

**HENDERSON EUROPEAN FOCUS TRUST PLC**

**REPORT**  
**for the half year ended 31 March 2017**  
**(unaudited)**

# HENDERSON EUROPEAN FOCUS TRUST PLC

## Unaudited results for the Half Year ended 31 March 2017

*This announcement contains regulated information*

### Investment objective

The Company seeks to maximise total return from a focused portfolio of listed stocks, mainly in Continental Europe.

### Performance highlights for the six months ended 31 March 2017

- Net asset value ('NAV') total return<sup>1</sup> (including dividends reinvested) of 12.7% compared to a total return from the benchmark<sup>2</sup> of 12.6%
- Share price<sup>3</sup> total return (including dividends reinvested) of 27.1%
- Interim dividend of 9.00p per share declared (2016: 7.50p)
- Premium<sup>4</sup> of 2.2% at 31 March 2017 compared with a sector average discount of 5.8%<sup>5</sup>

**Total return performance to 31 March 2017** (including dividends reinvested and excluding transaction costs)

	6 months %	1 year %	3 years %	5 years %	10 years %
NAV <sup>1</sup>	12.7	27.7	40.2	117.6	161.3
Benchmark <sup>2</sup>	12.6	27.9	31.7	82.2	83.1
Average sector NAV <sup>6</sup>	11.1	25.5	35.1	98.1	123.3
Share price <sup>3</sup>	27.1	40.1	46.2	162.1	181.2
Average sector share price	15.9	25.9	34.0	110.1	124.0

1 Net asset value total return per ordinary share with income reinvested for 6 months, 1, 3 and 5 years and capital NAV plus income reinvested for 10 years. These figures are preliminary estimates made by Morningstar Direct and do not reflect any subsequent change in the period end NAVs reflected in these results

2 FTSE World Europe ex UK Index on a total return basis in sterling terms

3 Share price total return using mid-market closing price

4 Calculated using published daily NAVs including current year revenue

5 Sector discount is sourced from the AIC

6 The sector is the AIC Europe sector

Sources: Morningstar Direct, Datastream and Henderson

### Financial highlights

	At 31 March 2017	At 30 September 2016
<b>Shareholders' funds</b>		
Net assets attributable to ordinary shareholders (£'000)	263,253	237,551
Net asset value ('NAV') per ordinary share	1,277.88p	1,153.12p
Mid-market share price per ordinary share	1,306.00p	1,045.50p
Gearing at period end	8.9%	6.1%
	<b>Half year ended 31 March 2017</b>	<b>Year ended 30 September 2016</b>
<b>Total return to equity shareholders</b>		
Revenue return after taxation (£'000)	1,792	5,507
Capital return after taxation (£'000)	27,804	34,679
<b>Total return</b>	<b>29,596</b>	<b>40,186</b>
<b>Total return per ordinary share</b>		
Revenue	8.70p	26.85p
Capital	134.96p	169.05p
<b>Total return</b>	<b>143.66p</b>	<b>195.90p</b>

## **INTERIM MANAGEMENT REPORT**

### **CHAIRMAN'S STATEMENT**

#### **Performance**

Over the half year ended 31 March 2017 the net asset value ('NAV') per ordinary share total return was 12.7%, with the benchmark, the FTSE World Europe ex UK Index in sterling terms, total return only narrowly less at 12.6%. Over the same period, the share price total return was a solid 27.1%, reflecting a significant narrowing of the discount on the Company's shares to a modest premium at the period end.

The recent premium has enabled the Company to issue a number of shares totalling 145,000, raising £1,896,000 in the intervening period from the half year to 18 May 2017.

#### **Revenue and dividend**

The Board has declared an interim dividend of 9.00p per ordinary share (2016: 7.50p). This is an increase of 20% over the prior year interim dividend and is intended to maintain an appropriate balance between the interim and final dividends. The dividend will be paid on 29 June 2017 to shareholders on the register on 2 June 2017. The shares will be marked ex-dividend on 1 June 2017.

#### **Outlook**

Political noise has begun to feel like a constant for the investor in European equities. It has been particularly so over the past six months, as we make our way through a series of elections. Your portfolio continues to be managed in a way that recognises that no value is added by a Fund Manager attempting to predict the outcomes of such events: even less so markets' reactions to such outcomes.

The evidence points to a late stage bull market. Your Fund Manager has positioned the portfolio accordingly, notably via a tilt away from lower volatility, so called 'growth stocks' and toward 'value'. While such labels are always in the eye of the beholder, it is instructive to note that a combination of the market failing to recognise value, together with ultra-easy money and a mature bull market, often provide fertile ground for corporate activity. In recent months we have seen this within the portfolio as PPG of the US has made a number of takeover bids for Akzo Nobel. We anticipate further M&A activity before this particular bull market blows itself out.

**Rodney Dennis**  
**Chairman**

## **FUND MANAGER'S REPORT**

Our decision to tilt the portfolio away from low volatility 'growth stocks' towards the 'value' end of the market has largely benefitted the Company in the past six months. It is never easy owning European banks but our substantially increased allocation to the sector in the second half of 2016 proved timely. Nevertheless, the sector remains at the mercy of the shape of the interest rate curve. Thus, we continue to monitor inflation expectations as a key input to our banks positioning.

Once again the portfolio has benefitted from its selection of small and mid-cap holdings. Our two Italian names, IMA and Interpump have been particularly rewarding, producing share price gains of 29% and 44% respectively. Tessenderlo Chemie, a Belgian chemicals company and long term portfolio holding, continues to fare well, with a share price rise of 25% over the period. Its Belgian neighbour, Ackermans & Van Haaren, whose primary business is in dredging services also produced a 23% share price gain.

Mention is made of these names to highlight, again, that the Company lends itself to an all cap approach and that small-mid cap investing will remain an integral part of the strategy.

**John Bennett**  
**Fund Manager**

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties associated with the Company's business can be divided into the following main areas:

- Market risk;
- Gearing;
- Other financial risks;
- Operational risks; and
- Key man risk

Information on these risks and how they are managed is given in the Annual Report to 30 September 2016. In the view of the Board these principal risks and uncertainties were unchanged over the last six months and are as applicable to the remaining six months of the financial year as they were to the six months under review.

## **RELATED PARTY TRANSACTIONS**

The Company's transactions with related parties in the period were with the Directors and Henderson. There have been no material transactions between the Company and its Directors during the period other than amounts paid to them in respect of expenses and remuneration for which there were no outstanding amounts payable at the period end. In relation to the provision of services by Henderson, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services there have been no transactions with Henderson affecting the financial position of the Company during the period under review.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors confirm that, to the best of their knowledge:

- (a) the financial statements for the half year ended 31 March 2017 have been prepared in accordance with 'FRS 104 Interim Financial Reporting';
- (b) the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

**For and on behalf of the Board**  
**Rodney Dennis**  
**Chairman**

## Principal Investments as at 31 March 2017

Company	Sector	Country of listing	Valuation £'000	% of portfolio
Roche	Pharmaceuticals & Biotechnology	Switzerland	11,188	3.9
Nestlé	Food Producers	Switzerland	11,029	3.9
Novartis	Pharmaceuticals & Biotechnology	Switzerland	10,657	3.7
RELX	Media	Netherlands	8,530	3.0
Tessenderlo Chemie	Chemicals	Belgium	8,105	2.8
Bayer	Chemicals	Germany	7,915	2.8
Com Hem	Fixed Line Telecommunications	Sweden	7,734	2.7
GALP Energia	Oil & Gas Producers	Portugal	7,421	2.6
SAP	Software & Computer Services	Germany	7,138	2.5
ING	Banks	Netherlands	6,965	2.4
<b>10 largest</b>			<b>86,682</b>	<b>30.3</b>
Continental	Automobiles & Parts	Germany	6,932	2.4
Autoliv	Automobiles & Parts	Sweden	6,759	2.4
CNH Industrial	Industrial Engineering	Italy	6,457	2.3
Henkel	Household Goods & Home Construction	Germany	6,114	2.1
KBC	Banks	Belgium	5,919	2.1
Bankinter	Banks	Spain	5,818	2.0
Fresenius	Health Care Equipment & Services	Germany	5,584	1.9
Nordea	Banks	Sweden	5,471	1.9
Svenska Handelsbank	Banks	Sweden	5,462	1.9
Societe Generale	Banks	France	5,219	1.8
<b>20 largest</b>			<b>146,417</b>	<b>51.1</b>
Siemens	General Industrials	Germany	4,798	1.7
ABN Amro	Banks	Netherlands	4,656	1.6
Koninklijke Philips	Health Care Equipment & Services	Netherlands	4,506	1.6
Koninklijke Ahold				
Delhaize	Food & Drug Retailers	Netherlands	4,281	1.5
IMCD	Chemicals	Netherlands	4,259	1.5
Ackermans & Van Haaren	Financial Services	Belgium	4,213	1.5
Volvo	Industrial Engineering	Sweden	4,173	1.5
Elekta	Health Care Equipment & Services	Sweden	4,159	1.4
Unilever	Personal Goods	United Kingdom	4,125	1.4
Gamesa	Alternative Energy	Spain	4,113	1.4
<b>30 largest</b>			<b>189,700</b>	<b>66.2</b>
Other listed investments (29 stocks)			96,994	33.8
<b>Total investments at fair value</b>			<b>286,694</b>	<b>100.0</b>

**Geographical Exposure** (As a percentage of the portfolio excluding cash)

	<b>31 March 2017</b>	31 March 2016
	<b>%</b>	<b>%</b>
Germany	<b>18.3</b>	20.2
Netherlands	<b>14.1</b>	5.7
Sweden	<b>13.2</b>	13.9
Switzerland	<b>11.5</b>	15.6
France	<b>11.1</b>	7.7
Spain	<b>7.1</b>	4.0
Belgium	<b>6.4</b>	7.2
Italy	<b>5.3</b>	4.7
Finland	<b>3.3</b>	3.1
Denmark	<b>3.1</b>	6.3
Norway	<b>2.6</b>	4.8
Portugal	<b>2.6</b>	3.7
United Kingdom	<b>1.4</b>	1.9
Ireland	-	1.2
	<b>100.0</b>	100.0

**Sector Exposure** (As a percentage of the portfolio excluding cash)

	<b>31 March 2017</b>	31 March 2016
	<b>%</b>	<b>%</b>
Financials	<b>23.5</b>	15.1
Consumer goods	<b>15.7</b>	18.9
Industrials	<b>15.4</b>	17.7
Health Care	<b>14.8</b>	17.2
Basic materials	<b>11.9</b>	11.0
Oil & gas	<b>6.5</b>	4.7
Consumer services	<b>5.6</b>	8.0
Telecommunications	<b>4.1</b>	6.4
Technology	<b>2.5</b>	1.0
	<b>100.0</b>	100.0

## CONDENSED INCOME STATEMENT

	(Unaudited) Half year ended 31 March 2017			(Unaudited) Half year ended 31 March 2016			(Audited) Year ended 30 September 2016		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Gains on investments held at fair value through profit or loss	-	28,625	28,625	-	12,739	12,739	-	37,048	37,048
Exchange gain/(loss) on currency transactions	-	25	25	-	(1,431)	(1,431)	-	(906)	(906)
Income from investments (note 2)	2,632	-	2,632	2,259	-	2,259	7,139	-	7,139
Other income (note 2)	-	-	-	1	-	1	1	-	1
Gross revenue and capital gains	2,632	28,650	31,282	2,260	11,308	13,568	7,140	36,142	43,282
Management and performance fees (note 6)	(208)	(625)	(833)	(173)	(520)	(693)	(359)	(1,077)	(1,436)
Other fees and expenses	(270)	-	(270)	(235)	-	(235)	(472)	-	(472)
<b>Net return on ordinary activities before finance costs and taxation</b>	<b>2,154</b>	<b>28,025</b>	<b>30,179</b>	<b>1,852</b>	<b>10,788</b>	<b>12,640</b>	<b>6,309</b>	<b>35,065</b>	<b>41,374</b>
Finance costs	(71)	(221)	(292)	(62)	(186)	(248)	(129)	(386)	(515)
<b>Net return on ordinary activities before taxation</b>	<b>2,083</b>	<b>27,804</b>	<b>29,887</b>	<b>1,790</b>	<b>10,602</b>	<b>12,392</b>	<b>6,180</b>	<b>34,679</b>	<b>40,859</b>
Taxation on net return on ordinary activities	(291)	-	(291)	(226)	-	(226)	(673)	-	(673)
<b>Net return on ordinary activities after taxation</b>	<b>1,792</b>	<b>27,804</b>	<b>29,596</b>	<b>1,564</b>	<b>10,602</b>	<b>12,166</b>	<b>5,507</b>	<b>34,679</b>	<b>40,186</b>
<b>Return per ordinary share (note 3)</b>	<b>8.70p</b>	<b>134.96p</b>	<b>143.66p</b>	<b>7.66p</b>	<b>51.90p</b>	<b>59.56p</b>	<b>26.85p</b>	<b>169.05p</b>	<b>195.90p</b>

The total columns of this statement represent the Income Statement of the Company prepared in accordance with FRS 104. 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 and the Statement of Changes in Equity.

The accompanying notes are an integral part of the condensed financial statements.



## CONDENSED STATEMENT OF CHANGES IN EQUITY

Half year ended 31 March 2017 (Unaudited)	Called-up share capital £'000	Special distributable reserve £'000	Share premium account £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2016	10,371	25,846	30,074	61,344	9,421	89,306	11,189	237,551
Net return on ordinary activities after taxation	-	-	-	-	-	27,804	1,792	29,596
Shares issued	-	-	-	-	-	-	-	-
Share issue cost	-	-	-	-	-	-	-	-
Ordinary dividend paid	-	-	-	-	-	-	(3,894)	(3,894)
At 31 March 2017	10,371	25,846	30,074	61,344	9,421	117,110	9,087	263,253

Half year ended 31 March 2016 (Unaudited)	Called-up share capital £'000	Special distributable reserve £'000	Share premium account £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2015	9,996	25,846	22,820	61,344	9,421	54,627	10,860	194,914
Net return on ordinary activities after taxation	-	-	-	-	-	10,602	1,564	12,166
Shares issued	375	-	7,260	-	-	-	-	7,635
Share issue cost	-	-	(7)	-	-	-	-	(7)
Ordinary dividend paid	-	-	-	-	-	-	(3,633)	(3,633)
At 31 March 2016	10,371	25,846	30,073	61,344	9,421	65,229	8,791	211,075

Year ended 30 September 2016 (Audited)	Called-up share capital £'000	Special distributable reserve £'000	Share premium account £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2015	9,996	25,846	22,820	61,344	9,421	54,627	10,860	194,914
Net return on ordinary activities after taxation	-	-	-	-	-	34,679	5,507	40,186
Shares issued	375	-	7,260	-	-	-	-	7,635
Share issue cost	-	-	(6)	-	-	-	-	(6)
Ordinary dividend paid	-	-	-	-	-	-	(5,178)	(5,178)
At 30 September 2016	10,371	25,846	30,074	61,344	9,421	89,306	11,189	237,551

The accompanying notes are integral part of the condensed financial statements.

## CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) 31 March 2017 £'000	(Unaudited) 31 March 2016 £'000	(Audited) 30 September 2016 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	286,694	227,160	252,102
<b>Current assets</b>			
Debtors	900	1,466	7,969
Cash at bank	14,370	22,185	16,575
	15,270	23,651	24,544
<b>Creditors: amounts falling due within one year</b>	(38,711)	(39,736)	(39,095)
<b>Net current liabilities</b>	(23,441)	(16,085)	(14,551)
<b>Net assets</b>	263,253	211,075	237,551
<b>Capital and reserves</b>			
Called up share capital	10,371	10,371	10,371
Special distributable reserve	25,846	25,846	25,846
Share premium account	30,074	30,073	30,074
Merger reserve	61,344	61,344	61,344
Capital redemption reserve	9,421	9,421	9,421
Capital reserve	117,110	65,229	89,306
Revenue reserve	9,087	8,791	11,189
<b>Shareholders' funds</b>	263,253	211,075	237,551
<b>Net asset value per ordinary share (note 5)</b>	1,277.88p	1,024.60p	1,153.12p

The accompanying notes are an integral part of the condensed financial statements.

## CONDENSED CASH FLOW STATEMENT

	(Unaudited) Half year ended 31 March 2017 £'000	(Unaudited) Half year ended 31 March 2016 £'000	(Audited) Year ended 30 September 2016 £'000
<b>Cash flows from operating activities</b>			
Net return on ordinary activities before taxation	29,887	12,392	40,859
Add back: finance costs	292	248	515
Less gains on investments held at fair value through profit or loss	(28,625)	(12,739)	(37,048)
Stock dividend	-	-	(274)
Taxation paid	(291)	(226)	(673)
Increase in debtors	(343)	(103)	(274)
Increase/(decrease) in creditors	12	(942)	(1,173)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>932</b>	<b>(1,370)</b>	<b>1,932</b>
<b>Cash flows from investing activities</b>			
Sales of investments held at fair value through profit or loss	173,002	119,075	239,936
Purchases of investments held at fair value through profit or loss	(171,754)	(122,149)	(275,451)
<b>Net cash generated/(used) in investing activities</b>	<b>1,248</b>	<b>(3,074)</b>	<b>(20,502)</b>
<b>Cash flows from financing activities</b>			
Issue of new ordinary shares	-	7,635	7,635
Share issue expenses	-	(127)	(126)
Equity dividends paid	(3,894)	(3,633)	(5,178)
Repayment of bank overdraft	(374)	(2,041)	(42)
Interest paid	(117)	(244)	(566)
<b>Net cash (used)/generated in financing activities</b>	<b>(4,385)</b>	<b>1,590</b>	<b>1,723</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,205)</b>	<b>(2,854)</b>	<b>(8,464)</b>
Cash and cash equivalents at beginning of period	16,575	25,039	25,039
<b>Cash and cash equivalents at end of period</b>	<b>14,370</b>	<b>22,185</b>	<b>16,575</b>
Comprising:			
Cash at bank	14,370	22,185	16,575
	<b>14,370</b>	<b>22,185</b>	<b>16,575</b>

The accompanying notes are an integral part of these financial statements

## Notes

### 1. Accounting policies

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, issued in March 2015, the revised reporting standard for half year reporting that was issued following the introduction of FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, which is effective for periods commencing on or after 1 January 2015. The Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', in accordance with which the Company's financial statements are also prepared, was re-issued by the Association of Investment Companies in November 2014 and updated in January 2017 with consequential amendments.

The condensed set of financial statements has not been audited nor reviewed by the Company's auditor.

### 2. Income from investments

	(Unaudited) Half year ended 31 March 2017 £'000	(Unaudited) Half year ended 31 March 2016 £'000	(Audited) Year ended 30 September 2016 £'000
Listed investments:			
Overseas dividends	2,632	2,098	6,618
UK dividends	-	161	247
Stock dividends	-	-	274
	<b>2,632</b>	<b>2,259</b>	<b>7,139</b>
Other income:			
Deposit interest	-	1	1

### 3. Return per ordinary share

	(Unaudited) Half year ended 31 March 2017 £'000	(Unaudited) Half year ended 31 March 2016 £'000	(Audited) Year ended 30 September 2016 £'000
The return per ordinary share is based on the following figures:			
Net revenue return	1,792	1,564	5,507
Net capital return	27,804	10,602	34,679
<b>Net total return</b>	<b>29,596</b>	<b>12,166</b>	<b>40,186</b>

The return per ordinary share is based on the following figures:

Net revenue return	1,792	1,564	5,507
Net capital return	27,804	10,602	34,679
<b>Net total return</b>	<b>29,596</b>	<b>12,166</b>	<b>40,186</b>

Weighted average number of ordinary shares in issue for each period	<b>20,600,761</b>	20,426,171	20,513,466
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Revenue return per ordinary share	<b>8.70p</b>	7.66p	26.85p
Capital return per ordinary share	<b>134.96p</b>	51.90p	169.05p

<b>Total return per ordinary share</b>	<b>143.66p</b>	59.56p	195.90p
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The Company does not have any dilutive securities, therefore, the basic and diluted returns per share are the same.

### 4. Called-up share capital

During the half year ended 31 March 2017, no ordinary shares were issued (half year ended 31 March 2016: 750,000 ordinary shares issued for a total proceeds of £7,635,000; year ended 30 September 2016: 750,000 ordinary shares were issued for total proceeds of £7,635,000).

At 31 March 2017 the Company held 140,730 ordinary shares in treasury (at 31 March 2016: 140,730 and 30 September 2016: 140,730).

#### 5. Net asset value per ordinary share

The net asset value per ordinary share is based on the 20,600,761 ordinary shares in issue at 31 March 2017 (half year ended 31 March 2016: 20,600,761; year ended 30 September 2016: 20,600,761).

#### 6. Management and performance fees

Henderson Investment Funds Limited ('HIFL') is appointed to act as the Company's Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited. References to Henderson within these results refer to the services provided by both entities.

Henderson receives a fee of 0.65% per annum on the value of the Company's net assets, calculated quarterly in arrears. In determining the net assets on which the management fee is calculated, the value of any securities held by the Company in collective investment schemes managed by Henderson are excluded. An additional management fee, based on performance, of up to 0.65% per annum is payable if Henderson meets certain targets for the year. Full details are included in the Annual Report to 30 September 2016. A performance fee of £nil has been accrued as at 31 March 2017 (31 March 2016: nil and 30 September 2016: nil).

Management fees and finance costs are allocated 25% to revenue and 75% to capital in the Income Statement. The performance fee (when payable) is allocated 100% to capital. Tax relief in respect of such allocations is credited to capital to the extent that such relief can be utilised in reducing the Company's overall liability to taxation.

#### 7. Investments held at fair value through profit of loss

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows under FRS 102:

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 in Level 1

Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data

<b>Financial assets held at fair value through profit or loss at 31 March 2017</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equity investments	286,694	-	-	286,694
Total financial assets carried at fair value	286,694	-	-	286,694
<b>Financial assets held at fair value through profit or loss at 31 March 2016</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equity investments	227,160	-	-	227,160
Total financial assets carried at fair value	227,160	-	-	227,160
<b>Financial assets held at fair value through profit or loss at 30 September 2016</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Equity investments	252,102	-	-	252,102
Total financial assets carried at fair value	252,102	-	-	252,102

The Company has early adopted the amendments to FRS 102 in respect of fair value hierarchy disclosures as published in March 2016, which is applicable to accounting periods beginning on or after 1 January 2017 with early adoption being permitted.

There have been no transfers between levels of fair value hierarchy during the period.

## 8. Borrowings

As at 31 March 2017, the Company's borrowings net of any cash balances were £23,545,000 (31 March 2016: £14,105,000; 30 September 2016: £21,714,000).

## 9. Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

## 10. Subsequent events

Since the period end the Company has issued 145,000 shares for net proceeds of £1,896,000.

## 11. Dividends

The Directors have declared an interim dividend of 9.00p per ordinary share (2016: 7.50p), payable on 29 June 2017 to shareholders registered on 2 June 2017. The shares will be quoted ex-dividend on 1 June 2017. Based on the number of ordinary shares in issue at 18 May 2017 of 20,745,761 the cost of this dividend will be £1,867,000.

## 12. Comparative information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 March 2016 and 31 March 2017 has not been audited nor reviewed by the Company's auditor. The figures and financial information for the year ended 30 September 2016 are an extract based on the latest published accounts and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 13. General information

### Investment objective and style

The Company seeks to maximise total return from a focused portfolio of listed stocks, mainly in Continental Europe. The portfolio is unconstrained by benchmark and contains between 50 and 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.

### Company status

Registered in England and Wales: No. 427958

Registered Office: 201 Bishopsgate, London EC2M 3AE

Listed on the London Stock Exchange: SEDOL/ISIN number is 0526885/GB0005268858 TDIM Code is HEFT

Global Intermediary Identification Number (GIIN) is THMNPN.99999.SL.826

Legal Entity Identifier (LEI) number is 213800GS89AL1DK3IN50

### Directors

The Directors of the Company are:

Rodney Dennis (Chairman), Alexander Comba (Chairman of the Audit Committee), Alain Dromer, Eliza Dungworth and Robin Archibald.

The Corporate Secretary is Henderson Secretarial Services Limited.

### Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at [www.henderson-european-focus.com](http://www.henderson-european-focus.com)

## 14. Half year report

The half year report will be available in typed format on the Company's website or from the Company's registered office, 201 Bishopsgate, London EC2M 3AE. An update extracted from the Company's report for the half year ended 31 March 2017 will be posted to shareholders in late May and will be available on the website thereafter.

**For further information contact:**

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*Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) are incorporated into, or form part of, this announcement.*