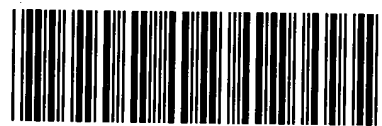


HENDERSON EUROPEAN FOCUS TRUST PLC

Annual Report 2016

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Company number: 427958

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Strategic Report

‘We continue to believe well analysed stock selection can deliver something no index tracker can hope to: substantial value added in the form of meaningful long-term outperformance.’

Rodney Dennis, Chairman

Investment Adviser 100 Club Awards 2014

European Equity Fund of the Year

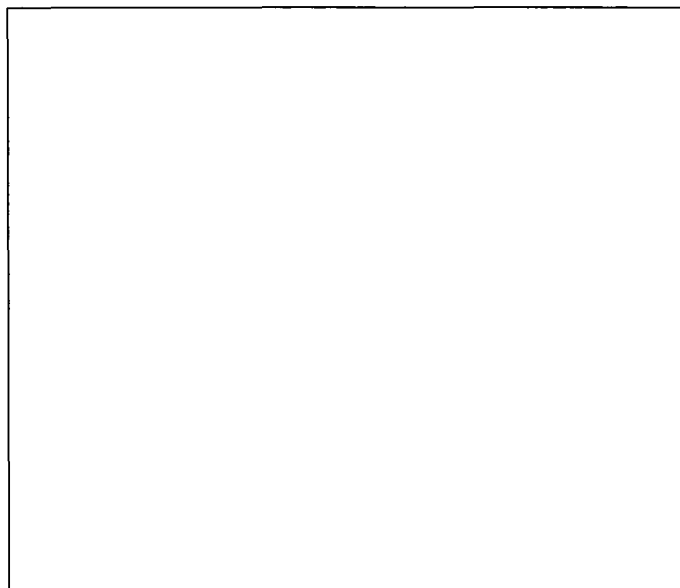
Investment Week Investment Company Awards 2015

Best European Investment Trust

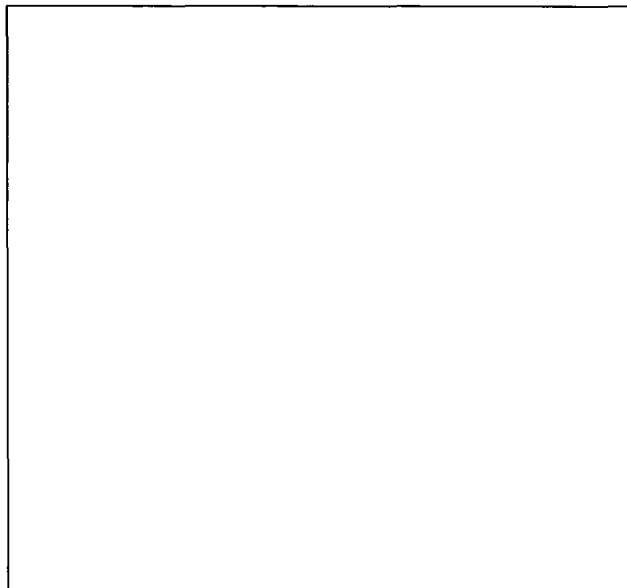
Strategic Report: Performance Highlights

Total return performance to 30 September 2016

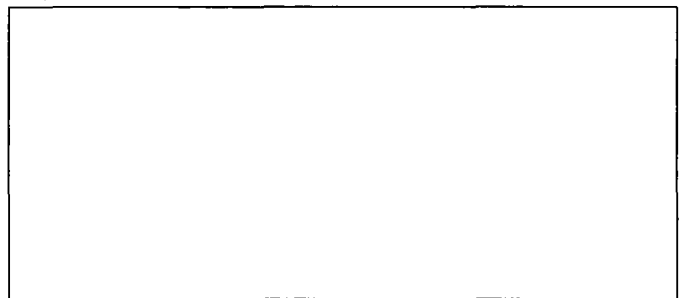
One year



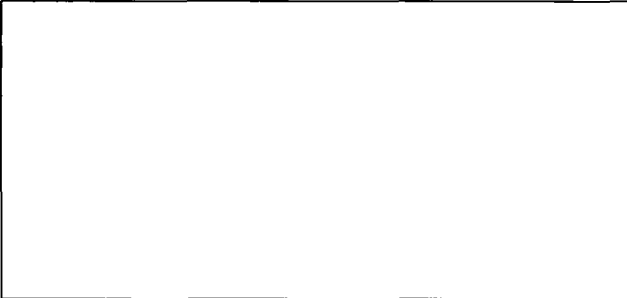
Five years



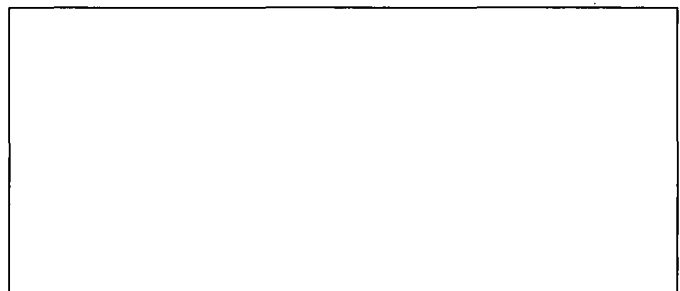
(Discount)/premium to NAV per ordinary share at year end⁴



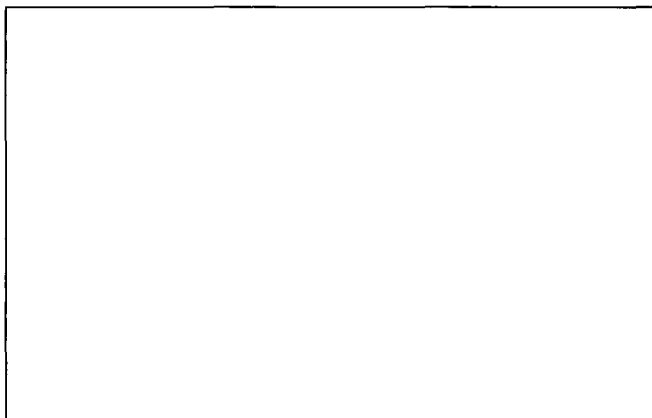
Premium/discount per ordinary share to the sector average⁵



Net assets at year end



NAV per ordinary share and share price performance versus the benchmark (rebased from 100)⁶



Strategic Report: Performance Highlights (continued)

| | |
|--|--|
| NAV per ordinary share at year end | Share price at year end |
| 2016 1,153.12p 2015 981.90p | 2016 1,045.50p 2015 987.75p |
| Dividend for year ⁷ | Dividend yield ⁸ |
| 2016 26.40p 2015 24.65p | 2016 2.5% 2015 2.5% |
| Ongoing charge for year | Gearing at year end |
| 2016 0.90% 2015 0.89% | 2016 6.1% 2015 8.9% |
| Number of investments at year end | Performance fee |
| 2016 57 2015 55 | 2016 £nil 2015 £1.30m |

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

2 Net asset value per ordinary share total return (including dividends reinvested)

3 Share price total return using mid-market closing prices

4 Calculated using published daily NAVs per ordinary share including current year revenue

5 Graph shows the Company's share price premium/discount per ordinary share compared to the AIC Europe sector over the year to 30 September 2016

6 Graph shows the Company's NAV per ordinary share total return and share price total return compared to the total return of the benchmark over the year to 30 September 2016

7 Consisting of an interim dividend of 7.50p paid in June 2016 and a recommended final dividend of 18.90p due for payment in February 2017 subject to approval at the AGM

8 Based on the dividends paid or recommended for the year and the share price at the year end

Sources: Morningstar Direct, Henderson, Datastream

A glossary of terms is included on pages 17 and 18.

Strategic Report: Business Model

Investment objective

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

Strategy

The Company appoints an Alternative Investment Fund Manager and other specialised third-party service providers to establish and maintain an investment portfolio in line with the investment objective and policy. Performance of the Manager and other service providers is monitored and challenged by a Board of independent non-executive Directors. The Board is directly accountable to the Company's shareholders.

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 Henderson'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 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 Henderson is confident that market conditions and opportunities exist to enhance investment returns by using gearing. Henderson 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.

Management

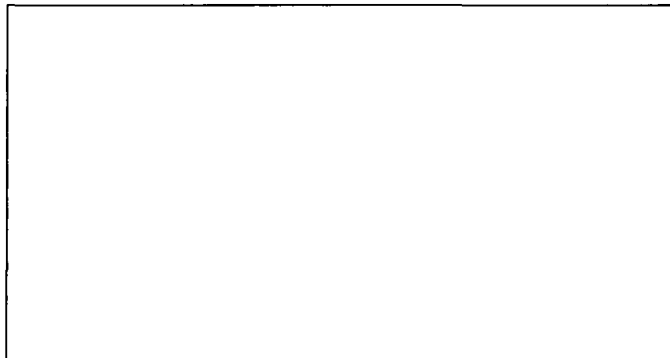
The Company qualifies as an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive. The Company has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager in accordance with an agreement which was effective from 22 July 2014 and is terminable on six months' notice. HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority ("FCA"). References to Henderson within this report refer to the services provided by both entities.

The fund management team is led by John Bennett, who has been in place since December 2010.

Henderson and its subsidiaries also provide accounting, company secretarial and general administrative services. Some of the administration and accounting services are carried out, on behalf of Henderson, by BNP Paribas Securities Services ("BNP"). Colleen Sutcliffe FCIS acts as Company Secretary on behalf of the Corporate Secretary, Henderson Secretarial Services Limited.

Henderson receives a management fee of 0.65% per annum, calculated quarterly in arrears on the value of the Company's net assets. An additional management fee based on performance is payable if Henderson meets certain targets for the year. The performance is charged when the NAV per ordinary share total return is better than the benchmark index (the FTSE World Europe ex UK in sterling terms) total return, with a hurdle of 1%. Henderson is entitled to 15% of the NAV per ordinary share outperformance of the benchmark index above the hurdle (excluding the effect of share buy-backs, allotments or sales from treasury), subject to the maximum amount payable in any one year in respect of the management fee and the performance fee being 1.30% of the quarterly average 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.

Strategic Report: Chairman's Statement



The Chairman of the Company, Rodney Dennis, reports on the year to 30 September 2016

Performance

In the financial year to 30 September 2016, the Company produced total return NAV per ordinary share of 20.4% (2015: 5.3%). This compares to a total return of 21.1% (2015: -1.2%) for the FTSE World Europe ex UK Index in sterling terms. The Company's share price total return was 8.6% (2015: 5.2%).

The Company's shares continued to trade in a tight range relative to NAV per ordinary share, and for part of the year traded at a premium. This enabled the Company to continue to issue new ordinary shares, at a premium to the prevailing NAV per ordinary share, in order to satisfy demand in the market from investors. During the year, 750,000 new ordinary shares were issued.

Demand from investors was such that the authority to issue shares was exhausted part way through the year and the Company issued a prospectus in October 2015 relating to the issue of further shares. This authority expired on 22 September 2016.

Dividend

The Board is recommending a final dividend of 18.90p per ordinary share which, subject to shareholder approval, will be paid on 10 February 2017. When added to the interim payment of 7.50p this brings the full year dividend to 26.40p, an increase of 7.1% over last year's distribution.

Board changes

The Board was pleased to announce the appointment of Robin Archibald as a director in March 2016. Robin brings with him 25 years' experience of corporate finance specialising in the UK closed-ended funds sector. He will stand for election by shareholders for the first time at the Annual General Meeting in February 2017.

Annual General Meeting ("AGM")

At the AGM on 1 February 2017, the Directors will again be seeking to renew the authorities previously granted to allot and to buy-back ordinary 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 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. The Company's AGM will be broadcast live on the internet. If you are unable to attend in person you can watch the meeting live by visiting www.henderson.com/trustslive.

Outlook

In my interim report six months ago, as well as last year's Annual Report, I referred to the effect of currencies on returns to investors. I did so conscious of the fact that we live in extraordinary times, in which central bank policies have been aimed at staving off deflation. A battle ongoing since the crisis of 2008, these efforts by policy makers have at times looked increasingly desperate. Essentially they target two variables: the bond yield curve and the currency of the country in question. Whenever politicians or central banks meddle in markets it is usually wise to be vigilant: unintended consequences often ensue. We now have a situation where elements of the assets of pension funds, insurance companies and other savings pools are invested in sovereign bonds delivering negative yields.

One unintended consequence of political events has benefited British based investors in the past year: Brexit. Although the UK media uniformly reported all manner of doomsday forecasts (none of which has come to pass), the UK in fact showed remarkable flexibility. The adjustments involved a change in leadership of the ruling Conservative party and crucially, the currency. Sterling's devaluation has been substantial and the mathematical fact is that it has benefited UK investors in foreign assets. It has also provided leeway to the British economy in a way that will be the envy of some on the Continent, notably the more fragile and inflexible parts such as France.

One need only look at equity indices to see the material effect of currency moves. The table overleaf shows the returns of Europe's key indices in the past year, both in sterling and in local terms.

Strategic Report: Chairman's Statement (continued)

Returns for European key indices for the year to 30 September 2016

| Index | Country | Local currency | GBP terms |
|---------------|-------------|----------------|-----------|
| EURO STOXX 50 | Europe | -8.1 | 7.9 |
| CAC | France | -4.1 | 12.6 |
| DAX | Germany | -2.2 | 15.1 |
| AEX | Netherlands | 1.4 | 19.3 |
| OMX | Sweden | -0.5 | 11.6 |
| SMI | Switzerland | -7.7 | 7.5 |

We continue to believe well analysed stock selections can deliver something no index tracker can hope to: substantial value added in the form of meaningful long-term outperformance. Notwithstanding a tricky year behind us we fully believe that our active approach, as discussed in the Manager's Report to follow, will continue to serve our investors well.

Rodney Dennis
Chairman
6 December 2016

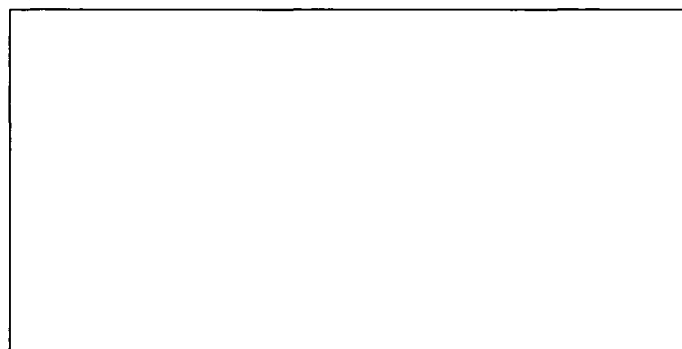
As a result of its sterling denomination, your Company has benefitted accordingly.

As our manager has often said, the investor in Europe is rarely far away from the next geopolitical event. At the time of writing we await the results of the December Italian referendum. As we enter 2017 and the US swears in a new president with a sharply different agenda to the more recent past, there is the prospect of further political disruption with French and German elections later in the year.

A little closer to home, we note the intended merger of our appointed investment manager, Henderson, with Janus Capital Group Inc. The transaction is expected to close in the second quarter of 2017. We will monitor progress with interest.

Successful investors always stick to what they are good at. We continue to believe in the approach that has served the Company and its investors well over the years: picking stocks and sectors. The graph below shows the returns from your Company, in share price as well as NAV terms, over the past one, three and five years, compared to the relevant benchmark.

Performance



Strategic Report: Portfolio Information

Sector exposure at 30 September

As a percentage of the investment portfolio excluding cash

| | 2016 % | 2015 % |
|--------------------|-----------|-----------|
| Health care | 19.5 | 26.3 |
| Industrials | 19.1 | 11.5 |
| Financials | 16.0 | 20.8 |
| Consumer goods | 15.8 | 14.1 |
| Basic materials | 10.4 | 9.8 |
| Consumer services | 6.3 | 8.2 |
| Telecommunications | 4.3 | 5.8 |
| Technology | 3.8 | 1.1 |
| Oil & gas | 3.5 | 1.2 |
| Utilities | 1.3 | 1.2 |

Sector underweights/overweights as at
30 September 2016

Currency exposure at 30 September¹

| | 2016 % | 2015 % |
|-----------------|-----------|-----------|
| Euro | 66.6 | 69.3 |
| Swiss franc | 21.5 | 19.6 |
| Swedish krona | 5.9 | 5.6 |
| Danish krone | 4.4 | 4.2 |
| Norwegian krone | 1.6 | 1.3 |

Gearing levels over the year to
30 September 2016

[illegible]

Geographic exposure at 30 September

As a percentage of the investment portfolio excluding cash

| | 2016 % | 2015 % |
|----------------|-----------|-----------|
| Switzerland | 21.6 | 20.6 |
| Germany | 17.1 | 14.9 |
| Sweden | 16.9 | 14.6 |
| France | 7.8 | 9.8 |
| Netherlands | 7.0 | 8.4 |
| Italy | 5.9 | 5.9 |
| Belgium | 5.2 | 7.0 |
| Portugal | 4.4 | 1.6 |
| Denmark | 3.9 | 6.4 |
| Spain | 3.5 | 1.1 |
| Finland | 2.9 | 2.0 |
| Norway | 2.6 | 4.0 |
| United Kingdom | 1.2 | - |
| Ireland | - | 3.7 |

Country underweights/overweights at
30 September 2016[illegible]

Key performance influences²

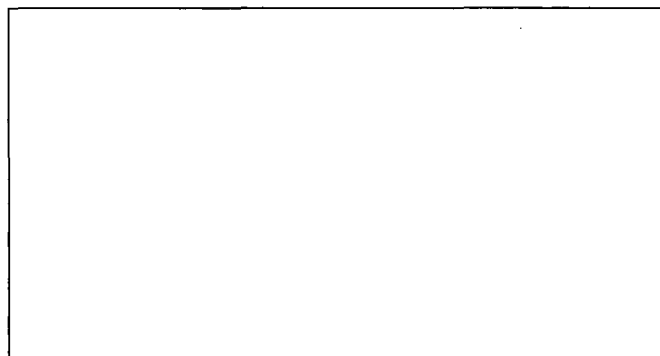
| | % |
|---|--------------|
| Return of the portfolio of investments | |
| from sector allocation | -0.98 |
| from stock selection (including currency effect) | +0.40 |
| Impact of gearing (net) | +0.48 |
| Impact of share buy-backs or issuance | +0.30 |
| Impact of ongoing charges | -0.89 |
| Impact of performance fee | - |
| Morningstar Cum Income NAV Return relative to the benchmark | -0.69 |

Sources: Henderson and Factset

1 Excludes sterling balances

2 Relative to the benchmark over the financial year to 30 September 2016

Strategic Report: Fund Manager's Report



The Fund Manager of the portfolio, John Bennett, reports on the year to 30 September 2016

As indicated in our interim report, this year has served up headwinds as well as tailwinds. Indeed, we have found ourselves, as an investment team, lamenting the fickle rotation which has characterised European markets throughout the year. While this can often be ascribed to the usual "macro" noise – from putative China meltdown to European banking crisis to Brexit – our read is that there is an underlying lack of conviction among investors. As far as market direction is concerned it has to be said that we share this sense of unease. Our own queasiness has less to do with macro or geopolitical dramas and more to do with the fact that bargains remain hard to come by. It was this key point that led us to enter 2016 cautioning that delegating the task of making money to an equity index was unlikely to prove rewarding. This doesn't seem to have been wide of the mark: as the table in the Chairman's statement highlighted, indices have struggled since the turn of the year.

The principal headwind for our portfolio in the last year has been the pharmaceutical sector. Since our decision to favour this industry in the spring of 2010 it has yielded ample reward. Yet, the past year has seen it stall. Much of this can be attributed to the electioneering of the US Presidential candidates, with Hillary Clinton particularly voluble on the sector. To dismiss the debate on drug pricing as wholly irrelevant would be a mistake. Our analysis tells us that the direction of travel is indeed to a tougher pricing environment but – and it is an important but –

those companies discovering and launching drugs which meet unmet clinical needs will secure their patents, their pricing and their future. It is the me-too brigade who should be afraid. Our health care overweight is now focused around the two Swiss names Novartis and Roche as well as Germany's Fresenius.

Within health care, by far the biggest disappointment has been Bayer. Having seen Syngenta being bid for by ChemChina, it appears that the Company has been bounced into a blockbuster acquisition of its own, in the shape of Monsanto. We engaged actively with Bayer's management in an effort to persuade them to call off the wedding but, alas, to no avail. As often happens, M&A in any given industry can unleash the "fear of missing out" ("FOMO") and a headlong rush toward gigantism. Long suffering investors in Europe's hapless banking sector would no doubt attest.

Bayer's management team isn't the first and won't be the last to succumb to FOMO. We may, of course, be proven wrong but our number crunching suggests to us that this deal is unlikely to prove value accretive to Bayer shareholders anytime soon. Thus, we voted with our feet and sold our holding.

If we turn our attention to the tailwinds of the past year we should repeat the Chairman's point regarding currency. Sterling's accelerated devaluation post Brexit has provided a useful boon to the NAV, for which we should be grateful in an otherwise tough year for European indices. Yet, it would be wrong to believe that only the currency has provided succour. Upon assuming management responsibility for the portfolio in December 2010, I was keen to increase the Company's exposure to small and mid-cap companies. Europe is much maligned for its "macro", its politics and its "leaders" with their unmatched ability to take an eternity to decide on seismic issues such as whether we should have still or sparkling water. Yet, when we do stick to our knitting, we are reminded of this Continent's opportunity. This is no better highlighted than by its wealth of small and mid-cap stocks. As we often remind investors, we don't care where our companies were born: we care about what they go on to do.

The table below shows the market capitalisation distribution of the portfolio as at the year end.

Market capitalisation breakdown excluding cash

| Region | Portfolio stocks | Portfolio weight % | Benchmark weight % | Benchmark stocks | Active weight % |
|----------------|------------------|--------------------|--------------------|------------------|-----------------|
| >€50 billion | 9 | 27.9 | 28.2 | 15 | 0.3 |
| €20-50 billion | 10 | 16.1 | 28.6 | 47 | (12.5) |
| €10-20 billion | 7 | 9.2 | 16.7 | 58 | (7.5) |
| €5-10 billion | 6 | 11.7 | 14.3 | 101 | (2.6) |
| <€5 billion | 25 | 35.1 | 12.2 | 252 | 22.9 |

Investors will note that those companies capitalised at up to €5 billion now represent some 29.5% of NAV. We don't have any fixed target for this segment of the market: it is necessarily opportunity driven. But it is that very opportunity which excites us: it remains our steadfast conviction that a closed ended fund

is the ideal vehicle via which to access small and mid-cap companies and blend them with holdings in their larger brethren. This is the strategy which has produced good returns for our shareholders through the last five or so years and which we believe will continue to do so.

Strategic Report: Fund Manager's Report (continued)

If we were to name specific contributors to the past year's performance we would have to highlight the following names:

Small to mid-cap contributors to performance

| Company | Country of origin | Market capitalisation | % of NAV at 30 September 2016 | Share price return 1 year to 30 Sept 2016 |
|--------------------|-------------------|-----------------------|----------------------------------|--|
| Warehouses de Pauw | Belgium | 1,289 | 1.5 | 27.4 |
| Tessenderlo Chemie | Belgium | 699 | 2.4 | 13.5 |
| Royal Unibrew | Denmark | 1,699 | 1.3 | 30.9 |
| Tikkurila | Finland | 844 | 1.8 | 29.0 |
| Rubis | France | 3,022 | 1.4 | 22.8 |
| IMA | Italy | 903 | 2.1 | 47.8 |
| Interpump | Italy | 1,282 | 2.1 | 27.4 |
| IMCD | Netherlands | 2,056 | 1.2 | 12.3 |
| Veidekke | Norway | 988 | 1.3 | 29.1 |
| Loomis | Sweden | 1,977 | 1.0 | 30.7 |

While a number of the above stocks were purchased during the year, it is notable that Tessenderlo Chemie, Warehouses de Pauw and Veidekke make a repeat show. Of course, no table of winners should stand unchallenged: we have had some smaller cap disappointments too. Our exposure to the European cable media sector has been a particular drag, with shares in Euskaltel and NOS falling by 14.0% and 15.7% respectively during the year. Nevertheless, we remain invested in both stocks as we see potential for pricing power and strong cash generation in what remains a consolidating sector.

From "growth" to "value"

While forever wary of style labels, we are of the view that we are at the beginning of a major change in market leadership. For the best part of a decade investors have found comfort in so called "quality growth" stocks, prime examples being staples as well as other perceived "safe" businesses. The powerful tailwind that such stocks have received in the form of ever lower interest rates looks to have blown itself out. The corollary of this – the headwind – has been felt by the banking sector in particular. Thus, for the first time in many a year we favour European banks in our portfolio. Rarely is this a sector for the faint hearted. Nevertheless, we believe that its lengthy bear market is ending as a combination of rehabilitated capital ratios and an inflection in interest rates makes the industry once again investable. It will be a volatile ride, not least given the European political agenda for the year ahead, but we will seek to hold on.

Personal Holding

As at 10 October 2016, my personal holding in the Company had risen to 309,700 shares.

John Bennett
Fund Manager
6 December 2016

Strategic Report:

Investment Portfolio as at 30 September 2016

| Ranking 2016 | Ranking 2015 | Company | Sector | Country of listing | Valuation 2016 £'000 | Percentage of portfolio |
|--|--------------|----------------------------|-------------------------------------|--------------------|-------------------------|----------------------------|
| 1 | 1 | Novartis | Pharmaceuticals & Biotechnology | Switzerland | 18,542 | 7.35 |
| 2 | 2 | Roche | Pharmaceuticals & Biotechnology | Switzerland | 16,532 | 6.56 |
| 3 | 3 | Nestlé | Food Producers | Switzerland | 12,696 | 5.04 |
| 4 | - | GALP Energia | Oil & Gas Producers | Portugal | 8,749 | 3.47 |
| 5 | 30 | Com Hem | Fixed Line Telecommunications | Sweden | 7,963 | 3.16 |
| 6 | 7 | Autoliv | Automobiles & Parts | Sweden | 7,656 | 3.04 |
| 7 | 43 | SAP | Software & Computer Services | Germany | 7,122 | 2.83 |
| 8 | 9 | Henkel | Chemicals | Germany | 6,572 | 2.61 |
| 9 | 12 | Nordea | Banks | Sweden | 5,865 | 2.33 |
| 10 | 21 | Tessenderlo Chemie | Chemicals | Belgium | 5,820 | 2.31 |
| 10 largest | | | | | 97,517 | 38.70 |
| 11 | 10 | Fresenius | Health Care Equipment & Services | Germany | 5,135 | 2.04 |
| 12 | 25 | Interpump | Industrial Engineering | Italy | 4,932 | 1.96 |
| 13 | 24 | IMA | Industrial Engineering | Italy | 4,926 | 1.95 |
| 14 | - | ING | Banks | Netherlands | 4,735 | 1.88 |
| 15 | 6 | RELX | Media | Netherlands | 4,734 | 1.88 |
| 16 | 23 | Continental | Automobiles & Parts | Germany | 4,648 | 1.84 |
| 17 | 46 | BIC | Household Goods & Home Construction | France | 4,646 | 1.83 |
| 18 | - | ABB | Industrial Engineering | Switzerland | 4,292 | 1.70 |
| 19 | 53 | Tikkurila | Construction & Materials | Finland | 4,245 | 1.68 |
| 20 | - | Swedish Match | Tobacco | Sweden | 3,857 | 1.53 |
| 20 largest | | | | | 143,667 | 56.99 |
| 21 | 8 | Novo-Nordisk | Pharmaceuticals & Biotechnology | Denmark | 3,705 | 1.47 |
| 22 | - | Siemens | General Industrials | Germany | 3,651 | 1.44 |
| 23 | 28 | KBC | Banks | Belgium | 3,615 | 1.43 |
| 24 | 11 | Warehouses de Pauw | Real Estate Investment Trusts | Belgium | 3,518 | 1.40 |
| 25 | 26 | DNB | Banks | Norway | 3,503 | 1.39 |
| 26 | 29 | Trelleborg | Industrial Engineering | Sweden | 3,467 | 1.38 |
| 27 | - | Brenntag | Chemicals | Germany | 3,425 | 1.36 |
| 28 | 49 | Svenska Handelsbanken | Banks | Sweden | 3,387 | 1.34 |
| 29 | 38 | Bankinter | Banks | Spain | 3,350 | 1.33 |
| 30 | 36 | Rubis | Gas Water & Multiutilities | France | 3,266 | 1.30 |
| 30 largest | | | | | 178,554 | 70.83 |
| 31 | - | Tarkett | Construction & Materials | France | 3,255 | 1.29 |
| 32 | 27 | Legrand | Electronic & Electrical Equipment | France | 3,180 | 1.26 |
| 33 | 40 | Royal Unibrew | Beverages | Denmark | 3,139 | 1.25 |
| 34 | 45 | Unilever | Personal Goods | Netherlands | 3,094 | 1.23 |
| 35 | 44 | Aktia | Banks | Finland | 3,024 | 1.20 |
| 36 | 16 | Veidekke | Construction & Materials | Norway | 3,023 | 1.20 |
| 37 | 33 | ISS | Support Services | Denmark | 3,003 | 1.19 |
| 38 | - | Havas | Media | France | 2,975 | 1.18 |
| 39 | - | Daily Mail & General Trust | Media | United Kingdom | 2,893 | 1.15 |
| 40 | - | Euskaltel | Fixed Line Telecommunications | Spain | 2,871 | 1.13 |
| 40 largest | | | | | 209,011 | 82.91 |
| 41 | - | Securitas | Support Services | Sweden | 2,834 | 1.12 |
| 42 | - | IMCD | Chemicals | Netherlands | 2,786 | 1.11 |
| 43 | - | Marr | Food & Drug Retailers | Italy | 2,783 | 1.10 |
| 44 | 42 | Fuchs Petrolub | Chemicals | Germany | 2,739 | 1.09 |
| 45 | - | Grifols | Pharmaceuticals & Biotechnology | Spain | 2,683 | 1.06 |
| 46 | - | Volvo | Industrial Engineering | Sweden | 2,602 | 1.03 |
| 47 | - | BASF | Chemicals | Germany | 2,529 | 1.00 |
| 48 | - | Syngenta | Chemicals | Switzerland | 2,484 | 0.99 |
| 49 | - | Compugroup Medical | Software & Computer Services | Germany | 2,465 | 0.98 |
| 50 | - | Allianz | Nonlife Insurance | Germany | 2,462 | 0.98 |
| 50 largest | | | | | 235,378 | 93.37 |
| 51 | - | Elekta | Health Care Equipment & Services | Sweden | 2,450 | 0.97 |
| 52 | 19 | NOS | Media | Portugal | 2,442 | 0.97 |
| 53 | - | Loomis | Support Services | Sweden | 2,439 | 0.97 |
| 54 | - | Philips | General Industrials | Netherlands | 2,402 | 0.95 |
| 55 | - | BNP Paribas | Banks | France | 2,399 | 0.95 |
| 56 | 47 | Deutsche Boerse | Financial Services | Germany | 2,372 | 0.94 |
| 57 | 18 | Intesa Sanpaolo | Banks | Italy | 2,220 | 0.88 |
| Total listed equity investments at fair value | | | | | 252,102 | 100.00 |

All securities are equity investments

Strategic Report:

Historical Performance and Financial Information

Total return performance to 30 September 2016 (including dividends reinvested and excluding transaction costs)

| | 1 year % | 3 years % | 5 years % | 10 years % |
|--------------------------------|-------------|--------------|--------------|---------------|
| NAV ¹ | 20.4 | 44.9 | 127.9 | 158.8 |
| Benchmark index ² | 21.1 | 27.1 | 83.6 | 81.1 |
| Share price ³ | 8.6 | 36.2 | 144.9 | 146.0 |
| AIC Europe sector ⁴ | 19.1 | 35.4 | 109.2 | 88.5 |
| Ranking in sector | 4 | 2 | 2 | 2 |

Total return performance over the 10 years to 30 September 2016 (rebased to 100)

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

Financial information

| At 30 September | Net assets £'000 | NAV p | Mid-market price per ordinary share p | Profit/(loss) for year £'000 | Revenue return p | Capital return p | Total return p | Dividend p | Expenses ⁶ % |
|-------------------|---------------------|----------------|--|---------------------------------|---------------------|---------------------|-------------------|---------------|----------------------------|
| 2007 | 219,515 | 667.8 | 632.50 | 58,903 | 7.12 | 117.41 | 124.53 | 8.00 | 1.70 |
| 2008 ⁵ | 161,739 | 551.3 | 505.50 | (34,115) | 15.12 | (123.85) | (108.73) | 14.00 | 1.00 |
| 2009 | 176,766 | 657.0 | 613.00 | 30,730 | 15.63 | 94.92 | 110.55 | 14.00 | 1.20 |
| 2010 | 144,945 | 645.9 | 585.50 | (1,584) | 15.69 | (22.06) | (6.37) | 16.50 | 1.10 |
| 2011 | 103,913 | 580.0 | 493.88 | (9,750) | 18.29 | (69.09) | (50.80) | 17.75 | 0.82 |
| 2012 | 115,431 | 682.2 | 591.75 | 19,832 | 17.49 | 98.18 | 115.67 | 19.00 | 1.16 |
| 2013 | 145,762 | 861.5 | 831.50 | 33,546 | 25.37 | 172.90 | 198.27 | 21.30 | 1.10 |
| 2014 | 170,988 | 956.7 | 962.00 | 21,010 | 22.14 | 98.38 | 120.52 | 23.45 | 0.88 |
| 2015 | 194,914 | 981.9 | 987.75 | 7,459 | 23.59 | 16.35 | 39.94 | 24.65 | 0.89 |
| 2016 | 237,551 | 1,153.1 | 1,045.50 | 40,186 | 26.85 | 169.05 | 195.90 | 26.40 | 0.90 |

¹ Net asset value per ordinary share with income reinvested for one, three and five years and capital NAV per ordinary share plus income reinvested for 10 years

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

³ Share price total return using mid-market closing prices

⁴ The AIC Europe sector is comprised of eight trusts

⁵ Revenue return includes 1.45p per ordinary share in respect of VAT recovery on past management fees

⁶ Using total expense ratio methodology for 2010 and previous years; ongoing charge methodology thereafter. The methodology for these calculations exclude performance fees

Sources: Henderson, Morningstar Funddata, Datastream

Strategic Report: Corporate Information

Directors

The Directors appointed to the Board at the date of this report are:

Rodney Dennis

Position: Chairman of the Board and of the Management Engagement Committee

Date of appointment: 11 November 2003 (Chairman on 14 September 2006)

Rodney has held a number of non-executive directorships and trusteeships and was the deputy Chief Executive Officer of The Prince's Trust. Prior to that he had a career in the City, culminating in his appointment as Chief Investment Officer for Prudential Portfolio Managers.

Robin Archibald

Position: Director

Date of appointment: 1 March 2016

Robin is a corporate financier and chartered accountant who has specialised in the UK closed-ended funds sector for over 25 years. He was previously employed by Winterflood Investment Trusts as head of their corporate team and prior to that worked with other advisory firms including Samuel Montagu, SG Warburg Securities and NatWest Markets.

Robin is a non-executive director of Albion Technology & General VCT PLC, Ediston Property Investment Company plc and Capital Gearing Investment Trust Plc. He is also Chairman of The Stewart Ivory Financial Education Trust, an educational charity.

Alexander Comba

Position: Chairman of the Audit Committee and Senior Independent Director

Date of appointment: 11 November 2003

Alexander is a chartered accountant. He was Group Finance Director of Vinci PLC, one of the UK's largest construction groups, for over 20 years and now serves on various boards as a non-executive director or pension fund trustee.

Alain Dromer

Position: Director

Date of appointment: 1 April 2014

Alain is an experienced financial services executive director. He was previously Chief Executive Officer of Aviva Investors; Global Head of Group Investment Business of HSBC Investments; Head of Asset Management at CCF Credit Commercial de France and Head of Capital Markets of La Compagnie Financiere Edmond de Rothschild Banque. Prior to that he held various roles in the government of France, French Treasury (including Section Head, World Monetary Affairs & IMF and Deputy Head of Office of Financial Markets). He is an independent non-executive director of Santander UK plc and Majid Al Futtaim Trust LLC, and an independent member of the board of Moody's Investors Services Limited and other European subsidiaries.

Eliza Dungworth

Position: Director

Appointed: 1 January 2016

Eliza was at Deloitte for 25 years, with 15 of those as partner. She is an experienced adviser to the investment management industry with a thorough understanding of accounting, tax and regulatory issues.

All Directors are independent of Henderson and are members of the Management Engagement and Audit Committees.

Strategic Report: Corporate Information (continued)

Registered office

201 Bishopsgate
London EC2M 3AE

Service providers

Alternative Investment Fund Manager
Henderson Investment Funds Limited
201 Bishopsgate
London EC2M 3AE

Depository and custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Stockbrokers

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Corporate Secretary

Henderson Secretarial Services Limited
201 Bishopsgate
London EC2M 3AE
Telephone: 020 7818 1818

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Telephone: 0371 384 2457
(or +44 121 415 7047 if calling from overseas)
Lines are open 8.30am to 5.30pm UK time, 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 auditor

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Financial calendar

| | |
|-------------------------------------|------------------|
| Annual results announced | December 2016 |
| Ex dividend date | 5 January 2017 |
| Dividend record date | 6 January 2017 |
| Annual general meeting ¹ | 1 February 2017 |
| Final dividend payable | 10 February 2017 |
| Half-year results announced | May 2016 |
| Interim dividend payable | June 2017 |

Information sources

For more information about the Company, visit the website at www.henderson-europe-focus.com

HGi

HGi is a content platform provided by Henderson that offers online personalisation where you can "follow" investment experts, topics and the trusts that are of interest to you. By creating your HGi profile you will be updated regularly on the topics that interest you most, bringing you closer to Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi: <http://HGico/rb>



Follow Henderson Investment Trusts on Twitter, YouTube and Facebook



Investing

Shares can be purchased in the market via a stockbroker or through share dealing platforms. They can also be held through share plans, ISAs or pensions and links to various providers are included on the website. Individuals holding shares through Halifax Share Dealing Limited can write to them at Lovell Park Road, Leeds LS1 1NS or contact them via telephone 03457 225 525, email Henderson@halifax.co.uk or visit their website www.halifax.co.uk/sharedealing.

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.

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.

¹ At the Company's registered office at 2.30pm

Strategic Report: Corporate Information (continued)

Status

The Company is an investment company as defined in Section 833 of the Companies Act 2006 and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 ("Section 1158"), is subject to the Listing Rules of the Financial Conduct Authority 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 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.

Principal risks and uncertainties

The Board, with the assistance of Henderson, has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. In carrying out this assessment, the Board has considered the market uncertainty arising from the result of the UK referendum to leave the European Union. The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to mitigate these as far as possible, are as follows:

| Risk | Controls and mitigation | Board action/consideration |
|--|--|---|
| Market risk The Company's performance is dependent on the performance of the companies and markets in which it invests. | 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 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 page 7. | The Board considers this risk to have remained unchanged throughout the year under review. |
| Gearing Henderson 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. | The Board has set a limit on gearing of 20% of net assets and monitors the level of gearing at each meeting. | The Board considers this risk to have remained unchanged throughout the year under review. |
| Other financial risks The financial risks faced by the Company include market price risk, interest rate risk, liquidity risk, currency risk and credit and counterparty risk. | <p>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 Henderson. 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.</p> <p>The majority of the Company's assets and liabilities are denominated in currencies other than sterling. No hedging of the currency exposure is undertaken. Consequently, exchange rate fluctuations reduce or enhance returns for sterling based investors. Exposure to currencies as a percentage of the portfolio as at 30 September 2016 is shown on page 7.</p> | The Board considers this risk to have remained unchanged throughout the year under review. |
| Operational risks Disruption to, or the failure of, Henderson's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting or monitoring of the Company's financial position. Henderson contracts some of the operational functions (principally those relating to trade processing, investment administration and accounting) to BNP. | The Board receives regular reports on the internal controls in place at Henderson, BNP and the depositary, HSBC (which appoints the custodian) to mitigate against the risk of failure of the systems. These include reports on business continuity planning and the procedures in place in relation to cyber risk. | The Board has considered the increased threat of cyber activity on Henderson's operations during the year and is comfortable with the controls and procedures put in place in this regard. This will be an ongoing area of consideration. |

Strategic Report: Corporate Information (continued)

| Risk | Controls and mitigation | Board action/consideration |
|--|---|--|
| Key man risk The Company depends on the diligence, skill and judgement of Henderson's investment team. The continued service of these individuals, and in particular John Bennett, could impact the future success of the Company. | The Board has been assured by Henderson that John Bennett and the European Equities team are appropriately remunerated and incentivised in their roles. The Company's performance fee provides an additional incentive. Henderson has a strong European Equities team which supports John Bennett in the management of the Company's portfolio and looks to develop managers with the capability to succeed John in the fullness of time. | The Board considers this risk to have remained unchanged throughout the year under review. |

Viability statement

The Company is a long-term investor and the Directors believe it is appropriate to assess the viability of the Company over a three-year period in recognition of its long-term horizon and what is believed to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties documented in this Strategic Report.

The assessment has considered the impact of the likelihood of the principal risks and uncertainties facing the Company, in particular market, gearing, financial and operational risks, in severe but plausible scenarios, and the effectiveness of any mitigating controls in place.

The Directors took into account the liquidity of the portfolio, the gearing and the income stream from the portfolio in considering the viability of the Company over the next three-years and its ability to meet liabilities as they fall due. This included consideration of how the forecast income stream, expenditure and levels of reserves could impact on the Company's ability to pay dividends to shareholders over that period in line with its current dividend policy. Whilst detailed forecasts are only made over a shorter timeframe, the nature of the Company's business as an investment trust means that such forecasts are equally valid to be considered over the longer three-year period as a means of assessing whether the Company can continue in operation.

The Directors conducted this review for a period of three-years because they consider this to be an appropriate period over which they do not expect there to be any significant change in the current principal risks and adequacy of the mitigating controls in place. Also the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to

operate as an investment trust. Only a substantial financial crisis affecting the global economy could have an impact on this assessment. Whilst there is currently uncertainty in the markets following the UK referendum result to leave the European Union, the Board does not believe that this will have a long-term impact on the viability of the Company and its ability to continue in operation.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three-year period.

Borrowing

The Company has a secured multi-currency overdraft arrangement with HSBC Bank plc that allows it to borrow up to the lesser of £46.8 million and 25% of custody assets as and when required. The level of gearing at 30 September 2016 is shown on page 3. The Fund Manager is responsible for deciding on the currency mix of the borrowings and seeks to avoid active currency positions relative to the benchmark. The Board monitors the level of gearing, which is restricted by the Company's investment policy. Borrowing levels are also restricted by financial covenants.

Future developments

While the future performance of the Company is mainly dependent on the performance of international financial markets which are subject to various external factors, the Board's intention is that the Company will continue to pursue its stated investment objective and strategy explained on page 4. The Chairman's Statement and Fund Manager's Report provide commentary on the outlook for the Company.

Key performance indicators

In order to measure the success of the Company in meeting its objective and to evaluate the performance of Henderson, the Directors take into account the following key performance indicators ("KPIs"):

| KPI | Action |
|--|---|
| Performance measured against the benchmark | The NAV per ordinary share and share price total return compared with the movement of the FTSE World Europe ex UK Index in sterling terms on a total return basis. |
| Discount or premium to NAV per ordinary share | The level of discount or premium at which the ordinary shares trade relative to the NAV per ordinary share. 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. |
| Ongoing charge | The costs of running the Company calculated using the AIC ongoing charge methodology. |

The charts and tables on pages 2, 3 and 11 show how the Company has performed against these KPIs and the Chairman's Statement and Fund Manager's Report give more information on performance.

Strategic Report: Corporate Information (continued)

Corporate responsibility

Responsible investment

Henderson is responsible for 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 as part of its management duties. 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 considered by Henderson's risk team but investments are not ruled out on social and environmental grounds only.

Voting policy and the UK stewardship code

Henderson's responsible investment policy sets out its 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 the policy and has delegated responsibility for voting to Henderson. The Board receives regular reports on the voting undertaken by Henderson on behalf of the Company. The Board and Henderson believe that voting at general meetings is an important aspect of corporate stewardship and a means of signalling shareholder views on board policy, practices and performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. Depending on the nature of the resolution the Fund Manager will give specific instructions on voting non-routine and unusual or controversial resolutions. Decisions not to support resolutions and the rationale for doing so are fed back to the investee company prior to voting.

Practical difficulties may prevent Henderson 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 and further details of Henderson's responsible investment activities can be found on the Henderson website, www.henderson.com.

Employees, social, community, human rights and environmental matters

The Company's 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 here; Henderson's policies are included in its Annual Report which can be found on the Henderson website.

Henderson's corporate responsibility statement is included on its website. In 2012 it was granted CarbonNeutral® Company status which it has committed to maintain at least until the end of 2018. The Company's Annual Report is printed on paper produced using 50% recycled post-consumer waste and 50% wood fibre from fully sustainable forests with certification by the Forest Stewardship Council; the printing company used is certified as CarbonNeutral®. Papers for the Company's Board meetings are now mainly circulated electronically rather than in paper form.

Bribery Act 2010

The Board has reviewed the implications of the Bribery Act 2010, which came into force on 1 July 2011, and confirmed its zero tolerance to bribery and corruption in its business activities. It has received 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.

Modern Slavery Act 2015

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

Board diversity

The Directors bring a range of skills to the Board including asset management, accounting, tax and broking experience. The Directors consider diversity when making appointments to the Board, taking into account skills, experience, knowledge and gender. The Company has no employees and, therefore, there is nothing further to report in respect of gender representation within the Company.

For and on behalf of the Board



Alexander Comba
Director
6 December 2016

Strategic Report: Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into English Law, the AIFMD classifies certain investment vehicles, including investment companies, as Alternative Investment Funds ("AIFs") and requires them to appoint an Alternative Investment Fund Manager ("AIFM") and depositary to manage and oversee the operations of the investment vehicle. The Board of the Company retains responsibility for strategy, operations and compliance and the Directors retain a fiduciary duty to shareholders.

Association of Investment Companies ("AIC")

The Company is a member of the AIC which is the trade body for investment companies and represents the industry in relation to various matters which impact the regulation of such entities.

Benchmark

An index against which performance is compared. For the Company this is the FTSE World Europe ex UK Index on a total return basis in sterling terms.

Capital return per share

The capital return per share is the capital profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Continental Europe

Every country in mainland Europe except the UK, the Channel Islands, Iceland and the Isle of Man.

Custodian

The custodian is responsible for ensuring the safe custody of the Company's assets and that all transactions in the underlying holdings are transacted in an accurate and timely manner.

Depositary

With effect from 22 July 2014, all AIFs were required to appoint a depositary which has responsibility for overseeing the operations of the Company including safekeeping, cash monitoring and verification of ownership and valuation of the underlying holdings and is responsible for the appointment of a custodian. The depositary is strictly liable for the loss of any investments or other assets in its custody unless it has notified that it has discharged its liability in certain markets. The depositary has confirmed that it has not discharged liability in relation to any of the Company's assets.

Derivative

A contract between two or more parties in relation to an underlying security. The value of a derivative will fluctuate in accordance with the value of the security and is a form of gearing as the fluctuations in value are usually greater than the fluctuations in the underlying security's value. Examples of derivatives are put and call options, swap contracts, futures and contracts for difference. Foreign exchange, interest rates and commodities may also be traded using derivative contracts.

Dividend dates

When declared or recommended, each dividend will have three key dates applied to it. The payment date is the date on which shareholders will receive their dividend, either by BACS transfer or by receipt of a dividend cheque. The record date applied to the dividend is used as a cut-off for the Company's registrars to know which shareholders should be paid a dividend. Only shareholders on the register of members at the close of business on the record date will receive the dividend. The ex-dividend date is the business day before the record date and is the date upon which the Company's net asset value per ordinary share will be disclosed ex-dividend.

Gearing

Gearing means borrowing money to buy assets with the expectation that the return on investments bought will exceed the interest cost of the borrowings. The gearing percentage reflects the amount of borrowings (e.g. bank loans or overdrafts) the Company has used to invest in the market and is calculated by taking the difference between total investments and equity shareholders' funds, dividing this by equity shareholders' funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

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. Investment trusts are also known as investment companies, although the tax legislation retains the reference to investment trusts.

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.

Market capitalisation ("market cap")

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

Strategic Report: Glossary (continued)

Net asset value ("NAV") per ordinary share

The value of the Company's assets (e.g. investments and cash held) less any liabilities (e.g. bank borrowings and debt securities) 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 Statement of Financial Position. The NAV per ordinary share is published daily.

Ongoing charge

The ongoing charge reflects 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 costs and gains or losses arising on investments. The ongoing charge is based on actual costs incurred in the year as being the best estimate of future costs, excluding any performance fees, in accordance with methodology prescribed by the AIC and is the annualised ongoing charge expressed as a percentage of the average aggregate NAV in the period.

Premium/discount

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

Revenue return per share

The revenue return per share is the revenue profit for the year divided by the weighted average number of ordinary shares in issue during the year.

Total return performance

This is the return on the share price or NAV per share taking into account both the rise and fall of share prices and the dividends and interest paid to shareholders during a given period. 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 per share total return).

Treasury shares

Shares repurchased by the Company but not cancelled.

Yield

The annual dividend expressed as a percentage of the share price.

Corporate Report

Report of the Directors

The Directors present the audited financial statements of the Company and their report for the year from 1 October 2015 to 30 September 2016. 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.

Directors' remuneration and shareholdings

The Directors' Remuneration Report on pages 23 and 24 provides information on the remuneration and share 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 continue to operate effectively.

Related party transactions

The Company's transactions with related parties in the year were with the Directors and Henderson. There have been no material transactions between the Company and its Directors during the year other than amounts paid to them in respect of expenses and remuneration for which there were no outstanding amounts payable at the year 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 year under review. More details on transactions with Henderson, including amounts outstanding at the year end, are given in Note 23 on page 53.

Share capital

As at 30 September 2016, the Company's paid up share capital consisted of 20,741,491 ordinary shares of 50p each, comprising 20,600,761 shares with full voting rights and 140,730 shares held in treasury with no voting rights or rights to dividends. All ordinary shares not held in treasury 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 allot shares or sell equity securities held by the Company in treasury. During the year, two authorities to issue shares were granted by shareholders; the first at the general meeting in October 2015 in respect of 5,955,228 shares and the second at the AGM in January 2016 in respect of 6,800,253 shares. During the year, 750,000 new ordinary shares were issued under these authorities, at a premium to the prevailing NAV at prices ranging from £9.85 to £11.24 per ordinary share. The authority granted in October 2015 expired on 22 September 2016. The remaining authority will lapse at the earlier of the 2017 AGM or 15 months after the passing of the resolution.

Subject to shareholder approval, the Company may purchase its own ordinary shares at a discount to NAV per ordinary share. At the AGM in January 2016, shareholders gave the Board authority to buy back 3,058,074 ordinary shares during the following 15 months for cancellation or to be held in treasury. During the year ended 30 September 2016, the Company has not repurchased any ordinary shares.

Holdings in the Company's shares

Declarations of interests in the voting rights of the Company as at 30 September 2016 in accordance with the disclosure and transparency rules ("DTRs") were as follows:

| | % of voting rights |
|--------------------------------|-----------------------|
| Investec Wealth & Investment | 9.10 |
| Rathbone Investment Management | 4.98 |

On 11 October 2016 Investec Wealth & Investment Limited notified that they had a shareholding of 10.05%.

There have been no further notifications to the date of this report.

At 30 September 2016, 3.8% of the issued ordinary shares were held on behalf of participants in Halifax Share Dealing products run by Halifax Share Dealing Limited. The participants in these schemes are given the opportunity to instruct the nominee company to exercise their voting rights in respect of all general meetings of the Company.

Annual general meeting

The AGM will be held on 1 February 2017 at 2.30pm at the Company's registered office. The Notice and details of the resolutions to be put at the AGM are contained in the separate document being sent to shareholders with this report.

Report of the Directors (continued)

Corporate Governance

The Corporate Governance Statement set out on pages 25 to 28 forms part of the Report of the Directors.

Directors' statement as to disclosure of information to auditor

Each of the Directors who were members of the Board at the date of approval of this report confirms that to the best of his or her knowledge and belief, there is no information relevant to the preparation of the Annual Report of which the Company's auditor is unaware and that he or she has 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 auditor is aware of that information.

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 2016 (2015: same), nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Listing Rule 9.8.4

Listing Rule ("LR") 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard other than in accordance with LR 9.8.4(7) which is disclosed on page 20 in the share capital section.

By order of the Board



Henderson Secretarial Services Limited
Corporate Secretary
6 December 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, 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, comprising FRS 102, the financial reporting standard applicable in the United Kingdom and Republic of Ireland, 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 the 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.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Statement under DTR 4.1.12

Each of the Directors, who are listed on page 12, confirms that, to the best of his or her knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 and applicable law) give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes 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.

For and on behalf of the Board



Alexander Comba
Director
6 December 2016

The financial statements are published on **www.henderson-european-focus.com** which is a website maintained by Henderson.

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

The maintenance and integrity of the website is the responsibility of Henderson; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Annual Report since it was initially presented on the website.

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 AGM on 1 February 2017. The Company's remuneration policy was approved by shareholders at the AGM in 2014 in accordance with Section 439A of the Act. No changes to the policy are currently proposed.

The Company's auditor is 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. It is believed that all relevant information is disclosed within this report in an appropriate format.

Remuneration policy

Directors are remunerated in the form of fees, payable quarterly in arrears. 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 promote the long-term success of the Company. 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 AGM 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 Board, Rodney Dennis reports that there have been no major decisions on Directors' remuneration nor any changes to the remuneration paid to each individual Director in the year under review.

Annual report on remuneration

Directors' interests in shares (audited)

| | Ordinary shares of 50p | |
|------------------------------|------------------------|----------------|
| | 30 September 2016 | 1 October 2015 |
| Rodney Dennis | 7,515 | 7,515 |
| Robin Archibald ¹ | 5 | – |
| Alexander Comba | 5,000 | 5,000 |
| Alain Dromer | 2,200 | 2,200 |
| Eliza Dungworth ² | – | – |
| Michael Firth ³ | – | 2,500 |

¹ Appointed on 1 March 2016

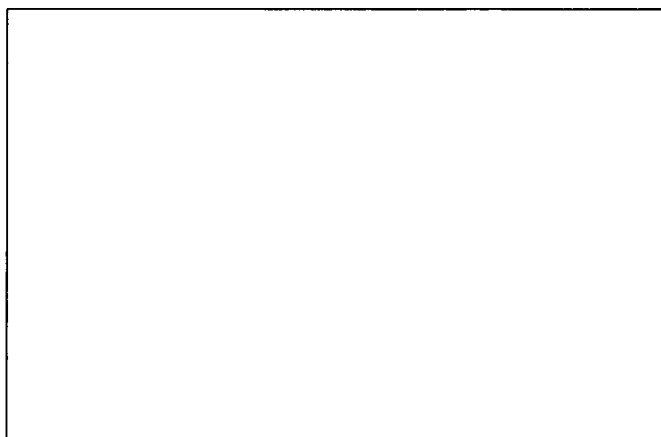
² Appointed on 1 January 2016

³ Retired on 28 January 2016

The interests of the Directors in the ordinary shares of the Company at the beginning and end of the financial year are shown in the above table. There have been no changes to any of the Directors' holdings in the period 1 October to 6 December 2016.

Performance

The graph compares the mid-market price of the Company's ordinary shares over the eight-year period ended 30 September 2016 with the return from the FTSE World Europe ex UK Index on a total return basis in sterling terms ("Index") over the same period, assuming the investment of £100 on 30 September 2008 and reinvestment of all dividends and income (excluding dealing expenses).



Directors' Remuneration Report (continued)

Directors' remuneration (audited)

The remuneration paid to the Directors who served during the years ended 30 September 2016 and 30 September 2015 were as follows:

| | Year ended 30 September 2016 Total salary and fees £ | Year ended 30 September 2015 Total salary and fees £ | Year ended 30 September 2016 Taxable benefits £ | Year ended 30 September 2015 Taxable benefits £ | Year ended 30 September 2016 Total £ | Year ended 30 September 2015 Total £ |
|--------------------------------|---|---|--|--|--|--|
| Rodney Dennis ¹ | 30,000 | 30,000 | - | - | 30,000 | 30,000 |
| Robin Archibald ² | 12,288 | - | - | - | 12,288 | - |
| Jean Claude Banon ³ | - | 7,000 | - | - | - | 7,000 |
| Alexander Comba ⁴ | 24,000 | 24,000 | - | - | 24,000 | 24,000 |
| Alain Dromer | 21,000 | 21,000 | - | - | 21,000 | 21,000 |
| Eliza Dungworth ⁵ | 15,750 | - | - | - | 15,750 | - |
| Michael Firth ⁶ | 6,865 | 21,000 | - | - | 6,865 | 21,000 |
| Total | 109,903 | 103,000 | - | - | 109,903 | 103,000 |

Notes:

The table above omits other columns set out in the relevant regulations because no payments of other types such as performance related pay, vesting performance related pay and pension related benefits were made.

1 Chairman and highest paid Director

2 Appointed on 1 March 2016

3 Retired on 30 January 2015

4 Senior Independent Director and Chairman of the Audit Committee

5 Appointed on 1 January 2016

6 Retired on 28 January 2016

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 specified by any of them.

Since 1 October 2011, the fees paid to the Directors have been: Chairman £30,000, Audit Committee Chairman £24,000 and Director £21,000.

Relative importance of spend on pay

In order to show the relative importance of spend on pay, the table below sets out the total level of remuneration compared to the distributions paid to shareholders by way of dividends. 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.

| | 2016 £ | 2015 £ | Change £ |
|--|-----------|-----------|-------------|
| Total remuneration | 109,903 | 103,000 | 6,903 |
| Ordinary dividend paid during the year | 5,178,444 | 4,464,443 | 714,001 |

Statement of voting at AGM

At the 2016 AGM, 2,889,779 votes (99.2%) were received voting for the resolution seeking approval of the Directors' Remuneration Report, 9,796 (0.3%) were against, 13,940 (0.5%) were discretionary and 14,654 were withheld; the percentage of votes excludes votes withheld.

In relation to the approval of the remuneration policy, 4,050,269 (98.5%) votes were received voting for the resolution, 53,772 (1.3%) were against, 9,287 (0.2%) were discretionary and 70,595 were withheld.

For and on behalf of the Board



Alexander Comba
Director
6 December 2016

Corporate Governance Statement

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. Therefore not all the provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Conduct Authority in September 2014 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 2015 (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 set out in the UK Code 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.

The Board has noted that the FRC and AIC have issued revised Codes in April and July 2016 respectively. The Company will be required to report against these next year.

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.

Statement of compliance

The Directors believe 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 thereby the provisions of the UK Code except as set out below.

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 position of the Company as it is an externally managed investment company. In particular, all of the Company's day to day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

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 AGM and is available on the website: www.henderson-european-focus.com.

Directors' appointment and retirement

The Board may appoint Directors to the Board without shareholder approval. Any Director so appointed must stand for election by shareholders at the next AGM in accordance with the Articles of Association. In accordance with this provision, Robin Archibald, who was appointed on 1 March 2016, will stand for election at the 2017 AGM.

The AIC Code states that any director who has served for more than nine years is subject to annual re-election. Rodney Dennis and Alexander Comba are therefore required to seek re-election to the Board at the 2017 AGM.

All Directors are appointed for an initial term of three-years. The Articles of Association require each Director to retire by rotation at least every three-years.

The contribution and performance of each of the Directors seeking re-election was reviewed by the Board in September 2016, and, based on the results of that assessment, the continuing appointment of each of those Directors is recommended.

Under the Articles of Association shareholders may remove a Director before the end of their term by passing an ordinary resolution at a meeting. An ordinary resolution is passed if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution.

Directors' independence

All Directors have a wide range of other interests and are not dependent on the Company. At the Board meeting in September 2016, the Directors reviewed their independence and confirmed that all Directors remain wholly independent of Henderson.

Rodney Dennis 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 necessarily diminish the contribution from a Director as experience and knowledge of the Company is a positive factor and does not automatically impact a Director's independence. The Board considered the tenure of both Directors and concluded that their contribution continued to be effective.

Robin Archibald was employed by the Company's broker, Winterflood, until April 2014. He was not engaged directly with the Company's account in the year prior to that and has not maintained any formal relationships with Winterflood since his retirement. The Board therefore determined that Robin was independent in character and judgement at the time of his appointment and continues to be so.

The Board determined that all remaining Directors continued to be independent in character and judgement and that their individual skills, broad business experience and knowledge and understanding of the Company were of benefit to shareholders.

There were no contracts in existence 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

On appointment each Director is offered an induction which is facilitated by Henderson. 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 events and industry seminars at the expense of the Company and each Director's individual training requirements are considered as part of the annual performance evaluation.

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 English law, 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.

The Board

Board composition

As at the date of this report, the Board consists of five non-executive directors, whose biographies are on page 12. The breadth of investment, commercial and professional experience relevant to their positions as Directors is set out in their biographies.

During the year, Eliza Dungworth was appointed on 1 January 2016 and Robin Archibald on 1 March 2016.

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 Fund Manager and representatives of the Corporate Secretary between meetings. The Board has a formal schedule of matters specifically reserved for its decision, which includes strategy, approval of the Company's financial results and oversight of management decisions, investment limits and restrictions, and the internal control and risk management systems.

At each meeting the Board reviews the Company's investment performance and considers financial analysis 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 Henderson 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.

The Board is responsible for reviewing Board succession planning and tenure policy, the performance of the Board as a whole and the Board Committees and appointment of new Directors through

an established formal procedure. When considering succession planning, the Board bears in mind the balance of skills, knowledge, experience and diversity, including gender, on the Board. The Board considers diversity as part of the annual performance evaluation and believe that there is a range of backgrounds, with each Director bringing different qualities to the Board's deliberations.

Given the 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 requirements of the Company at the time of appointment. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up. The Company may use external agencies as and when the recruitment of additional Board members is considered necessary.

The Board annually reviews the Directors seeking re-election. Recommendation for their re-election is not automatic and will follow a process of evaluation of each Director's performance and consideration of their independence.

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 two Committees: the Audit Committee and the Management Engagement Committee. The terms of reference for these Committees are available on the website www.henderson-europeandefocus.com. The Board has also constituted an Insider Committee which meets when required to assist the Board in discharging its responsibilities under the Market Abuse Regulations.

Audit Committee

The Audit Committee comprises all of the Directors and is chaired by Alexander Comba, who is a chartered accountant. The other Audit Committee members have a combination of financial, investment and other experience gained throughout their careers. The Board is satisfied that at least one of the Committee's members has recent and relevant financial experience and that the Committee as a whole has competence relevant to the sector in which it operates. The Report of the Audit Committee, which forms part of this Corporate Governance Statement, can be found on pages 29 and 30.

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 regularly reviewing the management agreement, ensuring that the terms are fair and reasonable and that its continuance, given the Company's performance over both short and longer-terms, is in the best interests of the Company and its shareholders. The Committee also reviews the performance and cost effectiveness of the Company's other third-party service providers.

The Committee met in September 2016 to carry out its annual assessment of Henderson. The results of the review are detailed overleaf.

Corporate Governance Statement (continued)

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 2016, with Alexander Comba and Mike Firth attending the general meeting in October 2015. Mr Firth retired from the Board in January 2016.

| | Board | Audit Committee | Management Engagement Committee |
|---------------------------|----------|-----------------|---------------------------------|
| Number of meetings | 5 | 2 | 2 |
| Rodney Dennis | 5 | 2 | 2 |
| Robin Archibald | 3/3 | 1/1 | 1/1 |
| Alexander Comba | 5 | 2 | 2 |
| Alain Dromer | 5 | 2 | 2 |
| Eliza Dungworth | 4/4 | 1/1 | 1/1 |
| Mike Firth ¹ | 2/2 | 1/1 | 1/1 |

¹ Retired on 28 January 2016

A Committee of the Board met on three occasions during the year to deal with the formal approval of the Company's final and half-year results, and the appointment of Mr Robin Archibald to the Board.

Performance evaluation

The Board conducted a review of its own performance, together with that of its Committees, the Chairman and each individual Director. This was facilitated through the use of a questionnaire which was completed by all Directors. A summary of the responses was considered by the Board at its meeting in September 2016. A separate evaluation of the Chairman was conducted by the Senior Independent Director. The Board concluded that performance had been satisfactory with each Director contributing sufficient time to conduct the Board's regular business and was able to contribute additional time as determined by the business of the Company. The Board as a whole retained a good balance of skills and experience, with each of the Directors continuing to make a significant contribution to the affairs of the Company. The Chairman continued to display effective leadership and as such, the Directors seeking re-election at the Company's AGM merit re-election.

Internal controls

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company (see principal risks and uncertainties on page 14). The process accords with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the FRC in September 2014 and is subject to regular review by the Board. The Board has overall responsibility for the Company's system of internal control and risk management, 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 2016. 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.

Henderson 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 Henderson'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 Henderson, and which reports the details of any known internal control failures. The Board receives the annual assurance report on Henderson's internal controls which includes a report from Henderson'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 with support from Henderson's internal audit department, the Board has determined that there is currently no need for the Company to have its own internal audit function.

Accountability and relationship with Henderson

The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 22, the Independent Auditor's Report on pages 31 to 35 and the viability statement on page 15.

The Board has delegated contractually to external third parties, including Henderson, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets which is delegated through the appointment of the depositary as explained on page 17), 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 Henderson 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 Henderson which provides a forum to discuss industry matters.

Corporate Governance Statement (continued)

Henderson takes decisions as to the purchase and sale of individual investments. Henderson ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of Henderson 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 Corporate 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 Board and Henderson operate in a supportive, co-operative and open environment.

The Corporate Secretary, Henderson Secretarial Services Limited, is a subsidiary of Henderson with its own reporting lines and audited internal controls. There are processes and controls in place to ensure that there is a clear distinction between the two entities particularly when dealing with any conflicts or issues between the Company and Henderson. Any correspondence from shareholders addressed to the Chairman or the Company received at Henderson's offices is forwarded to the Chairman of the Board in line with the procedures in place.

Henderson and BNP Paribas Securities Services, which acts for Henderson, have arrangements in place by which their staff may, in confidence, raise concerns about possible improprieties in relation to financial reporting or other matters.

Continued appointment of Henderson

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 Henderson are on page 4.

In addition to the monitoring of investment performance at each meeting, the Management Engagement Committee undertakes an annual review of the Company's investment performance, together with the quality of other services provided by Henderson, including company secretarial and accounting.

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

Share capital

Please see the Report of the Directors on page 20.

Relations with shareholders

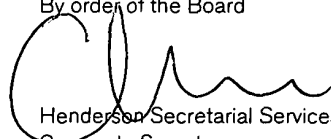
The prime medium by which the Company communicates with its shareholders is through the half-year results and Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and its results. This information is supplemented by the daily calculation and publication of the NAV per ordinary share to a regulatory information service and a monthly fact sheet which is available on the website. Henderson provides information on the Company and Fund Manager through videos on the website, various social media channels and its HGi content platform, more details of which are included on page 13.

The Board considers that shareholders should be encouraged to attend and participate in the AGM, which is available to watch live by visiting www.henderson.com/trustslive. 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. The Fund Manager will make a presentation to shareholders on the Company's performance over the reporting period. 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 Notice of Meeting be issued to shareholders so as to provide at least 20 working days' notice of the meeting. These documents are available on the Company's 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 Chairman at the registered office address given on page 13.

During the year, the Company used the authority granted by shareholders to call a general meeting at short notice. The general meeting was convened to seek authority to issue further shares without rights of pre-emption applying which the Board wanted to be considered as quickly as possible in order to allow it to properly manage the premium at which the Company's shares trade to NAV per ordinary share.

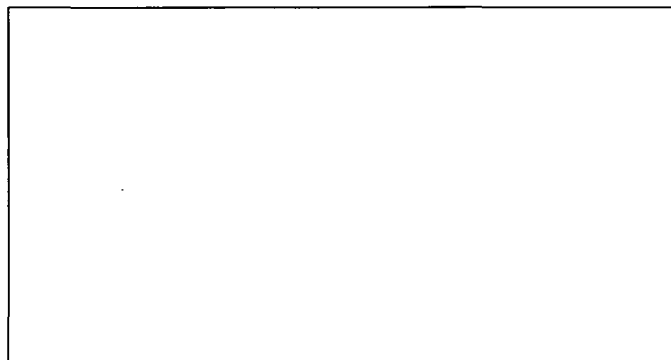
General presentations to shareholders and analysts follow the publication of the annual results.

By order of the Board



Henderson Secretarial Services Limited
Corporate Secretary
6 December 2016

Report of the Audit Committee



The Chairman of the Audit Committee, Alexander Comba, reports on the year to 30 September 2016

Meetings

The Audit Committee met twice during the year under review. The Company's auditor is invited to attend meetings as necessary. Representatives of Henderson and BNP Paribas Securities Services may also be invited.

Role and responsibilities

The role of the Audit Committee is to assist the Board in applying financial reporting and internal control principles and to maintain an appropriate relationship with the auditor. The responsibilities are set out in formal terms of reference which are regularly reviewed by the Committee. In the year under review the main duties undertaken were consideration of:

- the appropriateness of the Company's accounting policies and the quality and effectiveness of the accounting records, including the performance fee calculation, and management information maintained on behalf of the Company;

- the half-year results and the Annual Report, including the disclosures made therein in relation to internal controls and risk management, viability, going concern and related parties, as well as consideration of whether the report was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy in order to make recommendations to the Board;
- the appropriate level of dividend to be paid by the Company for recommendation to the Board;
- the appointment of the auditor, the effectiveness of the audit process and remuneration of the auditor;
- the auditor's independence and objectivity and the provision of any non-audit services, including the adoption of a revised policy on the provision of non-audit services following implementation of the new regulations in June 2016;
- the nature and scope of the external audit and the audit findings;
- the effectiveness of the Company's systems of internal control and risk management;
- whether there is a need for an internal audit function; and
- the whistle blowing policy that Henderson has put in place for its staff to raise concerns in confidence about possible improprieties, including in relation to the Company.

In relation to the Annual Report for the year ended 30 September 2016 the following significant issues were considered by the Committee:

| Significant issue | How the issue was addressed |
|---|--|
| Valuation and ownership of the Company's investments | Actively traded investments are valued using stock exchange prices provided by third-party pricing vendors. Ownership of listed investments is verified by reconciliation to the custodian's records. |
| Recognition of income | Income received is accounted for in line with the Company's accounting policies (as set out on page 41) and is reviewed by the Committee at each meeting. Revenue forecasts are also reviewed on a regular basis. |
| Compliance with Section 1158 of the Corporation Tax Act 2010 | The Committee regularly considers the controls in place to ensure that the regulations for ensuring investment trust status are observed at all times, receiving supporting documentation from Henderson and BNP. |
| Maintaining internal controls | The Committee receives regular reports on internal controls from BNP, HSBC and Henderson and its delegates and has access to the relevant personnel of Henderson who have a responsibility for risk management and internal audit. |
| Performance fee | The calculation of the performance fee payable to Henderson is reviewed by the Committee before being approved by the Board. No fee is payable for the financial year under review. |

Report of the Audit Committee (continued)

Policy on non-audit services

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

- the level of non-audit fees paid to the audit firm in relation to the statutory audit fee;
- whether the audit firm is the most suitable supplier of non-audit services;
- the impact on the auditor's 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.

The Board has determined that the auditor will never be considered for the provision of services related to accounting and preparation of the financial statements, internal audit and custody.


The Statutory Auditors and Third Country Auditors Regulations came into force on 17 June 2016. In light of the new regulations, the Committee approved a revised Policy on the provision of non-audit services by the auditor whereby all other services undertaken by the auditor would require pre-approval by the Committee.

Auditor's appointment

Ernst & Young LLP ("EY") were appointed as the Company's auditor on 25 July 2014 following a formal tender process. This is the third year the current audit partner has been in place. EY have not been engaged to provide any non-audit services during the year or up to the date of this report. The Audit Committee remains satisfied with the effectiveness of the audit provided and that EY remains independent of the Company. The Committee therefore recommend their re-appointment to the Board. Accordingly, resolutions to confirm the re-appointment of EY as auditor to the Company and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Fees paid or payable to the auditor are detailed in Note 6 on page 43.

For and on behalf of the Board



Alexander Comba
Audit Committee Chairman
6 December 2016

Independent Auditor's Report to the Members of Henderson European Focus Trust plc

Our opinion on the 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 2016 and of the Company's profit for the year then ended;
 - the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice under FRS 102 The Financial Reporting Standard applicable to the UK and Republic of Ireland;
 - the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice under FRS 102 The Financial Reporting Standard applicable to the UK and Republic of Ireland as applied in accordance with the provisions of the Companies Act 2006; and
 - the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, as regards the Company financial statements, Article 4 of the IAS Regulation.
-

What we have audited

Henderson European Focus Trust plc's financial statements comprise:

- Income Statement for the year ended 30 September 2016
- Statement of Changes in Equity for the year ended 30 September 2016
- Statement of Financial Position as at 30 September 2016
- Cash Flow Statement for the year ended 30 September 2016
- Related Notes 1 to 23 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and UK Generally Accepted Accounting Practice under FRS 102 The Financial Reporting Standard applicable to the UK and Republic of Ireland and as applied in accordance with the provisions of the Companies Act 2006.

Overview of our audit approach

Areas of Focus

- Calculation of Performance fees.
- Fair valuation and existence of listed investment portfolio.

The first point is considered to be a significant risk, consistent with the 2016 audit strategy.

Audit scope

- The audit team has audited all items that are material to the financial statements.
-

Materiality

- Materiality of £2.3m which represents 1% of net assets (2015: £1.9m).
-

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

Our assessment of risks of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

| Risk | Our response to the risk | What we concluded to the Audit Committee |
|---|---|---|
| <p>Calculation of performance fees (as described on page 29 in the Report of the Audit Committee).</p> <p>During the year, the Company paid no performance fees in 2016 (2015: £1.3m).</p> <p>The performance fee calculated using a methodology as set out in the Investment Management Agreement between the Company and the Manager. The calculation methodology for performance fees is given in the Strategic Report on page 4. The calculation involves a number of inputs and considerations and is performed manually by the Company's administrator. Note 5 to the financial statements sets out the performance fees for the year ended 30 September 2016.</p> <p>Incorrect calculation of this fee could have a material impact on the return generated for shareholders.</p> | <p>We walked through the systems and controls of the accounting administrator, BNP Paribas Securities Services, in respect of the calculation of performance fees.</p> <p>We re-performed the performance fee calculations and confirmed they were performed in line with the methodology set out in the Investment Management Agreement.</p> <p>We validated the external inputs used in the calculation to third party data.</p> <p>We tested the allocation of performance fees to the capital return column of the Income Statement and confirmed it had been performed in line with the accounting policy set out in Note 5.</p> | <p>Following the completion of our procedures, we concurred that there was no performance fee payable for the year ended 30 September 2016.</p> <p>Based on the work performed, we have no matters to report.</p> |
| <p>Fair valuation and existence of the listed investment portfolio (as described on page 29 in the Report of the Audit Committee).</p> <p>The listed investment portfolio at the year-end comprised of quoted equities amounting to £252.1m (2015: £212.3m).</p> <p>The valuation of the investments held in the portfolio is a key driver of the Company's net asset value and total return. Incorrect pricing of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.</p> | <p>We walked through the controls in place at the accounting administrator, BNP Paribas Securities Services over listed security pricing and holdings.</p> <p>We agreed the year-end prices of each of the quoted equities to an independent source.</p> <p>We agreed the number of shares held for each security to confirmation legal title received from the Company's custodian and depositary, HSBC Bank PLC.</p> | <p>Our procedures identified no material error in the pricing or reconciliation of listed investment portfolio assets.</p> <p>Based on the work performed, we have no matters to report.</p> |

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

We have chosen not to include management fee calculations in the areas of audit focus communicated above as the calculations were very simple and did not have a significant impact on the allocation of resources in the audit and the direction of the efforts of the audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Company to be £2.3m which is 1% of net assets (2015: £1.9m, 1% of net assets). This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We derived our materiality calculation from a proportion of net assets as we consider that to be the most important financial metric on which shareholders judge the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning materiality, being £1.7m (2015: 75% of materiality, namely £1.4m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also apply a separate, lower performance materiality of £309,000 (2015: £245,000) for the revenue column of the Income Statement, being 5% of the revenue return on ordinary activities before taxation.

Reporting threshold

Our reporting threshold is defined as:

- An amount below which identified misstatements are considered as being clearly trivial.
- We agreed with the Audit Committee that we would report all audit differences in excess of £119,000 (2015: £97,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.
- We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations in forming our opinion.

The scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 22, 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.

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.

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; and
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

| | | |
|--|---|----------------------------------|
| ISAs (UK and Ireland) reporting | <p>We are required to report to you if, in our opinion, financial and non-financial information in the annual report is:</p> <ul style="list-style-type: none"> 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. <p>In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.</p> | We have no exceptions to report. |
| Companies Act 2006 reporting | <p>We are required to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or the parent company 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. | We have no exceptions to report. |
| Listing Rules review requirements | <p>We are required to review:</p> <ul style="list-style-type: none"> the directors' statement in relation to going concern, set out on page 22, and longer-term viability, set out on page 15; and the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. | We have no exceptions to report. |

Independent Auditor's Report to the Members of Henderson European Focus Trust plc (continued)

Statement on the Directors' Assessment of the Principal Risks that would threaten the Solvency or Liquidity of the Entity

| | | |
|---------------------------------|--|--|
| ISAs (UK and Ireland) reporting | <p>We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to:</p> <ul style="list-style-type: none"> the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. | We have nothing material to add or to draw attention to. |
|---------------------------------|--|--|



Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
London
6 December 2016

Income Statement

| Notes | | Year ended 30 September 2016 | | | Restated Year ended 30 September 2015 | | |
|-------|--|------------------------------|----------------------------|--------------------------|--|----------------------------|--------------------------|
| | | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| 2 | Gains on investments held at fair value through profit or loss | - | 37,048 | 37,048 | - | 3,585 | 3,585 |
| | Exchange (loss)/gain on currency transactions | - | (906) | (906) | - | 2,176 | 2,176 |
| 3 | Income from investments | 7,139 | - | 7,139 | 5,786 | - | 5,786 |
| 4 | Other income | 1 | - | 1 | 40 | - | 40 |
| | Gross revenue and capital gains | 7,140 | 36,142 | 43,282 | 5,826 | 5,761 | 11,587 |
| 5 | Management fee | (359) | (1,077) | (1,436) | (308) | (923) | (1,231) |
| 5 | Performance fee | - | - | - | - | (1,300) | (1,300) |
| 6 | Other fees and expenses | (472) | - | (472) | (467) | - | (467) |
| | Net return on ordinary activities before finance costs and taxation | 6,309 | 35,065 | 41,374 | 5,051 | 3,538 | 8,589 |
| 7 | Finance costs | (129) | (386) | (515) | (162) | (485) | (647) |
| | Net return on ordinary activities before taxation | 6,180 | 34,679 | 40,859 | 4,889 | 3,053 | 7,942 |
| 8 | Taxation on net return on ordinary activities | (673) | - | (673) | (483) | - | (483) |
| | Net return on ordinary activities after taxation | 5,507 | 34,679 | 40,186 | 4,406 | 3,053 | 7,459 |
| 9 | Return per ordinary share | 26.85p | 169.05p | 195.90p | 23.59p | 16.35p | 39.94p |

The total columns of this statement represents 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 items of other comprehensive income and therefore the net return on ordinary activities after taxation is also the total comprehensive income.

Statement of Changes in Equity

| Notes | Year ended 30 September 2016 | 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) |
| 10 | 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 |
| Notes | Year ended 30 September 2015 | 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 2014 | 9,102 | 24,833 | 3,796 | 61,344 | 9,421 | 51,574 | 10,918 | 170,988 |
| | Net return on ordinary activities after taxation | – | – | – | – | – | 3,053 | 4,406 | 7,459 |
| | Shares sold from treasury | – | 1,013 | 857 | – | – | – | – | 1,870 |
| | Shares issued | 894 | – | 18,287 | – | – | – | – | 19,181 |
| | Share issue cost | – | – | (120) | – | – | – | – | (120) |
| 10 | Ordinary dividend paid | – | – | – | – | – | – | (4,464) | (4,464) |
| | At 30 September 2015 | 9,996 | 25,846 | 22,820 | 61,344 | 9,421 | 54,627 | 10,860 | 194,914 |

The notes on pages 40 to 53 form part of these financial statements.

Statement of Financial Position

| Notes | | At 30 September 2016 £'000 | At 30 September 2015 £'000 |
|-------|---|----------------------------------|----------------------------------|
| | Fixed assets | | |
| 11 | Investments at fair value through profit or loss | 252,102 | 212,338 |
| | Current assets | | |
| 12 | Debtors | 7,969 | 304 |
| | Cash at bank | 16,575 | 25,039 |
| | | 24,544 | 25,343 |
| 13 | Creditors: amounts falling due within one year | (39,095) | (42,767) |
| | Net current liabilities | (14,551) | (17,424) |
| | Net assets | 237,551 | 194,914 |
| | Capital and reserves | | |
| 15 | Called up share capital | 10,371 | 9,996 |
| 16 | Special distributable reserve | 25,846 | 25,846 |
| 17 | Share premium account | 30,074 | 22,820 |
| | Merger reserve | 61,344 | 61,344 |
| 18 | Capital redemption reserve | 9,421 | 9,421 |
| 19 | Capital reserve | 89,306 | 54,627 |
| 20 | Revenue reserve | 11,189 | 10,860 |
| | Shareholders' funds | 237,551 | 194,914 |
| 21 | Net asset value per ordinary share | 1,153.12p | 981.90p |

These financial statements were approved and authorised for issue by the Board of Directors on 6 December 2016 and were signed on its behalf by:

Alexander Comba
Director



Cash Flow Statement

| | Year ended 30 September 2016 £'000 | (Restated) Year ended 30 September 2015 £'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Net return on ordinary activities before taxation | 40,859 | 7,942 |
| Add back: finance costs | 515 | 647 |
| Less gains on investments held at fair value through profit or loss | (37,048) | (3,585) |
| Stock dividend | (274) | (18) |
| Taxation paid | (673) | (483) |
| Increase in debtors | (274) | (7) |
| Decrease in creditors | (1,173) | (142) |
| Net cash inflow from operating activities* | 1,932 | 4,354 |
| Cash flows from investing activities | | |
| Sales of investments held at fair value through profit or loss | 239,936 | 254,949 |
| Purchases of investments held at fair value through profit or loss | (252,055) | (275,451) |
| Net cash used in investing activities | (12,119) | (20,502) |
| Cash flows from financing activities | | |
| Shares issued from treasury | – | 1,870 |
| Issue of new ordinary shares | 7,635 | 19,181 |
| Share issue expenses | (126) | – |
| Equity dividends paid | (5,178) | (4,464) |
| (Repayment)/drawdown of bank overdraft | (42) | 7,278 |
| Interest paid | (566) | (621) |
| Net cash used in financing activities | 1,723 | 23,244 |
| Net (decrease)/increase in cash and equivalents | (8,464) | 7,096 |
| Cash and cash equivalents at beginning of period | 25,039 | 17,943 |
| Cash and cash equivalents at end of period | 16,575 | 25,039 |
| Comprising: | | |
| Cash at bank | 16,575 | 25,039 |

*Cash inflow from dividends was £6,166,000 (2015: £5,303,000) and cash inflow from interest was £1,000 (2015: £40,000).

Notes to the Financial Statements

1 Accounting policies

a) Basis of preparation

The Company is a registered investment company as defined in Section 833 of the Companies Act 2006 and is incorporated in the United Kingdom. It operates in the United Kingdom and is registered at the address on page 13.

The financial statements have been prepared in accordance with the Companies Act 2006, 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) and with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the “SORP”) issued in November 2014. The date of transition to FRS 102 was 1 October 2014.

The Company has early adopted the amendments to FRS 102 in respect of fair value hierarchy disclosures as published in March 2016.

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented. Following the application of the revised reporting standards there have been no significant changes to the accounting policies compared to those set out in the Company's Annual Report for the year ended 30 September 2015.

There has been no impact on the Company's Income Statement, Statement of Financial Position (previously called the Balance Sheet) or Statement of Changes in Equity (previously called the Reconciliation of Movements in Shareholders' Funds) for periods previously reported. The Cash Flow Statement previously reported has been restated to comply with the new presentation and disclosure requirements of the revised reporting standard.

In line with FRS 102 and the revised SORP, transaction costs incidental to the purchase and sale of investments have been re-classified and included as part of the gain on investments held at fair value through profit or loss instead of being shown separately on the face of the Income Statement as a capital expense.

The accounts have been prepared under the historical cost basis except for the measurement at fair value of investments. In applying FRS 102, financial instruments have been accounted for in accordance with Section 11 and 12 of the standard. All of the Company's operations are of a continuing nature.

The preparation of the Company's financial statements on occasion requires the Directors to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on circumstance.

The Directors do not believe that any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(b) 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 12 months from the date of approval of the financial statements. Having assessed these factors, the principal risks and other matters discussed in connection with the viability statement, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

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

All investments are held at fair value through profit or loss. Assets are de-recognised at the trade date of the disposal. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs. The fair value of the financial instruments is based on their quoted bid price at the Statement of Financial Position date, without deduction of the estimated future selling costs.

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. Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investment. All purchases and sales are accounted for on a trade date basis.

(d) Foreign currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional and presentation currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

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 Statement of Financial Position 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.

(e) Derivative instruments

When 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 investments 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 Statement of Financial Position at the fair value within current assets and current liabilities.

(f) 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.

(g) Management and administrative expenses and finance costs

All expenses and finance costs 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, 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.

(h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. This is overseas tax deducted at source.

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 Statement of Financial Position 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 Statement of Financial Position date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(i) 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 costs, 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)

(j) 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 Statement of Changes in Equity.

(k) 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 Statement of Changes in Equity, with the cost of the repurchase being charged to the 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.

(l) Capital and reserves

Called up share capital represents the nominal value of ordinary shares issued.

The revenue reserve represents accumulated revenue profits retained by the Company that have not been distributed to shareholders as a dividend.

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.

The share premium account represents the excess received subsequent to 11 July 2007 where treasury shares are sold for more than the Company paid to purchase the shares placed in treasury and the excess over the nominal value for new ordinary shares issued. The share premium has increased during the year because of proceeds from new ordinary shares being issued, less the costs of issue.

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.

The capital redemption reserve represents the nominal value of ordinary shares that have been repurchased and cancelled.

The following analyses what is accounted for in the capital 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.

(m) Distributable reserves

The Company's capital reserve arising on investments sold, capital reserve arising on revaluation of investments held, special distributable reserve and revenue reserve may be distributed by way of a dividend.

2 Gains on investments held at fair value through profit or loss

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Gains on the sale of investments based on historical cost | 5,717 | 9,809 |
| Revaluation gains recognised in previous years | (304) | (3,230) |
| Gains on investments sold in the year based on carrying value at previous Statement of Financial Position | 5,413 | 6,579 |
| Change in revaluation gains on investments held at 30 September | 31,635 | (2,994) |
| Gains on investments held at fair value through profit or loss | 37,048 | 3,585 |

Notes to the Financial Statements (continued)

3 Income from investments

| | 2016 £'000 | 2015 £'000 |
|---------------------|---------------|---------------|
| Listed investments: | | |
| Overseas dividends | 6,618 | 5,340 |
| UK dividends | 247 | 428 |
| Stock dividends | 274 | 18 |
| | 7,139 | 5,786 |

4 Other income

| | 2016 £'000 | 2015 £'000 |
|------------------|---------------|---------------|
| Deposit interest | 1 | 40 |

5 Management and performance fees

| | 2016 | | | 2015 | | |
|-----------------|------------------|------------------|----------------|------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Management fee | 359 | 1,077 | 1,436 | 308 | 923 | 1,231 |
| Performance fee | – | – | – | – | 1,300 | 1,300 |
| | 359 | 1,077 | 1,436 | 308 | 2,223 | 2,531 |

A description of the basis for calculating the management fee is given in the Strategic Report on page 4.

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

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Revenue: | | |
| Directors' fees (see Directors' Remuneration Report on page 24) | 110 | 103 |
| Fees payable to the Company's auditors – for audit services | 26 | 26 |
| AIC subscriptions | 21 | 18 |
| Directors' and Officers' liability insurance | 9 | 6 |
| Listing fees | 21 | 44 |
| Custody charges | 44 | 38 |
| Printing and postage | 21 | 18 |
| Other expenses payable to the management company ¹ | 70 | 58 |
| Registrars' fees | 37 | 49 |
| Legal and professional fees | 46 | 39 |
| Depositary fees | 43 | 48 |
| Other expenses | 24 | 20 |
| | 472 | 467 |

¹ Other expenses payable to the management company relate to marketing services

7 Finance costs

| | 2016 | | | 2015 | | |
|--|----------------------------|----------------------------|--------------------------|----------------------------|----------------------------|--------------------------|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| On bank overdrafts payable within one year | 129 | 386 | 515 | 162 | 485 | 647 |

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

Notes to the Financial Statements (continued)

8 Taxation on net return on ordinary activities

Analysis of charge for the year

| | Year ended 30 September 2016 | | | Year ended 30 September 2015 | | |
|--------------------------------------|------------------------------|----------------------------|--------------------------|------------------------------|----------------------------|--------------------------|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| Overseas tax suffered | 673 | – | 673 | 483 | – | 483 |
| Total tax charge for the year | 673 | – | 673 | 483 | – | 483 |

Factors affecting the tax charge for the year

| | Year ended 30 September 2016 | | | Year ended 30 September 2015 | | |
|--|------------------------------|----------------------------|--------------------------|------------------------------|----------------------------|--------------------------|
| | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| Return on ordinary activities before taxation | 6,180 | 34,679 | 40,859 | 4,889 | 3,053 | 7,942 |
| Corporation tax at 20.0% (2015: 20.5%) | 1,236 | 6,936 | 8,172 | 1,002 | 626 | 1,628 |
| Effects of: | | | | | | |
| Non-taxable capital profits | – | (7,229) | (7,229) | – | (1,181) | (1,181) |
| Non-taxable income | (1,364) | – | (1,364) | (1,175) | – | (1,175) |
| Current year expenses not utilised | 128 | 293 | 421 | 173 | 555 | 728 |
| Overseas tax | 673 | – | 673 | 483 | – | 483 |
| Total tax charge | 673 | – | 673 | 483 | – | 483 |

The Company's profit for the accounting year is taxed at an effective rate of 20.0% (2015: 20.5%). The standard rate of corporation tax has been 20.0% since 1 April 2015.

No provision for deferred taxation has been made in the current or prior accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation and disposal of investments as it is exempt from tax on these items because of its investment trust status. The Company has not recognised a deferred tax asset totalling £2,370,000 (2015: £2,357,000) based on a prospective corporation tax rate of 17.0% (2015: 20.0%). The UK Government announced in July 2015 that the corporate tax rate is set to be cut to 19.0% in 2017 and 18.0% in 2020. These reductions in the standard rate of corporation tax were substantially enacted on 26 October 2015 and became effective from 18 November 2015. The rate for 2020 was subsequently reduced to 17.0% by the Finance Act 2016. The deferred tax asset arises as a result of having unutilised management expenses and unutilised non-trade loan relationship deficits. These expenses will only be utilised, to any material extent, if the Company has profits chargeable to corporation tax in the future because changes are made either to the tax treatment of the capital gains made by investment trusts or to the Company's investment profile which require them to be used.

9 Return per ordinary share

The return per ordinary share is based on the net return attributable to the ordinary shares of £40,186,000 (2015: net return of £7,459,000) and on 20,513,466 ordinary shares (2015: 18,676,353) 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.

| | 2016 £'000 | 2015 £'000 |
|---|----------------|---------------|
| Net revenue return | 5,507 | 4,406 |
| Net capital return | 34,679 | 3,053 |
| Net total return | 40,186 | 7,459 |
| Weighted average number of ordinary shares in issue during the year | 20,513,466 | 18,676,353 |
| Revenue return per ordinary share | 26.85p | 23.59p |
| Capital return per ordinary share | 169.05p | 16.35p |
| Total return per ordinary share | 195.90p | 39.94p |

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

Notes to the Financial Statements (continued)

10 Dividends paid and proposed on the ordinary shares

| Dividends on ordinary shares | Record date | Payment date | 2016 £'000 | 2015 £'000 |
|---|----------------|-----------------|---------------|---------------|
| Final dividend (17.45p) for the year ended 30 September 2014 | 5 January 2015 | 6 February 2015 | – | 3,132 |
| Interim dividend (7.00p) for the year ended 30 September 2015 | 29 May 2015 | 30 June 2015 | – | 1,332 |
| Final dividend (17.65p) for the year ended 30 September 2015 | 8 January 2016 | 5 February 2016 | 3,633 | – |
| Interim dividend (7.50p) for the year ended 30 September 2016 | 27 May 2016 | 28 June 2016 | 1,545 | – |
| | | | 5,178 | 4,464 |

The final dividend for the year ended 30 September 2016 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, is set out below.

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Revenue available for distribution by way of dividend for the year | 5,507 | 4,406 |
| Interim dividend (7.50p) for the year ended 30 September 2016 (based on 20,600,761 ordinary shares in issue at 29 May 2016) | (1,545) | – |
| Final dividend (18.90p) for the year ended 30 September 2016 (based on 20,600,761 ordinary shares in issue at 11 November 2016) | (3,894) | – |
| Interim dividend (7.00p) for the year ended 30 September 2015 (based on 19,034,419 ordinary shares in issue at 29 May 2015) | – | (1,332) |
| Final dividend (17.45p) for the year ended 30 September 2015 (based on 20,400,761 ordinary shares in issue at 3 December 2015) | – | (3,601) |
| Undistributed revenue for Section 1158 purposes | 68 | (527) |

All dividends have been paid or will be paid out of revenue profits.

11 Investments held at fair value through profit or loss

| | 2016 £'000 | Restated 2015 £'000 |
|--|----------------|---------------------------|
| Cost at 1 October | 200,933 | 166,391 |
| Additions at cost | 250,042 | 276,913 |
| Proceeds of disposal | (247,326) | (252,180) |
| Realised gains on disposal | 5,717 | 9,809 |
| Cost at 30 September | 209,366 | 200,933 |
| Investment holding gains at 30 September | 42,736 | 11,405 |
| Valuation at 30 September | 252,102 | 212,338 |

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 2016 were £292,000 (2015: £450,000). These comprise mainly stamp duty and commission. Sale transaction costs for the year ended 30 September 2016 were £151,000 (2015: £154,000).

In the year to 30 September 2016 transaction costs on the acquisition and disposal of portfolio investments amounted to £443,000 (acquisitions of £292,000 and disposals of £151,000). In the year to 30 September 2015 these costs amounted to £604,000 (acquisitions of £450,000 and disposals of £154,000).

As explained on page 40, transaction costs in the prior year have been reclassified in line with FRS102 and the revised SORP.

Notes to the Financial Statements (continued)

12 Debtors

| | 2016 £'000 | 2015 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts receivable within one year: | | |
| Investments sold awaiting settlement | 7,414 | 24 |
| Accrued income | 26 | – |
| Prepaid expenses | 9 | 13 |
| Overseas withholding tax recoverable | 520 | 267 |
| | 7,969 | 304 |

13 Creditors: amounts falling due within one year

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Amounts payable within one year: | | |
| Investments purchased awaiting settlement | 198 | 2,485 |
| Accrued expenses and interest | 608 | 1,951 |
| Bank overdraft | 38,289 | 38,331 |
| | 39,095 | 42,767 |

The Company has an uncommitted, secured multi-currency overdraft facility equal to the lesser of £46,800,000 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.

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 4. 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 Henderson coordinate the Company's risk management and there are various risk management systems in place as detailed below.

- Straight-through processing via a deal order and management system ("OMS") is utilised for listed securities, exchange-traded derivatives and OTC derivatives contracts with connectivity to third-party affirmation and trade repository services.
- Portfolio modelling and investment management functions (including order-raising, dealing and trade execution) are performed using one of, or a combination of, the following third-party software applications: Charles River Development OMS and/or Imagine.
- Fund pricing and accounting services are outsourced to a third-party administrator (currently BNP Paribas Securities Services) which utilises HiPortfolio software.
- The IT tools to which the Henderson risk, compliance and operations teams have access for independent monitoring and risk measurement purposes include:
 - Charles River Compliance module for investment restrictions monitoring;
 - Arc Logics operational risk database;
 - Riskmetrics for stress-testing and back-testing;
 - UBS Delta, Style Research, Finanalytica and Barra Aegis for market risk measurement;
 - Bloomberg for market data and price-checking; and
 - HiPortfolio for portfolio holdings and valuations.

These are supplemented by in-house systems: derivatives risk and compliance database ("DRAC") and counterparty exposure ("CER") reports.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

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 in listed stocks, mainly in Continental Europe.

At 30 September 2016, the fair value of the Company's assets exposed to market price risk was £252,102,000 (2015: £212,338,000). 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 19% rise in the value of assets exposed to market risk was mainly attributable to the increase in the market prices of investments, movements in exchange rates and the issue of ordinary shares by the Company.

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 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 1% of NAV at the time of investment. The largest individual stock at the year end represented 7.35% 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 2016, the Company had no exposure to such instruments.

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.

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 2016, would generate a corresponding increase or decrease in the NAV per ordinary share of 10.6% or £25.2 million.

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 Statement of Financial Position can be significantly affected by currency fluctuations. No hedging of the currency exposure is currently undertaken. Revenue received in currencies other than sterling is converted into sterling on, or shortly after, the date of receipt. Whilst the Board and the Manager monitor geographical and currency exposure it is not a key determinant of investment decisions. At the year end 100.5% (2015: 98.1%) of the Company's total assets were denominated in currencies other than sterling, the largest proportion being euro, at 66.9% (2015: 68.0%) of total assets.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.2 Currency risk (continued)

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

| | 2016 £'000 | 2015 £'000 |
|---|----------------|----------------|
| Monetary assets (net) | | |
| Cash and short-term receivables: | | |
| Euro | 23,461 | 19,578 |
| Swiss franc | 268 | 192 |
| Danish krone | 781 | – |
| Monetary liabilities | | |
| Bank overdraft and short-term payables: | | |
| Euro | (198) | (2,485) |
| Swiss franc | (3,480) | (6,527) |
| Swedish krona | (28,491) | (20,279) |
| Danish krone | – | (5,706) |
| Norwegian krone | (2,706) | (5,871) |
| Non-monetary assets | | |
| Non-current asset investments held at fair value: | | |
| Euro | 135,770 | 115,451 |
| Swiss franc | 54,545 | 43,819 |
| Swedish krona | 42,519 | 30,954 |
| Norwegian krone | 6,527 | 8,446 |
| Danish krone | 9,846 | 13,668 |
| Total | 238,842 | 191,240 |

The level of assets exposed to currency risk increased by approximately 25% during the year. In common with the exposure to market price risk, this was mainly attributable to increases in the valuation 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 franc. Over the financial year to 30 September 2016, Sterling depreciated by 14.8% against the Euro (2015: appreciated by 5.7%) and depreciated by 14.9% against the Swiss franc (2015: depreciated by 4.4%). These levels reflected the exceptional impact on exchange rates following the UK referendum to leave the EU. 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%.

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 and investments held at the Statement of Financial Position 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 £21.6 million (2015: 9.0% or £17.4 million). The revenue return for the forthcoming year would be reduced by £639,000 (2015: £505,000). The effect on capital return would be materially the same as the effect on net assets.

| | 2016 | | 2015 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | Net assets £'000 | Revenue £'000 | Net assets £'000 | Revenue £'000 |
| Euro | 14,458 | 343 | 12,049 | 224 |
| Swiss franc | 4,667 | 122 | 3,408 | 125 |
| Other currencies | 2,518 | 174 | 1,928 | 156 |
| | 21,643 | 639 | 17,385 | 505 |

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.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

14.1.3 Interest rate risk

The Company finances part of its activities through the use of a secured uncommitted multi-currency overdraft facility provided by HSBC Bank plc equal to the lesser of £46,800,000 and 25% of net assets. 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. During the year, the maximum drawn under the facility was £39,295,000 (2015: £40,733,000) and the weighted average interest rate was 1.71% (2015: 1.75%). No hedging of the interest rate is undertaken. At 30 September 2016 there were drawings of £38,289,000 outstanding, of which £34,640,000 were in foreign currencies (2015: £38,331,000 of which £38,331,000 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 2016, financial assets and liabilities exposed to floating interest rates were as follows:

| | 2016 £'000 | 2015 £'000 |
|------------------------------|---------------|---------------|
| Financial assets | | |
| Cash balances | 16,575 | 25,039 |
| Financial liabilities | | |
| Bank overdraft | (38,289) | (38,331) |

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 Henderson'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 £48 million 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 £240,000 (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 Henderson risk management team and by dealing through Henderson Global Investors Limited with banks authorised by the Financial Conduct Authority.

At 30 September 2016, the maximum exposure to credit risk was £23,989,000 (2015: £25,063,000), comprising:

| | 2016 £'000 | 2015 £'000 |
|--------------------------------------|---------------|---------------|
| Cash at bank | 16,575 | 25,039 |
| Investments sold awaiting settlement | 7,414 | 24 |

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 very low.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

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 Henderson.

At 30 September 2016, the fair value of financial liabilities was £39,095,000 (2015: £42,767,000), comprising:

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Due within one month: | | |
| Investments purchased awaiting settlement | 198 | 2,485 |
| Bank overdraft | 38,289 | 38,331 |
| Accrued expenses and interest | 608 | 1,951 |

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 44 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 Henderson's perception of market prospects and the investment opportunities available at any particular time.

At the year end there was bank gearing of 6.1% (2015: 8.9%).

14.5 Fair value hierarchy

Under FRS 102 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 2016 and the previous year as follows:

| 2016 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|--|------------------|------------------|------------------|----------------|
| Financial assets at fair value through profit or loss: | | | | |
| Quoted equities | 252,102 | – | – | 252,102 |
| 2015 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| Financial assets at fair value through profit or loss: | | | | |
| Quoted equities | 212,338 | – | – | 212,338 |

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. Short-term balances are excluded as their carrying value at the reporting date approximates their fair value.

Notes to the Financial Statements (continued)

14 Financial risk management policies and procedures (continued)

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.

The Company's total capital at 30 September 2016 was of £275,840,000 (2015: £233,245,000) comprising equity share capital of £10,371,000 (2015: £9,996,000), reserves of £227,180,000 (2015: £184,918,000) and a bank overdraft of £38,289,000 (2015: 38,331,000)

The Board, with the assistance of Henderson, 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 Henderson'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 custody assets;
- 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

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Allotted, issued and fully paid | | |
| 20,600,761 (2015: 19,850,761) ordinary shares of 50p each | 10,300 | 9,925 |
| 140,730 (2015: 140,730) ordinary shares of 50p each held in treasury | 71 | 71 |
| | 10,371 | 9,996 |

During the year to 30 September 2016, the Company sold no ordinary shares from treasury (2015: 190,000), with nil proceeds (2015: £1,870,000). The ordinary shares held in treasury have no voting rights and are not entitled to dividends. During the year to 30 September 2016, the Company issued 750,000 (2015: 1,787,342) new ordinary shares, with proceeds of £7,635,000 (2015: £19,181,000).

16 Special distributable reserve

| | 2016 £'000 | 2015 £'000 |
|--------------------------------|---------------|---------------|
| Balance brought forward | 25,846 | 24,833 |
| Shares sold from treasury | – | 1,013 |
| Balance at 30 September | 25,846 | 25,846 |

During the year, no shares were sold from treasury (2015: 190,000).

Notes to the Financial Statements (continued)

17 Share premium account

| | 2016 £'000 | 2015 £'000 |
|--------------------------------|---------------|---------------|
| Balance brought forward | 22,820 | 3,796 |
| Shares sold from treasury | – | 857 |
| Issue of new ordinary shares | 7,260 | 18,287 |
| Issue costs | (6) | (120) |
| Balance at 30 September | 30,074 | 22,820 |

18 Capital redemption reserve

| | 2016 £'000 | 2015 £'000 |
|--------------------------------|---------------|---------------|
| Balance brought forward | 9,421 | 9,421 |
| 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

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Balance brought forward | 54,627 | 51,574 |
| Gains on disposal of investments | 5,413 | 6,733 |
| Movement in fair value of investments | 31,635 | (3,148) |
| Exchange (losses)/gains on currency transactions | (906) | 2,176 |
| Management fee allocated to capital | (1,077) | (923) |
| Performance fee allocated to capital | – | (1,300) |
| Interest payable allocated to capital | (386) | (485) |
| Balance at 30 September | 89,306 | 54,627 |

20 Revenue reserve

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Balance brought forward | 10,860 | 10,918 |
| Net revenue return for the year after tax | 5,507 | 4,406 |
| Net dividends paid (Note 10) | (5,178) | (4,464) |
| Balance at 30 September | 11,189 | 10,860 |

Notes to the Financial Statements (continued)

21 Net asset value per ordinary share

The NAV per ordinary share is based on the net assets attributable to the ordinary shares of £237,551,000 (2015: £194,914,000) and on 20,600,761 (2015: 19,991,419) shares in issue on 30 September 2016, excluding treasury shares.

The movements during the year of the assets attributable to the ordinary shares were as follows:

| | 2016 £'000 | 2015 £'000 |
|---|----------------|----------------|
| Total net assets at 1 October | 194,914 | 170,988 |
| Total net return on ordinary activities after taxation | 40,186 | 7,459 |
| Issue of new ordinary shares | 7,629 | 19,061 |
| Shares sold from treasury | – | 1,870 |
| Net dividends paid in the year: | | |
| Ordinary shares | (5,178) | (4,464) |
| Net assets attributable to the ordinary shares at 30 September | 237,551 | 194,914 |

22 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities as at 30 September 2016 (2015: nil).

23 Transactions with the manager and related parties

Under the terms of an agreement effective from 22 July 2014, the Company has appointed wholly owned subsidiaries of Henderson Group Plc to provide investment management, accounting, administrative and secretarial services. Henderson has contracted with BNP Paribas Securities Services to provide accounting and administrative services.

Details of the fee arrangements are provided on page 4. During the year the total of the management fees paid or payable to Henderson under this agreement was £1,436,000 (including a performance fee of £nil) (2015: £2,531,000 (including a performance fee of £1,300,000)). At the Statement of Financial Position date, management fees totalling £386,000 (2015: £323,000) and the performance fee of £nil (2015: £1,300,000) 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 2016 (including VAT) amounted to £70,000 (2015: £58,000). At 30 September 2016, £21,000 was outstanding (2015: £17,000).

General Shareholder Information

AIFMD Disclosures

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), information in relation to the Company's leverage and remuneration of Henderson, as the Company's Alternative Investment Fund Manager ("AIFM") are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are contained in a Key Investor Information Document ("KIID") which can be found on the Company's website www.henderson-europe-focus.com.

BACS

Dividends can be paid 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, Equiniti Limited (the address is given on page 13), 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.

Common Reporting Standard

With effect from 1 January 2016, new tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced. The legislation will require the Company to provide personal information to HMRC on certain investors who purchase shares in investment trusts. This information will have to be provided annually to the local tax authority of the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Equality Act 2010

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

You can contact the registrar 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 0371 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.

FATCA

The Foreign Account Tax Compliance Act ("FATCA") is a United States federal law enacted in 2010 whose intent is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. As a result of HMRC's change of interpretation on the meaning of shares and securities "regularly traded on an established securities market", investment trusts now need to monitor each year the trading volume and frequency of their shares and securities to assess whether they have financial accounts. The Company will therefore need to make an annual assessment, before the FATCA return is due, to determine if the shares represent financial accounts and, where they do, will need to identify and report US reportable accounts to HMRC, as required.

Non-mainstream pooled investments ("NMPI") status

The Company currently conducts its affairs so that its ordinary shares of 50p each can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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 NAV per ordinary share and discount.

Performance details/share price information

Details of the Company's share price and NAV per ordinary share can be found on the website www.henderson-europe-focus.com. The Company's NAV per ordinary share is published daily.

Shareholder details

Shareholders who hold their shares in certificated form can check their shareholding with the registrar, Equiniti Limited, via www.shareview.co.uk. 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.

Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a

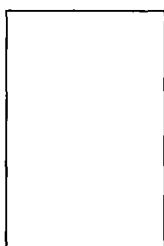
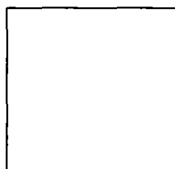
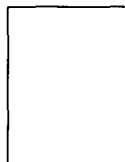
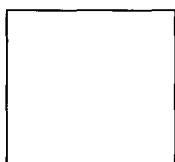
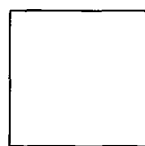
discount or offers of free company reports. Please note that it is very unlikely that either the Company or the Company's registrar, Equiniti Limited, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice". If you are in any doubt about the veracity of an unsolicited phone call, please call the Corporate Secretary at the number provided on page 13.

Henderson European Focus Trust plc
Registered as an investment company in England and Wales with registration number 427958
Registered office: 201 Bishopsgate, London EC2M 3AE

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