

HENDERSON EUROPEAN FOCUS TRUST PLC

(the “Company”)

Investment Objective and Policy

Investment Objective

The Company aims to maximise total return from a portfolio of stocks predominantly listed in Europe (excluding the UK).

Investment Policy

Asset allocation

The portfolio is predominantly invested in stocks listed in Europe (excluding the UK) and has a bias to larger capitalised companies but may, within limits, be invested in the stocks of mid and smaller capitalised companies or in companies listed elsewhere, including the UK.

Stock selection is not constrained by the benchmark and the stock weighting in the portfolio may be materially higher or lower than the weighting of any index used for performance comparisons, including in respect of geographical allocation.

Actual weightings of stocks held in the Company’s portfolio are based upon the Investment Manager’s views of total return prospects.

The Company has adopted the following limits:

- The portfolio will contain between 35 and 45 stocks.
- European (excluding the UK) listed stocks will consist of not less than 80% of net asset value (“NAV”) at the time of investment.
- The Company will not hold more than 10% of the share capital of any company at the time of investment.
- The portfolio has a maximum single stock weighting of 10% of NAV of the portfolio at the time of investment.
- Exposure to smaller companies (with a market capitalisation of less than €1 billion) is limited to 10% of NAV at the time of investment.
- The portfolio is not constructed with a yield target.

The Company may use financial instruments, known as derivatives, for the purpose of investment and for efficient portfolio management for up to 10% of NAV at the time of entering into the contract.

Gearing

The Company can borrow with the aim of achieving a return that is greater than the cost of the borrowing. The Company can borrow up to 20% of NAV at the time the borrowing is assumed.

Other restrictions

It is the Company’s policy to invest no more than 15% of its total assets in other listed closed-ended investment funds.