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Corporate Governance Statement

continued

- *Directors' professional development*

When a new Director is appointed they are offered an induction seminar which is held by the Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors are also able to attend external training facilities and industry seminars at the expense of the Company and each Director's individual training requirements are considered by the Chairman as part of the annual performance appraisal.

- *Directors' insurance and indemnification*

Directors' and officers' liability insurance cover is in place which indemnifies the Directors against certain liabilities arising from the carrying out of their duties. Under the Company's articles of association and, subject to the provisions of UK legislation, a qualifying third party provision indemnity may be provided to Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. The Company has granted indemnity to Directors to the extent permitted by law in respect of liabilities that may attach to them in their capacity as Directors of the Company.

d) The Board

- *Responsibilities of the Board and its Committees*

The Board meets formally at least five times a year, with additional Board or committee meetings arranged when required. The Directors have regular contact with the Portfolio Manager and Company Secretary between formal meetings. The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings including strategy, management and structure, financial reporting and other communications, Board membership and other appointments, contracts, internal control, corporate governance and miscellaneous. The Board is responsible for the approval of annual and half year results, interim management statements and other public documents and for ensuring that such documents provide a fair, balanced and understandable assessment of the Company's position and prospects. The Directors confirm that they believe that the annual report and financial statements for the year ended 30 September 2013, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

At each meeting the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature. The Board monitors compliance with the Company's objective and is responsible for setting asset allocation, investment and gearing limits within which the Manager has discretion to act and regularly reviews investment strategy. It has adopted a procedure for Directors to take independent professional advice in the furtherance of their duties at the expense of the Company. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information.

- *Committees of the Board*

The Board has four Committees: the Audit Committee, the Management Engagement Committee, the Nomination Committee and the Remuneration Committee. The terms of reference for these Committees are available on the website **www.hendersoneuropeanfocus.com** or via the Company Secretary.

Audit Committee

The Audit Committee comprises all of the Directors and is chaired by Alexander Comba, who has held a number of senior financial positions during his career, as detailed on page 16. The other Audit Committee members have a combination of financial investment and other experience gained throughout their careers.

The Audit Committee reports that it met twice during the year under review and the main duties undertaken were:

- a review of the half year results and the annual financial statements, including the disclosures made therein in relation to internal controls and risk management, going concern and related parties and consideration of whether the annual report is fair, balanced and understandable. The Board looks to the Committee to advise them in this regard and report on any significant issues;
- a review of the performance fee calculation;
- consideration of the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- consideration of the internal controls in place at Henderson, as described on page 22, and Henderson's policies in relation to cyber risk and business continuity;
- consideration of the Company's key risks and risk map;
- consideration of the nature and scope of the external audit and the findings therefrom and whether there is a need for an internal audit function, as described on page 22;
- consideration of the terms of appointment of the auditors, their performance and remuneration;
- consideration of the auditors' independence and objectivity and any non-audit services provided; and

Corporate Governance Statement

continued

- consideration of the "whistle blowing" policy that the Manager has put in place for its staff to raise concerns about possible improprieties, including in relation to the Company, in confidence. The policy includes the necessary arrangements for independent investigation and follow-up action.

To assist with these duties, the Audit Committee met with representatives of the Manager and the auditors and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company and the systems of internal controls in place. Representatives of the Manager's internal audit and risk departments regularly attend meetings to report on the systems of internal controls in place.

The provision of non-audit services by the Company's auditors is considered and approved by the Audit Committee on a case by case basis. The policy set by the Audit Committee, which is kept under review, ensures that consideration is given to the following factors when considering the provision of non-audit services by the auditors:

- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the auditors' independence and objectivity and what safeguards can be put in place to eliminate or reduce any threat in this regard; and
- the cost-effectiveness of the services.

During the year under review, £9,000 was paid to the auditors in relation to taxation services, specifically in relation to withholding tax recoveries. The Directors do not believe that the provision of these services impacts the auditors' independence.

Grant Thornton UK LLP became the Company's auditors in 2007 following their merger with RSM Robson Rhodes LLP who were appointed following the last tender conducted in 2004. The Audit Committee remains satisfied with the effectiveness of the audit provided by Grant Thornton UK LLP. The Audit Committee is satisfied that the auditors are independent of the Company. The appointment of the auditors is not regularly put out to tender and as the Company is not in the FTSE 350 it is not required to put the contract out to tender at least every ten years. However, performance is regularly reviewed by the Audit Committee. On the basis of the auditors' performance the Audit Committee recommended their continuing appointment to the Board with no tender necessary.

The auditors have indicated their willingness to continue in office. Accordingly, resolutions to confirm the appointment of Grant Thornton UK LLP as auditors to the Company, and to authorise the Directors to determine their remuneration, will be proposed at the AGM.

Nomination Committee

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience and diversity existing on the Board. The Nomination Committee considers diversity as part of the annual performance evaluation and it is considered that there is a range of backgrounds and each Director brings different qualities to the Board and its discussions. Given the small size of the Board, it is not considered appropriate for the Company to have set targets in relation to diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. The Nomination Committee will make recommendations to the Board when the recruitment of additional non-executive Directors is required.

Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Committee may use external agencies as and when the requirement to recruit an additional Board member becomes necessary. All appointments to the Board are based on merit and the skills needed to fill any gaps.

The Committee also reviews and recommends to the Board the Directors seeking re-election. Recommendation is not automatic and will follow a process of evaluation of each Director's performance and consideration of the Director's independence. The Committee also takes into account the mix of skills and experience of the current Board members. In accordance with the UK Code any Director serving for longer than six years would be subject to particularly rigorous assessment of his contribution.

The Committee met in September 2013 to carry out its annual review of the Board, its composition and size and its Committees. The results of the performance evaluation are contained in e) overleaf.

Management Engagement Committee

All Directors are members of the Management Engagement Committee, which is chaired by the Chairman of the Board. The Committee is responsible for reviewing the management contract on a regular basis, ensuring that the terms are fair and reasonable and that the continuing appointment of the Manager, given the Company's performance over both short and longer terms, is in the best interests of the Company and its shareholders and also for reviewing the performance and cost effectiveness of the Company's other service providers.

Corporate Governance Statement

continued

The Committee met in November 2013 to carry out its annual review of the Manager, the results of which are contained in h) on page 23.

Remuneration Committee

All Directors are members of the Remuneration Committee, which is chaired by the Chairman of the Board. The Committee is responsible for monitoring the remuneration of the Directors. Directors' fee levels are set in line with the remuneration policy, as set out in the Directors' Remuneration Report on pages 25 and 26, which is subject to periodic shareholder approval.

- *Board attendance*

The table below sets out the number of Board and Committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the AGM in January 2013.

Directors' attendance at meetings

	Board	AC	MEC	NC	RC
Number of meetings	**5**	**2**	**1**	**1**	**1**
Rodney Dennis	5	2	1	1	1
Jean Claude Banon	4	2	1	1	1
Alexander Comba	5	2	1	1	1
Michael Firth	5	2	1	1	1

AC: Audit Committee
MEC: Management Engagement Committee
NC: Nomination Committee
RC: Remuneration Committee

Committees of the Board also met during the year to undertake business such as the approval of the Company's results and dividend.

e) Performance evaluation

The performance of the Company is considered in detail at each Board meeting. In November 2013 the Board conducted a review of its own performance, together with that of its Committees, the Chairman and each individual Director through questionnaires and discussion and concluded that each were satisfactory and the Board has a good balance of skills and experience. In particular, it is considered that each of the Directors makes a significant contribution to the affairs of the Company and that Directors seeking re-election at the Company's AGM merit re-election by shareholders. The use of external parties to undertake the performance evaluation has been used on occasion historically and will be considered from time to time in the future.

f) Internal controls

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company. The process accords with advice issued by the FRC and is subject to regular review by the Board.

The Board has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has reviewed the effectiveness of the Company's system of internal controls for the year ended 30 September 2013. During the course of its review the Board has not identified or been advised of any failings or weaknesses that have been determined as significant. All business risks faced by the Company are recorded in a risk map which is reviewed regularly.

The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Manager's compliance, internal audit and risk departments on a continuing basis. The Board receives a formal report on a quarterly basis which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. The Board receives a report on the Manager's internal controls each year which includes a report from the Manager's auditors on the control policies and procedures in operation.

The ongoing process for identifying, evaluating and managing significant risks faced by the Company has been in place throughout the year under review and up to the date of this report. Systems are in operation to safeguard the Company's assets and shareholders' investments, to maintain proper accounting records and to ensure that financial information used within the business, or published, is reliable. As all of the Company's management functions are delegated to third parties, and the Board monitors the controls in place through the Manager's internal audit department, the Board feels that there is currently no need for the Company to have its own internal audit function.

g) Accountability and relationship with the Manager

The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 24, the Independent Auditor's Report on pages 46 and 47 and the statement of going concern on page 18.

The Board has delegated contractually to external third parties, including the Manager, the management of the investment portfolio, the custodial services (which include the safeguarding

Corporate Governance Statement

continued

of the assets), the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required. In addition, the Chairman is able to attend meetings of all the chairmen of the investment trust companies managed by the Manager which provide a forum to discuss industry matters which would then be reported to the Board.

The Manager takes decisions as to the purchase and sale of individual investments. The Manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern. The Directors have access to the advice and services of the Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board and Committee procedures are followed and that applicable rules and regulations are complied with. The proceedings at all Board and Committee meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes.

The Manager and BNP Paribas Securities Services Limited, to which Henderson outsources certain services, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2012, and confirmed its zero tolerance to bribery and corruption in its business activities. It has sought assurances from the Company's main contractors and suppliers that they will maintain adequate safeguards to protect against any potentially illegal behaviour by their employees and agents.

h) Continued appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis. The principal contents of the agreement with the Manager are contained on page 13.

Through the Management Engagement Committee, an annual review of the Company's investment performance over both the short and longer terms, together with the quality of other services provided by the Manager, including company secretarial, accounting and marketing, and the terms of the investment management agreement is undertaken.

The Board remains satisfied with investment performance and, in particular the experience, skills and commitment of the individual Portfolio Manager. It is therefore the Directors' opinion that the continuing appointment of the Manager on the existing terms is in the interests of the Company and its shareholders as a whole.

i) Relations with shareholders

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with its shareholders is through the half year results and annual report and financial statements which aim to provide shareholders with a clear understanding of the Company's activities and their results. This information is supplemented by periodic interim management statements and the daily calculation and publication of the net asset value per share to a regulatory information service and a monthly fact sheet which is available on the website **www.hendersoneuropeanfocus.com**

The Board considers that shareholders should be encouraged to attend and participate in the AGM. Shareholders have the opportunity to address questions to the Chairman of the Board, the Chairman of the Audit Committee and all other Directors at the meeting. John Bennett, the Portfolio Manager, will make a presentation to shareholders. A summary of the proxy votes received on the resolutions proposed is displayed at the meeting and each substantial issue is dealt with in a separate resolution. It is the intention of the Board that the annual report and financial statements and notice of AGM be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are also included on the website. Shareholders wishing to lodge questions in advance of the meeting, or raise issues or concerns at any time, are invited to do so by writing to the Company Secretary at the registered office address given on page 50.

General presentations to both shareholders and analysts follow the publication of the annual results. All meetings between the Manager and shareholders are reported to the Board.

By order of the Board
Debbie Fish ACIS
For and on behalf of
Henderson Secretarial Services Limited, Company Secretary
5 December 2013

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report (which must be fair, balanced and understandable), the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 and the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement under DTR 4.1.12

Each of the Directors, who are listed on page 16, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) on a going concern basis, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the annual report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed for and on behalf of the Board of Directors

Alexander Comba
Director
5 December 2013

The financial statements are published on **www.hendersoneuropeanfocus.com** which is a website maintained by the Company's Manager, Henderson Global Investors Limited ("Henderson").

The maintenance and integrity of the website is the responsibility of Henderson; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 ("the Regulations"). The report also meets the relevant requirements of the Companies Act 2006 ("the Act") and the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to Directors' remuneration. As required by Section 439 of the Act, an ordinary resolution to approve the report will be proposed at the annual general meeting on 24 January 2014. The Company's remuneration policy will also be put to shareholders for approval by ordinary resolution at the AGM.

The Company's auditors are required to report on certain information contained within this report; where information set out below has been audited it is indicated as such.

All Directors are non-executive and the Company has no chief executive officer or employees; as such some of the reporting requirements contained in the Regulations are not applicable and have not been reported on, including the requirement for a future policy table and an illustrative representation of the level of remuneration that could be received by each individual Director as it is believed that all relevant information is disclosed within this report in an alternative format.

The whole Board fulfils the function of the Remuneration Committee. No advice or services were provided by any external person in respect of the consideration of Directors' remuneration.

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Directors personally. In accordance with the Company's articles of association the aggregate remuneration of the Directors may not exceed £150,000 per annum. Subject to this overall limit, the Board's policy is that remuneration should reflect the time spent on the Company's affairs and the responsibilities borne by the Directors. They should be comparable to that of other investment trusts of a similar size and with a similar capital structure and investment objective and should be of a sufficient level to attract and retain Directors of a suitable calibre. All Directors, including any new appointments to the Board, are paid at the same rate, apart from the Chairman of the Board and the Chairman of the Audit Committee who are paid a higher fee in recognition of their additional responsibilities. The level of remuneration paid to each Director is reviewed annually, although such review will not necessarily result in any change to the rate; any feedback from shareholders would be taken into account when setting remuneration levels. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

No Director is eligible to receive bonuses, pension benefits, share options or other benefits and no long-term incentive schemes are in place.

No Director has a service contract with the Company. Directors' appointments may be terminated at any time by written notice with no compensation payable.

This policy has been in place since 1 October 2012 and will remain in place until the annual general meeting in 2017 unless it is amended by way of ordinary resolution put to shareholders at a general meeting. The Board may amend the level of remuneration paid to individual Directors within the parameters of the remuneration policy.

Annual statement

As Chairman of the Remuneration Committee, Mr Dennis reports that there have been no major decisions on Directors' remuneration or any changes to the remuneration paid to each individual Director in the year under review.

Directors' fees

Directors' annual fees are £30,000 for the Chairman, £24,000 for the Chairman of the Audit Committee and £21,000 for the other Directors. Fees were last increased in October 2011.

Directors' interests

The Company has not set any requirements or guidelines for Directors to own shares in the Company. The beneficial interests of the Directors and their connected persons in the ordinary shares of the Company are shown in the table below:

(Audited)	**30 September 2013**	30 September 2012
Rodney Dennis	7,515	–
Jean Claude Banon	–	–
Alexander Comba	5,000	5,000
Michael Firth	2,500	–

Directors' Remuneration Report

continued

There have been no changes in any of the Directors' interests in shares since the Company's year end. No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than stated on page 25.

The fees paid to the Directors who served during the years ended 30 September 2013 and 30 September 2012 were are follows:

Year ended 30 September 2013 (Audited)	A £	B £	C £	D £	E £	**Total £**
Rodney Dennis(1)	30,000	560	n/a	n/a	n/a	**30,560**
Jean Claude Banon	21,000	569	n/a	n/a	n/a	**21,569**
Alexander Comba(2)	24,000	368	n/a	n/a	n/a	**24,368**
Michael Firth	21,000	310	n/a	n/a	n/a	**21,310**

Year ended 30 September 2012 (Audited)	A £	B £	C £	D £	E £	**Total £**
Rodney Dennis(1)	30,000	–	n/a	n/a	n/a	30,000
Jean Claude Banon	21,000	–	n/a	n/a	n/a	21,000
Alexander Comba(2)	24,000	–	n/a	n/a	n/a	24,000
Michael Firth	21,000	310	n/a	n/a	n/a	21,310

Key:

A: total amount of salary and fees. B: expenses, which includes taxable benefits; these relate to Directors' travel expenses and the purchase of devices to facilitate electronic Board papers. C: performance related pay. D: vesting performance related pay. E: pension related benefits

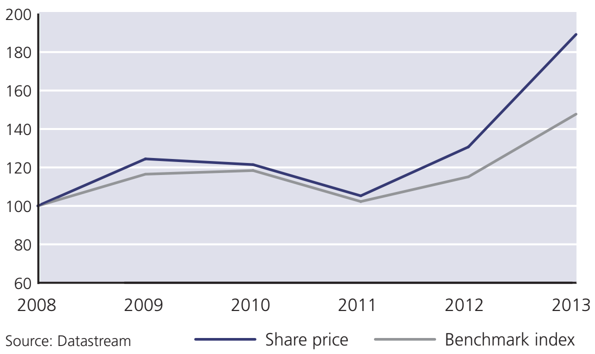
Notes:

(1) Chairman and highest paid Director. (2) Chairman of the Audit Committee.

No other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors or third parties.

Performance graph

The Company's performance is measured against the FTSE World Europe ex UK Index on a total return basis in sterling terms ("the Benchmark Index"). The graph below compares the total return of the mid-market price of the Company's ordinary shares over the five year period ended 30 September 2013 with the Benchmark Index total return over the same period, rebased to 100.



Source: Datastream

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the following table sets out the total level of remuneration compared to the distributions to shareholders by way of dividend and share buybacks. There were no other significant distributions, payments or other uses of the Company's profit or cash flow deemed to assist in the understanding of the relative importance of spend on pay.

	30 September 2013 £'000	30 September 2012 £'000
Total remuneration	98	96
Ordinary dividend paid	3,215	3,082
Buybacks of ordinary shares	–	5,232

Statement of voting at general meeting

At the 2013 AGM 4,857,754 votes were received voting for the resolution seeking approval of the Directors' Remuneration Report, 108,035 were against, 13,321 were instructed to be voted at a proxy's discretion and 200,631 were withheld.

By order of the Board

Debbie Fish ACIS

For and on behalf of

Henderson Secretarial Services Limited, Company Secretary

5 December 2013

Income Statement

for the year ended 30 September 2013

Notes		Year ended 30 September 2013 Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 September 2012 Revenue return £'000	Capital return £'000	Total £'000
2(a)	Gains on investments held at fair value through profit or loss	**–**	**31,828**	**31,828**	–	17,555	17,555
2(b)	Gains on derivative instruments	**–**	**58**	**58**	–	1,142	1,142
	Exchange (loss)/gain on currency transactions	**–**	**(1,086)**	**(1,086)**	–	442	442
3	Income from investments	**5,573**	**–**	**5,573**	4,115	140	4,255
4	Other income	**2**	**–**	**2**	29	–	29
	Gross revenue and capital gains	**5,575**	**30,800**	**36,375**	4,144	19,279	23,423
5	Management fee	**(248)**	**(744)**	**(992)**	(202)	(606)	(808)
5	Performance fee	**–**	**(87)**	**(87)**	–	(1,211)	(1,211)
6	Other fees and expenses	**(377)**	**(398)**	**(775)**	(452)	(472)	(924)
	Net return on ordinary activities before finance charges and taxation	**4,950**	**29,571**	**34,521**	3,490	16,990	20,480
7	Finance charges	**(106)**	**(317)**	**(423)**	(45)	(135)	(180)
	Net return on ordinary activities before taxation	**4,844**	**29,254**	**34,098**	3,445	16,855	20,300
8	Taxation on net return on ordinary activities	**(552)**	**–**	**(552)**	(447)	(21)	(468)
	Net return on ordinary activities after taxation	**4,292**	**29,254**	**33,546**	2,998	16,834	19,832
9	**Return per ordinary share**	**25.37p**	**172.90p**	**198.27p**	17.49p	98.18p	115.67p

The total columns of this statement represent the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company had no recognised gains or losses other than those disclosed in the Income Statement.

The notes on pages 31 to 45 form part of these financial statements

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2013

Notes	**Year ended 30 September 2013**	**Called up share capital £'000**	**Special distributable reserve £'000**	**Merger reserve £'000**	**Capital redemption reserve £'000**	**Capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
	At 30 September 2012	**9,102**	**19,749**	**61,344**	**9,421**	**5,169**	**10,646**	**115,431**
	Net return on ordinary activities after taxation	**–**	**–**	**–**	**–**	**29,254**	**4,292**	**33,546**
10	**Ordinary dividend paid**	**–**	**–**	**–**	**–**	**–**	**(3,215)**	**(3,215)**
	At 30 September 2013	**9,102**	**19,749**	**61,344**	**9,421**	**34,423**	**11,723**	**145,762**

Notes	Year ended 30 September 2012	Called up share capital £'000	Special distributable reserve £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
	At 30 September 2011	9,852	24,981	61,344	8,671	(11,665)	10,730	103,913
	Net return on ordinary activities after taxation	–	–	–	–	16,834	2,998	19,832
10	Ordinary dividend paid	–	–	–	–	–	(3,082)	(3,082)
15	Buy-backs of ordinary shares and held in treasury	–	(5,232)	–	–	–	–	(5,232)
15	Cancellation of ordinary shares from treasury	(750)	–	–	750	–	–	–
	At 30 September 2012	9,102	19,749	61,344	9,421	5,169	10,646	115,431

The notes on pages 31 to 45 form part of these financial statements

Balance Sheet

at 30 September 2013

Notes		2013 £'000	2012 £'000
	Fixed assets		
11	Investments held at fair value through profit or loss	**164,208**	126,531
	Current assets		
12	Debtors	**420**	3,128
	Cash at bank and held at broker	**5,821**	6,774
		6,241	9,902
13	**Creditors:** amounts falling due within one year	**(24,687)**	(21,002)
	Net current liabilities	**(18,446)**	(11,100)
	Net assets	**145,762**	115,431
	Capital and reserves		
15	Called up share capital	**9,102**	9,102
16	Special distributable reserve	**19,749**	19,749
17	Merger reserve	**61,344**	61,344
18	Capital redemption reserve	**9,421**	9,421
19	Capital reserve	**34,423**	5,169
20	Revenue reserve	**11,723**	10,646
	Shareholders' funds	**145,762**	115,431
21	**Net asset value per ordinary share**	**861.48p**	682.22p

These financial statements were approved and authorised for issue by the Board of Directors on 5 December 2013 and signed on its behalf by:

Alexander Comba
Director

The notes on pages 31 to 45 form part of these financial statements

Cash Flow Statement

for the year ended 30 September 2013

Notes		2013 £'000	2013 £'000	2012 £'000	2012 £'000
23	**Net cash inflow from operating activities**		**1,560**		2,663
	Servicing of finance				
	Interest paid	**(387)**		(149)	
	Net cash outflow from servicing of finance		**(387)**		(149)
	Financial investment				
	Purchases of investments	**(230,436)**		(301,627)	
	Sales of investments	**226,246**		291,853	
	Gains on derivative instruments	**58**		1,470	
	Net cash outflow from financial investment		**(4,132)**		(8,304)
	Equity dividend paid		**(3,215)**		(3,082)
	Net cash outflow before financing activities		**(6,174)**		(8,872)
	Financing				
	Shares repurchased and held in treasury	**–**		(5,355)	
	Net cash outflow from financing		**–**		(5,355)
	Increase in borrowings		**(6,174)**		(14,227)
	Reconciliation of net cash flow to movement in net debt				
	Increase in borrowings as above		**(6,174)**		(14,227)
	Exchange movements		**(1,086)**		442
	Movement in net debt		**(7,260)**		(13,785)
	Net (debt)/cash at 1 October		**(9,598)**		4,187
24	**Net debt at 30 September**		**(16,858)**		(9,598)

The notes on pages 31 to 45 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of investments at fair value. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice ("the SORP") for investment trusts and venture capital trusts issued by the Association of Investment Companies ("the AIC") in January 2009. All of the Company's operations are of a continuing nature. In the opinion of the Directors, the Company is engaged in a single segment business and therefore no segmental reporting is provided. The accounting policies applied for the year ended 30 September 2013 are unchanged from the previous year.

(b) Valuation of investments held at fair value through profit or loss

The listed investments are designated at fair value through profit or loss, as the Company's investment portfolio is managed and its performance is evaluated on a fair value basis, in accordance with a documented investment strategy. Information about the portfolio is provided internally on that basis to the Company's Board. Fair value is deemed to be bid price or the last trade price depending on the convention of the exchange on which the investment is quoted.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "gains or losses on investments held at fair value through profit or loss". Expenses that are incidental to the acquisition of an investment are expensed through the Income Statement as a capital item. Expenses that are incidental to the disposal of an investment are deducted from the proceeds of the sale of the investment. All purchases and sales are accounted for on a trade date basis.

(c) Derivative instruments

Where appropriate, certain permitted transactions involving derivative instruments are used. Derivative transactions into which the Company may enter include forward currency contracts, CFDs, futures and options, and are measured at fair value. The fair value is the quoted trade price for the contract.

Where such transactions are used to increase portfolio returns, if the circumstances support this, then the income and expenses derived from them are included in net derivative income via the revenue column of the Income Statement. Where such transactions are used to protect or enhance capital, if the circumstances support this, the gains and losses derived from them are included in gains/(losses) on derivative instruments held at fair value through profit or loss via the capital column of the Income Statement. Any positions on such transactions open at the year end are reflected in the Balance Sheet at their fair value within current assets and current liabilities.

(d) Foreign currency

The results and financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company. Sterling is the functional currency because the Company is listed in the UK with a predominantly UK shareholder base.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Monetary assets and liabilities and equity investments held at fair value through profit or loss which are denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

Notes to the Financial Statements
continued

1 Accounting policies (continued)

(e) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of Directors, the dividend is capital in nature in which case it is taken to the capital return. Income from fixed interest debt securities and preference shares is recognised using the effective interest rate method in accordance with the SORP. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Bank interest is accounted for on an accruals basis.

(f) Management and administrative expenses and finance charges

All expenses and finance charges are accounted for on an accruals basis. The annual management fee and borrowing interest charges are allocated 75% to capital and 25% to revenue in line with the Board's expected long-term split of returns in the form of capital and income profits respectively.

In accordance with the SORP, tax relief, if applicable, is credited in respect of such allocations between capital and revenue using the marginal method.

In accordance with the SORP, the performance-related fee (when payable) is allocated 100% to capital, together with the tax relief in respect of such allocations, as the fee is based on outperformance against the Company's Benchmark Index. The FTSE World Europe ex UK Index on a total return basis in sterling terms is used as the "benchmark" against which performance is measured.

(g) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(h) Borrowings

Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, less direct issue costs. They are subsequently remeasured at amortised cost. Finance charges, including interest payable, premiums on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Financial Statements

continued

1 Accounting policies (continued)

(i) Dividends payable to shareholders

Dividends payable to shareholders are recognised in the financial statements when they are paid, or in the case of final dividends, when they are approved by shareholders. Dividends are dealt with in the Reconciliation of Movements in Shareholders' Funds.

(j) Issue and repurchase of ordinary shares and associated costs

The costs of repurchasing ordinary shares, including related stamp duty and transaction costs, are taken directly to equity and reported through the Reconciliation of Movement in Shareholders' Funds, with the cost of the repurchase being charged to a capital or special distributable reserve. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve, in accordance with Section 733 of the Companies Act 2006. Where shares are repurchased and held in treasury, the transfer to the capital redemption reserve is made if and when such shares are subsequently cancelled.

(k) Capital reserves

The following are accounted for in this reserve:
– gains and losses on disposals of investments;
– realised foreign exchange differences of a capital nature;
– cost of repurchasing ordinary share capital;
– other capital charges and credits charged to this account in accordance with the above policies;
– increases and decreases in the valuation of investments held at the year end; and
– unrealised foreign exchange differences of a capital nature.

2 Gains/(losses) on investments held at fair value through profit or loss and on derivative instruments

	2013 £'000	2012 £'000
(a) Gains/(losses)on the sale of investments based on historical cost	**22,433**	(1,698)
Revaluation (gains)/losses recognised in previous years	**(3,087)**	7,955
Gains on investments sold in the year based on carrying value at previous balance sheet date	**19,346**	6,257
Revaluation gains on investments held at 30 September	**12,482**	11,298
Gains on investments held at fair value through profit or loss	**31,828**	17,555
(b) Realised gains on derivative instruments	**58**	1,470
Unrealised loss on derivative instruments	**–**	(328)
	58	1,142

Where deemed appropriate, the use of certain permitted derivative instruments, that may include futures and options, CFDs and forward currency contracts is made for efficient portfolio management purposes.

Notes to the Financial Statements

continued

3	Income from investments	2013 £'000	2012 £'000
	Listed investments:		
	Overseas dividends	**4,819**	4,031
	Franked UK dividends	**226**	26
	Stock dividends	**528**	58
		5,573	4,115

4	Other income	2013 £'000	2012 £'000
	Deposit interest	**2**	29

5	Management and performance fees	2013 Income £'000	2013 Capital £'000	2013 Total £'000	2012 Income £'000	2012 Capital £'000	2012 Total £'000
	Management fee	**248**	**744**	**992**	202	606	808
	Performance fee	**–**	**87**	**87**	–	1,211	1,211
		248	**831**	**1,079**	202	1,817	2,019

A description of the basis for calculating the management fee is given in the Strategic Report on page 13.

Management fees are allocated 25% to revenue and 75% to capital in the Income Statement. The performance fee (when payable) is allocated 100% to capital.

6	Other expenses	2013 £'000	2012 £'000
	Revenue:		
	Directors' fees (see Directors' Remuneration Report on pages 25 to 26)	**96**	96
	Fees payable to the Company's auditors		
	– for audit services	**26**	22
	– for taxation services	**9**	5
	AIC subscriptions	**12**	12
	Directors' and Officers' liability insurance	**7**	10
	Listing fees	**13**	16
	Printing and postage	**22**	34
	Other expenses payable to the management company(1)	**75**	39
	Registrar's fees	**28**	46
	Legal and professional fees	**22**	131
	Other expenses	**67**	41
		377	452
	Capital:		
	Transaction costs incurred on acquisitions of investments	**398**	472
		775	924

(1) Other expenses payable to the management company relate to marketing services.

Notes to the Financial Statements

continued

7	Finance charges	2013 £'000	2012 £'000
	On bank overdrafts repayable within one year	**423**	180

Interest payable is allocated 25% to revenue and 75% to capital in the Income Statement.

8 Taxation	Year ended 30 September 2013 Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 September 2012 Revenue return £'000	Capital return £'000	Total £'000
(a) Analysis of tax charge for the year						
Overseas tax suffered	**552**	**–**	**552**	447	21	468
Total taxation for the year	**552**	**–**	**552**	447	21	468

(b) Factors affecting the tax charge for the year	Year ended 30 September 2013 Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 September 2012 Revenue return £'000	Capital return £'000	Total £'000
Return on ordinary activities before taxation	**4,844**	**29,254**	**34,098**	3,445	16,855	20,300
Corporation tax at 23.5%	**1,138**	**6,875**	**8,013**	861	4,214	5,075
Effects of:						
Non-taxable capital profits	**–**	**(7,144)**	**(7,144)**	–	(4,785)	(4,785)
Non-taxable income	**(1,309)**	**–**	**(1,309)**	(1,029)	(35)	(1,064)
Expenses not deductible for tax purposes	**–**	**–**	**–**	–	118	118
Current year expenses not utilised	**171**	**269**	**440**	168	488	656
Overseas tax	**552**	**–**	**552**	447	21	468
	552	**–**	**552**	447	21	468

Investment trusts are exempt from corporation tax on capital gains provided that they meet the tests under Section 1158 of the Corporation Tax Act 2010.

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

The Company has not recognised a deferred tax asset totalling £1,090,000 (2012: £869,000) arising as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits. These expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

Notes to the Financial Statements

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9 Return per ordinary share

The return per ordinary share is based on the net return attributable to the ordinary shares of £33,546,000 (2012: net return of £19,832,000) and on 16,919,919 ordinary shares (2012: 17,145,613), being the weighted average number of ordinary shares in issue during the year. The return per ordinary share can be further analysed between revenue and capital, as below.

	2013 £'000	2012 £'000
Net revenue return	**4,292**	2,998
Net capital return	**29,254**	16,834
Net total return	**33,546**	19,832
Weighted average number of ordinary shares in issue during the year	**16,919,919**	17,145,613
Revenue return per ordinary share	**25.37p**	17.49p
Capital return per ordinary share	**172.90p**	98.18p
Total return per ordinary share	**198.27p**	115.67p

The Company does not have any dilutive securities, therefore the basic and diluted returns per share are the same.

10 Dividends paid and payable on the ordinary shares

Dividends on ordinary shares	**Record date**	**Payment date**	**2013 £'000**	2012 £'000
Interim dividend (17.75p) for the year ended 30 September 2011	16 December 2011	30 December 2011	**–**	3,082
Interim dividend (19.00p) for the year ended 30 September 2012	14 December 2012	31 December 2012	**3,215**	–
			3,215	3,082

The interim dividend for the year ended 30 September 2013, which is in lieu of a final dividend, has not been included as a liability in these financial statements. The total dividend payable in respect of the financial year, which forms the basis of the retention test under Section 1158 of the Corporation Tax Act 2010, is set out below.

	2013 £'000
Revenue available for distribution by way of dividend for the year	4,292
Interim dividend (21.30p) for the year ended 30 September 2013 (based on 16,919,919 ordinary shares in issue at 30 November 2013)	(3,604)
Undistributed revenue for Section 1158 purposes	688

Notes to the Financial Statements

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11	Investments held at fair value through profit or loss	2013 £'000	2012 £'000
	Cost at 1 October	**114,761**	106,514
	Additions at cost (excluding transaction costs)	**229,354**	298,135
	Proceeds of disposal (net of transaction costs)	**(223,505)**	(288,190)
	Realised gains/(losses) on disposals	**22,433**	(1,698)
	Cost at 30 September	**143,043**	114,761
	Investment holding gains at 30 September	**21,165**	11,770
	Valuation at 30 September	**164,208**	126,531

The Company's investments are registered in the name of nominees of, and held to the order of, HSBC Bank plc, as custodian to the Company. There were no contingent liabilities in respect of the investments held at the year end.

Purchase transaction costs for the year ended 30 September 2013 were £398,000 (2012: £472,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2013 were £286,000 (2012: £421,000).

During the year the liquidation of the Company's subsidiary, Aberdeen European Investment Trust plc, was completed and proceeds of £229,000 were realised.

12	Debtors	2013 £'000	2012 £'000
	Amounts receivable within one year:		
	Investments sold awaiting settlement	**–**	2,741
	Prepaid expenses	**9**	3
	Overseas withholding tax recoverable	**411**	384
		420	3,128

13	Creditors	2013 £'000	2012 £'000
	Amounts payable within one year:		
	Investments purchased awaiting settlement	**1,455**	2,667
	Accrued expenses and interest	**553**	1,567
	UK corporation tax	**–**	68
	Fair value of open derivative contracts	**–**	328
	Bank overdraft	**22,679**	16,372
		24,687	21,002

The Company has an uncommitted, secured multi-currency overdraft facility equal to the lesser of £40,000,000 and 25% of net assets with HSBC Bank plc. Interest is charged at the bank's fluctuating base rate, plus a margin of 1.25% per annum. Borrowings are repayable on demand.

Notes to the Financial Statements
continued

14 Financial risk management policies and procedures

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective and policy as stated on page 12. In pursuing its investment objective and policy, the Company is exposed to a variety of financial risks that could result in either a reduction in the Company's net assets or a reduction in the profits available for distribution by way of dividends.

These financial risks: market risk (comprising market price risk, currency risk and interest rate risk), credit risk, liquidity risk and gearing, and the Directors' approach to the management of these risks, are set out below and have not changed from the previous accounting period. The Board and the Manager coordinate the Company's risk management.

14.1 Market risk

The fair value of a financial instrument held by the Company may fluctuate due to changes in market prices. This market risk comprises market price risk (see note 14.1.1), currency risk (see note 14.1.2) and interest rate risk (see note 14.1.3). The Board reviews and agrees policies for managing these risks. The Manager assesses the exposure to market price risk when making each investment decision and monitors the overall level of market price risk on the whole of the investment portfolio on an ongoing basis.

14.1.1 Market price risk

The Company is an investment company and as such its performance is dependant on the valuation of its investments. Consequently, market price risk is the most significant risk to which the Company is exposed. The Company's investment objective and policy require it to invest mainly in listed Continental European stocks.

At 30 September 2013 the fair value of the Company's assets exposed to market price risk was £164,208,000 (2012: £126,531,000). The fair value of the investments in the portfolio is normally their bid-market price. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the companies, their industry sectors and the countries in which they operate. The 30% rise in the value of assets exposed to market risk was mainly attributable to the increase in the market prices of investments.

The Company invests in a diversified portfolio of investments. In accordance with the Company's investment objective and policy the portfolio contains between 50 and 60 stocks, with a maximum single stock weighting of 10% of the net asset value ("NAV") of the portfolio at the time of investment. Stocks weighted at 5% of the portfolio or more will not exceed 40% of the NAV in aggregate. The minimum stock weight is typically 1% of NAV at the time of investment. The largest individual stock at the year end represented 7.15% of the value of the portfolio. The Company may use derivative instruments (such as futures and options) for the purpose of efficient portfolio management up to 10% of net assets. As at 30 September 2013 the Company had no exposure to such instruments. During the year the Company achieved a net gain of £58,000 from its use of derivative instruments as shown in note 2 (2012: a net gain of £1,142,000).

The level of risk relative to the Benchmark Index is increased by over or underweighting industry sectors and, to a lesser extent, country exposures and stock exposures relative to the Benchmark Index, which tends to concentrate risk in those over and underweighted areas. As can be seen from the chart on page 11 the largest industry sector weighting variances at the year end were in the financials, utilities and industrials (underweight), health care, technology and consumer services (overweight) sectors. These weightings reflect the strategy outlined in the Portfolio Manager's Report on pages 6 to 8.

To illustrate the Company's sensitivity to market prices, a 10% change to the market value (in sterling terms) of the equity portfolio at 30 September 2013 would generate a corresponding increase or decrease in the NAV per ordinary share of 11.25% or £16.4 million.

Notes to the Financial Statements

continued

14 Financial risk management policies and procedures (continued)

14.1.2 Currency risk

The majority of the Company's assets are denominated in currencies other than sterling so the Company's total return and Balance Sheet can be significantly affected by currency fluctuations. No hedging of the currency exposure is currently undertaken. Whilst the Board and the Manager monitor geographical and currency exposure it is not a key determinant of investment decisions. At the year end 100.6% (2012: 96.7%) of the Company's net assets were denominated in currencies other than sterling, the largest proportion being euro, at 63.1% (2012: 55.9%) of net assets.

The table below shows, by currency, the split of the Company's non-sterling monetary assets and liabilities at the year end:

	2013 £'000	2012 £'000
Monetary assets (net)		
Cash and short-term receivables:		
Euro	**131**	2,224
Swiss franc	**–**	1,898
Norwegian kroner	**36**	–
US dollar	**–**	38
Swedish kroner	**244**	–
Monetary liabilities		
Bank overdraft and short-term payables		
Euro	**(2,505)**	(17,468)
Swiss franc	**(3,335)**	(85)
Swedish krona	**(9,305)**	(1,486)
Danish kroner	**(928)**	–
Norwegian kroner	**(1,790)**	–
Non-monetary assets		
Non-current asset investments held at fair value:		
Euro	**94,381**	79,821
Swiss franc	**38,235**	30,925
Swedish krona	**19,906**	6,806
Norwegian kroner	**6,128**	5,641
Danish kroner	**5,558**	3,338
Total	**146,756**	111,652

The level of assets exposed to currency risk increased by approximately 31% during the year. In common with the exposure to market price risk, this was mainly attributable to increases in the market prices of investments held. Subject to this the relative levels of exposure to currencies at the beginning and end of the year were broadly representative of levels through the period.

As can be seen from the table above the most significant currency exposures are to the euro and Swiss francs. Over the financial year to 30 September 2013, sterling appreciated by 4.7% against the euro (2012: appreciated by 8.1%) and depreciated by 3.5% against the Swiss franc (2012: appreciated by 7.3%). It is not possible to forecast how much exchange rates might move in the next financial year, but based on the movements in the above two major currencies over the last two years, it appears reasonably possible that rates could change by 10%.

Notes to the Financial Statements

continued

14 Financial risk management policies and procedures (continued)

The following table illustrates the Company's sensitivity to movements in exchange rates relative to sterling. The sensitivity analysis is based on the Company's non-sterling monetary assets held at the balance sheet date and assumes a 10% appreciation or depreciation of sterling against each of the currencies to which the Company is exposed, with all other variables held constant. A 10% appreciation of sterling would reduce the value of net assets by approximately 9.1% or £13.3 million (2012: 8.7% or £10.0 million). Revenue return for the forthcoming year would be reduced by £438,000 (2012: £295,000). The effect on capital return would be materially the same as the effect on net assets.

	2013 Net assets £'000	**2013 Revenue £'000**	2012 Net assets £'000	2012 Revenue £'000
Euro	**8,365**	**245**	5,827	190
Swiss francs	**3,194**	**137**	2,961	75
Other currencies	**1,781**	**56**	1,210	30
	13,340	**438**	9,998	295

It should be noted that a number of investee companies derive a proportion of their profits from markets subject to currencies other than that in which their shares are denominated, so changes in the relevant currency exchange rates relative to each other are also likely to have an indirect impact. Also, the above illustration is based on exposures at the year end. Exposures may be subject to change during the year as a result of investment decisions.

Liabilities denominated in foreign currencies at the year end and prior year relate to bank borrowings and investment transactions awaiting settlement. The balance outstanding at the year end was not material in the context of currency risk.

14.1.3 Interest rate risk

The Company finances part of its activities through the use of a secured uncommitted multi-currency overdraft facility equal to the lesser of £40,000,000 and 25% of net assets provided by HSBC Bank plc. Interest rates are set at the time drawings are made based on the bank's base rate, plus a margin of 1.25% per annum. Drawings are normally in euros. During the year, the maximum drawn under the facility was £30,316,000 (2012: £18,080,000) and the weighted average interest rate was 1.75% (2012: 1.75%). No hedging of the interest rate is undertaken. At 30 September 2013 there were drawings of £22,679,000 outstanding, of which £16,383,000 were in foreign currencies (2012: £16,372,000, all of which was in foreign currencies).

The Company earns interest on its cash and short-term deposits. Overdraft drawings and deposits are rarely fixed for periods of more than one week.

At 30 September 2013, financial assets and liabilities exposed to floating interest rates were as follows:

	2013 £'000	2012 £'000
Financial assets		
Cash balances	**5,821**	6,774
Financial liabilities		
Bank overdraft	**(22,679)**	(16,372)

Notes to the Financial Statements

continued

14 Financial risk management policies and procedures (continued)

The Company has no direct exposure to fixed interest rates.

The year end amounts are not representative of the exposure to interest rates either during the year just ended nor for the year ahead, since the level of borrowings and/or cash held will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time. However, to illustrate the potential sensitivity to changes in interest rates, if £29,000,000 was drawn from the uncommitted multi-currency overdraft facility (based on the 20% gearing limit set by the Board), a change of 0.5% in the rate of interest charged would, over the course of a year, amount to £145,000 (ignoring any exchange rate movements), less than 0.1% of year end net assets.

14.2 Credit risk

Credit risk is the Company's exposure to financial loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company manages credit risk by using brokers from a database of approved financial institutions who have undergone rigorous due diligence tests by the Manager's risk management team and by dealing through Henderson Global Investors Limited with banks authorised by the Financial Conduct Authority.

At 30 September 2013, the maximum exposure to credit risk was £5,821,000 (2012: £9,515,000), comprising:

	2013 £'000	2012 £'000
Cash at bank	**5,821**	6,774
Investments sold awaiting settlement	**–**	2,741

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of default is considered to be low.

14.3 Liquidity risk

Liquidity risk is the possibility of the Company failing to realise sufficient assets to meet its financial obligations. The Company minimises this risk by having a bias to larger capitalised companies, by investing in listed companies and by ensuring that it has adequate cash and credit facilities in place to meet its obligations. The Company's liquidity is mostly held in euros, almost entirely on interest-bearing current accounts or short-term deposits in the money market. Deposits are rarely fixed for terms in excess of one week and, if amounts are substantial, are placed with different deposit takers so that, at any given time, deposits do not exceed €8,000,000 with any one deposit taker. Cash requirements are monitored on a regular basis by the Manager.

At 30 September 2013, the fair value of financial liabilities was £24,687,000 (2012: £20,606,000), comprising:

	2013 £'000	2012 £'000
Due within one month:		
Investments purchased awaiting settlement	**1,455**	2,667
Bank overdraft	**22,679**	16,372
Accrued expenses and interest	**553**	1,567

Notes to the Financial Statements

continued

14 Financial risk management policies and procedures (continued)

14.4 Gearing

Market risks can be amplified by gearing. As discussed above, in addition to using shareholders' funds to finance investments the Company can also invest funds available from drawings on its overdraft facility. Such gearing will exaggerate the effect on the NAV of a change in the value of the portfolio. If the Company's uncommitted multi-currency overdraft facility was extended to the level permitted by the Board the bank gearing would amount to 20% of net assets and in those circumstances a change of 10% in the value of the portfolio would be expected to change the NAV by approximately 12.0%.

As noted on page 40 in the interest rate risk section, the level of borrowings and/or cash held during the year will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time.

At the year end there was bank gearing of 11.6% (2012: 8.3%).

14.5 Fair value hierarchy

Under FRS 29 'Financial Instruments: Disclosures' the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of these inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset. Financial assets and liabilities measured at fair value are grouped into the fair value hierarchy at 30 September 2013 and the previous year as follows:

2013	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss:				
Quoted equities	**164,208**	**–**	**–**	**164,208**

2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss:				
Quoted equities	126,531	–	–	126,531
Derivative instruments	–	(328)	–	(328)

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Level 1 are actively traded on recognised stock exchanges.

14.6 Capital management policies and procedures

The Company's capital management objectives are to ensure that it will be able to continue as a going concern; and to maximise the revenue and capital return to its equity shareholders. This is achieved through an appropriate balance of equity capital and debt.

Notes to the Financial Statements

continued

14 Financial risk management policies and procedures (continued)

The Company's capital at 30 September 2013 comprises its equity share capital and reserves that are shown in the Balance Sheet at a total of £145,762,000 (2012: £115,431,000).

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's view on the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium) as well as the discount of the peer group and the level of the equity market;
- the need for new issues of equity shares, including sales from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company is subject to several externally imposed capital requirements:

- borrowings are not to exceed 25% of the adjusted NAV;
- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet the capital restriction tests imposed on investment companies by company law.

The Company has complied with these requirements.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

15 Called up share capital

	2013 £'000	2012 £'000
Allotted, issued and fully paid		
16,919,919 (2012: 16,919,919) ordinary shares of 50p each	**8,460**	8,460
1,284,230 (2012: 1,284,230) ordinary shares of 50p each held in treasury	**642**	642
	9,102	9,102

During the year to 30 September 2013, the Company repurchased no ordinary shares to be held in treasury (2012: 997,121 at a cost of £5,232,000). The ordinary shares held in treasury have no voting rights and are not entitled to dividends.

16 Special distributable reserve

	2013 £'000	2012 £'000
Balance brought forward	**19,749**	24,981
Cost of shares repurchased	**–**	(5,232)
Balance at 30 September	**19,749**	19,749

The special distributable reserve was created on 11 July 2007 following the cancellation of the share premium account and the capital redemption reserve and is available to fund market purchases and the subsequent cancellation of own shares.

Notes to the Financial Statements

continued

17 Merger reserve

The merger reserve represents the premium over the nominal value of ordinary shares issued in March 1997 in connection with the acquisition of The German Investment Trust plc.

18 Capital redemption reserve

	2013 £'000	2012 £'000
Balance brought forward	**9,421**	8,671
Nominal value of ordinary shares cancelled from treasury	**–**	750
Balance at 30 September	**9,421**	9,421

The capital redemption reserve represents the nominal value of ordinary shares repurchased and cancelled subsequent to 11 July 2007.

19 Capital reserve

	2013 £'000	2012 £'000
Balance brought forward	**5,169**	(11,665)
Gains on disposal of investments	**19,346**	6,257
Movement in fair value of investments	**12,482**	11,298
Realised gains on derivative instruments	**58**	1,470
Unrealised losses on derivative instruments	**–**	(328)
Exchange (losses)/gains on currency transactions	**(1,086)**	442
Management fee allocated to capital	**(744)**	(606)
Performance fee allocated to capital	**(87)**	(1,211)
Special dividends allocated to capital	**–**	140
Interest payable allocated to capital	**(317)**	(135)
Overseas tax on special dividends allocated to capital	**–**	(21)
Transaction costs incurred on acquisitions of investments	**(398)**	(472)
Balance at 30 September	**34,423**	5,169

20 Revenue reserve

	2013 £'000	2012 £'000
Balance brought forward	**10,646**	10,730
Net revenue return for the year after tax	**4,292**	2,998
Net dividends paid (note 10)	**(3,215)**	(3,082)
Balance at 30 September	**11,723**	10,646

The revenue reserve represents the amount of the Company's reserves which are distributable by way of dividend.

21 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £145,762,000 (2012: £115,431,000) and on 16,919,919 (2012: 16,919,919) shares in issue on 30 September 2013, excluding treasury shares.

Notes to the Financial Statements

continued

22 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 September 2013 (2012: nil).

23 Reconciliation of return before finance costs and taxation to net cash inflow from operating activities

	2013 £'000	2012 £'000
Net return before finance costs and taxation	**34,521**	20,480
Stock dividends	**(528)**	(58)
Gains on investments held at fair value	**(31,828)**	(17,083)
Gains on derivative instruments	**(58)**	(1,142)
Other currency losses/(gains)	**1,086**	(442)
Decrease in accrued income	**–**	1
(Increase)/decrease in prepayments and other debtors	**(33)**	72
(Decrease)/increase in accrued expenses (excluding interest)	**(1,048)**	1,303
Tax deducted at source from investment income	**(552)**	(468)
Net cash inflow from operating activities	**1,560**	2,663

24 Analysis of changes in debt

	At 30 September 2012 £'000	Cash flow £'000	Exchange loss £'000	**At 30 September 2013 £'000**
Cash at bank and held at broker	6,774	(953)	–	**5,821**
Bank overdraft	(16,372)	(5,221)	(1,086)	**(22,679)**
Net debt at 30 September	(9,598)	(6,174)	(1,086)	**(16,858)**

25 Transactions with the management company

Under the terms of an agreement dated 20 February 2012 the Company has appointed subsidiaries of Henderson Group Plc ("Henderson") to provide investment management, accounting, secretarial and administrative services. Since 1 April 2013 Henderson has contracted with BNP Securities Services Limited to provide accounting and administration services. Prior to that such services were provided by HSBC Securities Services Limited.

Details of the fee arrangements are given on page 13. During the year £1,155,000 (including a performance fee of £87,000) was payable to Henderson for the provision of services to the Company (2012: £2,019,000, including a performance fee of £1,211,000). At the balance sheet date, management fees totalling £266,000 (2012: £213,000) and the performance fee of £87,000 (2012: £1,211,000) were accrued to be payable to Henderson.

Henderson also provides the Company with sales and marketing services. The total fee payable for these services for the year ended 30 September 2013 (excluding VAT) amounted to £75,000 (2012: £39,000). At 30 September 2013 £21,000 was outstanding (2012: £10,000).

Independent Auditor's Report

to the Members of Henderson European Focus Trust plc

We have audited the financial statements of Henderson European Focus Trust plc (the "Company") for the year ended 30 September 2013 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm

Auditor's commentary

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of and evaluating internal controls at the Company and relevant third-party service providers. This included a review of reports on the description, design and operating effectiveness of internal controls at relevant third-party service providers. We undertook substantive testing on material transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design effectiveness of controls over individual systems and the management of specific risks.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £1.6 million which is 1% of the Company's total assets. Due to the significance of the Company's net assets compared to the amounts in the revenue column of the Income Statement, we calculated a separate materiality for the revenue column of the Income Statement of £0.4 million.

We have determined the threshold at which we communicate misstatements to the Audit Committee to be £0.1 million. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, balances or disclosures.

Investments

The Company's business is investing in financial assets with a view to profit from the total return in the form of revenue and capital gains. Accordingly, the investment portfolio is a significant, material item in the financial statements. The recognition and measurement of the investment portfolio is therefore a risk that requires particular audit attention.

Our audit work included, but was not restricted to, understanding management's process to recognise and measure investments including ownership of those investments, obtaining a confirmation of investments held at the year end directly from the independent custodian, testing the reconciliation of the custodian records to the records maintained by the Company's administrator, testing a selection of investment additions and disposals shown in the Company's records to supporting documentation and agreeing the valuation of quoted investments to an independent source of market prices.

The Company's accounting policy on the valuation of quoted investments is included in note 1(b), and its disclosures about investments held at the year end are included in note 11.

Investment income

Investment income is the Company's major source of revenue and is a significant, material item in the Income Statement.

Independent Auditor's Report

continued

Accordingly, the recognition of investment income is a risk that requires particular audit attention.

Our audit work included, but was not restricted to, assessing whether the Company's accounting policy for revenue recognition is in accordance with United Kingdom Generally Accepted Accounting Practice, obtaining an understanding of management's process to recognise revenue in accordance with the stated accounting policy, testing whether a sample of income transactions has been recognised in accordance with the policy, and for a sample of investments held in the period confirming that income that should have been received has been received and recorded, assessing whether any of the dividends should have been treated as capital receipts.

The Company's accounting policy on the recognition of income is shown in note 1(e) and the components of that revenue are included in note 3.

Management override of internal controls
Under International Standards on Auditing (UK & Ireland), for all of our audits we are required to consider the risk of management override of financial controls. Due to the unpredictable nature of this risk we are required to assess it as a significant risk requiring special audit consideration.

Our audit work included, but was not restricted to, specific procedures responding to this risk that are required by International Standard on Auditing 240 (UK & Ireland) "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements". This included tests of journal entries, the evaluation of judgements and assumptions in any management estimates and tests of any significant transactions outside the normal course of business. These tests were also performed in the context of the functions provided by, and the controls designed and implemented at, the relevant third-party service providers.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2013 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 19 to 23 with respect to internal control and risk management systems in relation to the financial reporting processes is consistent with the financial statements.

Other reporting responsibilities
Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under International Standards on Auditing (UK and Ireland) we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable, and whether the annual report appropriately discloses those matters that were communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 18, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Julian Bartlett
(Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
5 December 2013

Glossary of Terms

Gearing (leverage)
The gearing percentage reflects the amount of borrowings (i.e. bank loans or overdrafts) the Company has used to invest in the market. This figure indicates the extra amount by which shareholders' funds would move if the Company's investments were to rise or fall.

This is calculated by dividing total assets less cash, before deducting borrowings and prior charges, by net assets, expressed as a percentage.

Investment trusts
Investment trusts are public limited companies, listed on the London Stock Exchange, which provide shareholders with a professionally managed portfolio of investments. Investment trusts are exempt from tax on the capital gains arising on their investments subject to meeting certain criteria. Income, net of expenses and tax, is substantially distributed to shareholders.

Market capitalisation
The market value of a company as calculated by multiplying the mid-market price per share by the number of shares in issue.

Liquidity
In the context of the liquidity of shares in the stock market, this refers to the availability of buyers in the market for the share in question. Where the market in a particular share is described as liquid, that share will be in demand and holders wishing to sell their shares should find ready buyers. Conversely, where the market in a share is illiquid the difficulty of finding a buyer will tend to depress the price that might be negotiated for a sale.

Net asset value ("NAV") per ordinary share
The value of the Company's assets (i.e. investments and cash held) less any liabilities (i.e. bank borrowings) for which the Company is responsible, divided by the number of shares in issue. The aggregate NAV is also referred to as shareholders' funds on the Balance Sheet. The NAV is published daily.

Ongoing charges
Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments. Ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs.

Premium/discount
The amount by which the market price per share of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Total return performance
This is the return on the share price or NAV taking into account both the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares (for share price total return) or the Company's assets (for NAV total return).

General Shareholder Information

Release of results
Half year results are announced in May. Full year results are announced in December.

Annual general meeting
The AGM is held in London in January.

BACS
Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services); mandate forms for this purpose are available from the registrar. Alternatively, shareholders can write to the registrar (the address is given on page 50) to give their instructions; these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made.

Disability Act
Copies of this report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate.

You can contact the registrar, Equiniti Limited, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator by dialling 0871 384 2457. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) dial 18001 followed by the number you wish to dial.

ISA
The Company intends to continue to manage its affairs in order to qualify as an eligible investment for a stocks and shares ISA.

Share price listings
The market price of the Company's ordinary shares is published daily in The Financial Times, which also shows figures for the estimated net asset value ("NAV") per share and discount. Details of the Company's share price and NAV per share can also be found on the website.

Performance details/share price information
Details of the Company's share price and NAV per share can be found on the website. The Company's NAV is published daily.

Shareholder details
Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Equiniti Limited, via **www.equiniti.com**. Please note that to gain access to your details on the Equiniti site you will need the holder reference number shown on your share certificate.

ISIN/SEDOL number
The ISIN code/SEDOL (Stock Exchange Daily Official List) number of the Company's shares is GB0005268858. The mnemonic code is HEFT.

Nominee share code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at them when invited to do so by the Chairman.

Investors via Halifax Share Dealing receive all shareholder communications. A voting instruction form is provided to facilitate voting at general meetings of the Company.

Website
Further information on the Company can be found at **www.hendersoneuropeanfocus.com**

Warning to Shareholders

Shareholders should be wary of unsolicited telephone calls or correspondence concerning the Company and offering investment advice, offers to buy shares at a discount or free company reports.

It is extremely unlikely that Henderson European Focus Trust plc, its Manager (Henderson Global Investors Limited) or its registrar (Equiniti Limited) would make unsolicited telephone calls to shareholders. In the event that the Company or its advisers did make unsolicited calls, shareholders would never be asked to confirm their personal details and such calls would relate only to official documentation already circulated to shareholders and never be in respect of offering investment advice or unpublished investment or financial information regarding the Company.

If you are in any doubt about the veracity of an unsolicited phone call, please call the Company Secretary on the telephone number provided on page 50.

Corporate Information

Manager
Henderson Global Investors Limited, authorised and regulated by the Financial Conduct Authority

Portfolio Manager: John Bennett

Company Secretary
Henderson Secretarial Services Limited,
represented by Debbie Fish ACIS

Registered number
Registered as an investment company in England and Wales No. 427958

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201 Bishopsgate
London EC2M 3AE
Telephone 020 7818 1818
Email help@henderson.com
www.hendersoneuropeanfocus.com

Registrar
Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Telephone 0871 384 2457

Calls to this number cost 8p per minute plus standard network charges. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. There is a range of shareholder information online. You can check your holding and find practical help on transferring shares or updating your details at **www.shareview.co.uk**

Independent auditors
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Stockbrokers
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London EC4R 2GA

aic
The Association of Investment Companies

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

Keeping up to date with Henderson European Focus Trust plc

Website
For more information about Henderson European Focus Trust plc, visit the website at **www.hendersoneuropeanfocus.com**

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