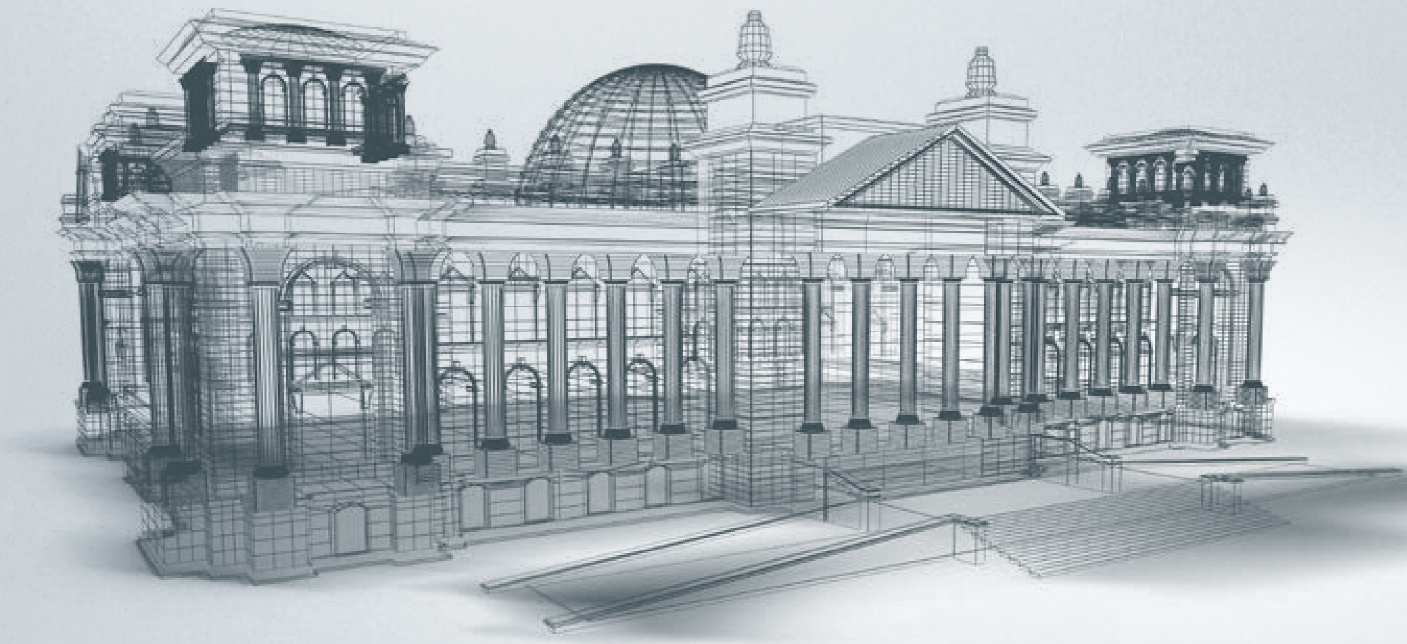
HENDERSON EUROPEAN FOCUS TRUST PLC

Strategic Report 2018

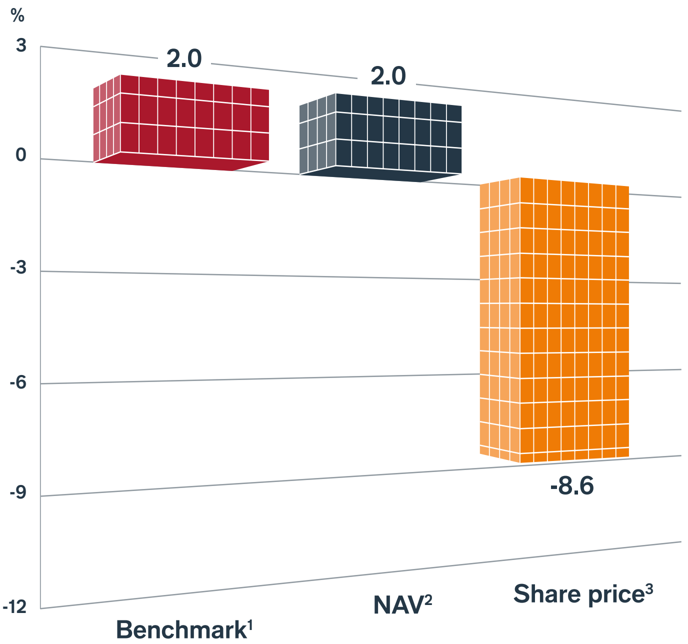


MANAGED BY
Janus Henderson
INVESTORS

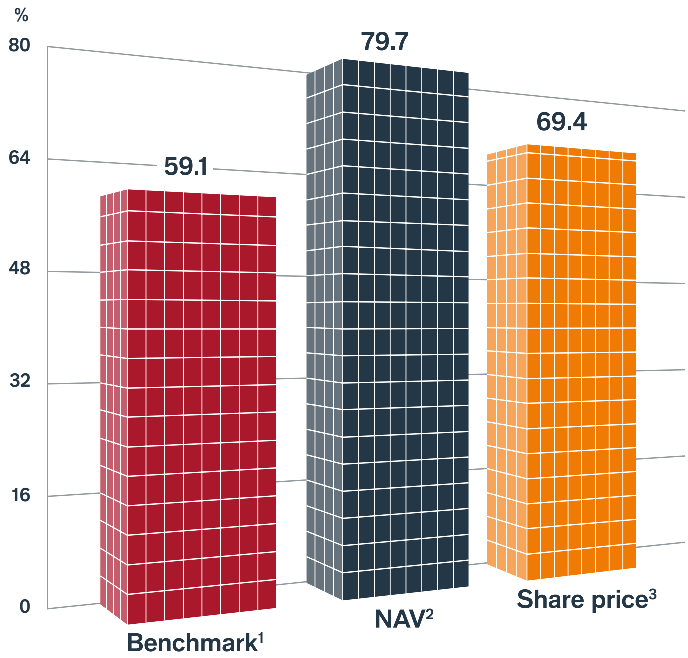
Performance Highlights

Total return performance to 30 September 2018

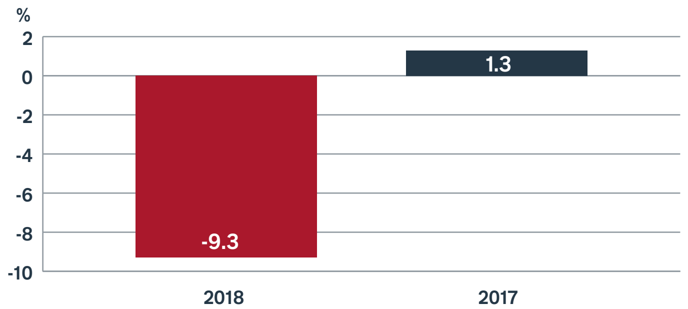
One year



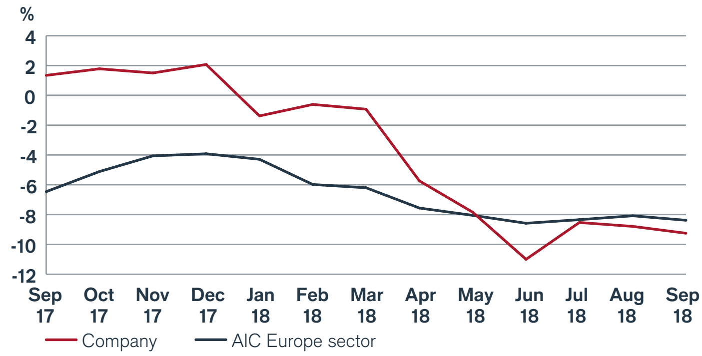
Five years



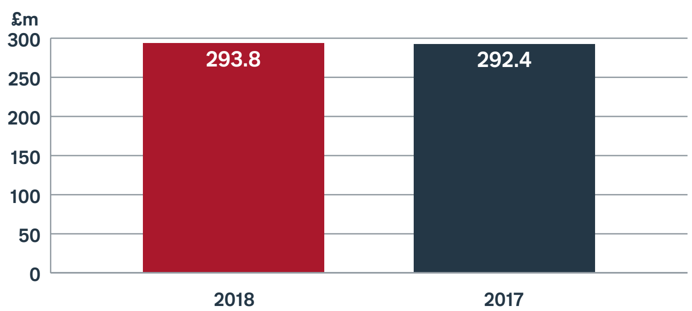
Premium/(Discount) at year end[4]



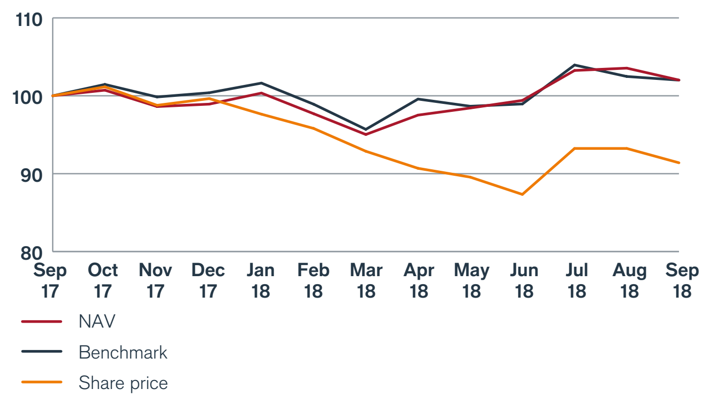
Premium/(Discount)[5]



Net assets at year end



Total return NAV and share price performance versus the benchmark[6]



Performance Highlights (continued)

NAV per ordinary share at year end

2018 **1,366.57p**
2017 1,370.62p

Share price at year end

2018 **1,240.00p**
2017 1,389.00p

Dividend for year[7]

2018 **31.00p**
2017 29.50p

Dividend yield[8]

2018 **2.5%**
2017 2.1%

Ongoing charge for year[9]

2018 **0.84%**
2017 0.87%

Gearing at year end

2018 **5.5%**
2017 8.0%

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 and excluding costs of reinvestment)
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 discount/premium per ordinary share compared to the AIC Europe sector over the year to 30 September 2018
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 2018 (rebased to 100)
7 Consisting of an interim dividend of 9.50p paid in June 2018 and a recommended final dividend of 21.50p due for payment in February 2019. Excludes the special dividend of 1.40p paid in February 2018 in respect of the year ended 30 September 2017
8 Based on the dividends paid or recommended for the year and the share price at the year end
9 The ongoing charge calculation excludes the performance fee, if payable
Sources: Morningstar for the AIC, Janus Henderson, Datastream
A glossary of terms and Alternative Performance Measures is included on pages 18 and 19

Business Model

The Company operates as an investment company. It aims to deliver capital growth to its shareholders in line with the Investment Objective and Policy. This is achieved through the appointment of specialised third-party service providers whose performance is monitored and challenged by a Board of independent non-executive directors. The Board is directly accountable to the Company's shareholders.

Investment Objective

The Company seeks to maximise total return (a combination of income and capital growth) from a portfolio of stocks listed in Europe.

Investment Policy

Asset Allocation

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

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

Actual weightings of stocks held in the Company's portfolio are based upon the Manager's views of total return prospects. The portfolio is not constructed with a yield target.

Diversification

The portfolio contains between 45 to 60 stocks with a maximum single stock weighting of 10% of net asset value ("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. The typical minimum stock weight is 1% of NAV.

Continental European listed stocks will consist of not less than 80 per cent of NAV at the time of investment, with the remaining exposure being in stocks listed elsewhere with significant exposure to Continental European economies. The exposure to smaller capitalised stocks at the time of investment is limited to 10% of NAV. (Smaller capitalised companies are considered to be those with a market capitalisation of less than €1 billion.)

Derivatives

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

Gearing

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

Management Arrangements

The Company is an Alternative Investment Fund and has appointed Henderson Investment Funds Limited ("HIFL") to act as its Alternative Investment Fund Manager ("AIFM"). HIFL delegates investment management services to Henderson Global Investors Limited. Both entities are authorised and regulated by the Financial Conduct Authority ("FCA") and are part of the Janus Henderson group of companies. References to "Janus Henderson" or the "Manager" refer to the services provided by both entities.

The Manager is engaged under the terms of an Investment Agreement effective from 22 July 2014. The agreement is terminable on six months' notice. The fund management team is led by John Bennett, who has been the lead manager since December 2010.

For the year under review, the base management fee was 0.65% per annum calculated quarterly in arrears on the value of the Company's net assets. The Manager was eligible to receive a performance related fee which could be charged when the NAV per ordinary share total return was better than the benchmark index (the FTSE World Europe ex UK in Sterling terms) total return with a hurdle of 1%. The rate was 15% of the NAV per ordinary share outperformance of the benchmark index above the hurdle (excluding the effect of share buy-back, 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 was carried forward and had to be made up before any further performance fee could be paid.

With effect from 1 October 2018 the Board agreed a revised fee structure. The management fee is 0.65% on assets up to £300m, reducing to 0.55% thereafter and the performance fee element has been removed altogether.

The Manager, and its subsidiaries, provide accounting, company secretarial, sales and marketing and general administrative services. Some of the administrative and accounting services are carried out, on behalf of the Manager, by BNP Paribas Securities Services ("BNP"). Henderson Secretarial Services Limited acts as the Company Secretary.

Chairman's Statement

The Chairman of the Board, Rodney Dennis, reports on the year to 30 September 2018

Performance

In the financial year to 30 September 2018, the Company produced a net asset value total return per ordinary share of 2.0% (2017: 21.7%) in line with the benchmark total return of 2.0% (2017: 22.7%). The share price total return per ordinary share over the period was -8.6%, as the shares moved from a premium rating to a discount partly reflecting a deterioration in the rating of European equities, which also affected other peer group companies. In addition, as our Fund Manager outlines in his review, this last year has also been a difficult one for stock selection and a number of our smaller and medium sized company exposures have performed poorly. Over the longer term however, the net asset value total return per ordinary share for the five-year period to 30 September 2018 was 79.7% compared with 59.1% for the benchmark.

In the early part of the financial year, whilst the shares traded on a premium, the Company issued 165,000 new shares, raising £2.3m.

Dividend

The Board is recommending a final dividend of 21.50p per ordinary share which, subject to shareholder approval at the AGM, will be paid on 8 February 2019. When added to the interim payment of 9.50p (2017: 9.00p) this brings the full year dividend to 31.00p, an increase of 5.1% (2017: 11.7%) over last year's distribution.

Management fees

The Board is pleased to announce that, following constructive discussions with Janus Henderson, it has been agreed that the annual management fee will be charged at 0.65% of net assets for up to £300m of net assets, and at 0.55% for net assets in excess of £300m, effective from 1 October 2018 (as at 10 December 2018, the Company had net assets of £260.7m).

The former performance fee arrangements (capped at a total fee (inclusive of any performance fee) of 1.3% of net assets payable in any one year) have been removed, and there is no residual amount payable under these arrangements. Whilst the base fee of 0.65% of net assets remains unchanged on net assets of up to £300m, the tiering of the fees will represent a reduction in fees payable over £300m. The management fees continue to include portfolio management, company secretarial and administrative services for the Company.

The Board believes that these are very competitive fee arrangements for the Company and as these changes are supported by your Fund Manager, will continue to provide the requisite incentive for him to perform in both looking after the portfolio and growing the assets of the Company for the benefit of all of its shareholders.

Board changes

We were pleased to welcome Vicky Hastings to the Board as a non-executive director. Her appointment became effective on 1 September 2018. Vicky brings a wealth of investment management experience from her 30 years in the industry and the Board is pleased to recommend her election to shareholders at the upcoming annual general meeting.

The Board has undergone substantial change in the last few years, with a number of departures and new appointments, Vicky and Robin Archibald being the most recent appointees. The Board has been conscious throughout the changes of the importance of continuity in Company experience and knowledge, which largely resides in the Chairman and previous Audit Committee Chairman. The aim is to refresh both these positions, with the transition already complete on the Audit Committee Chairman and serious planning for succession to my role underway. We are very conscious of AIC Code guidance on tenure but remain acutely conscious too of our responsibilities to maintain a balance of experience, skill and continuity on the Board, which is what we aim to achieve in a constructive way. The current intention is to achieve a Board of no more than five fully independent members and having six Board members currently is part of that transition planning.

On behalf of the Board I should like to thank Alec Comba for his outstanding contribution as Audit Committee Chairman. Alec has been an exceptional asset to your Company and has agreed to continue as a director until the Board changes are fully in place over the course of the next twelve months.

Fund Manager

We were also pleased to approve the appointment of Andrew McCarthy as Co-Fund Manager for the Company's portfolio, alongside John Bennett. This follows Janus Henderson's recruitment of Andrew in July 2018 to work alongside John on his European long-only funds and mandates. John will continue to manage the Company's portfolio and we welcome the breadth of experience, and support, which Andrew brings to the European Equities team.

Governance

We note the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018. The Board is in the process of reviewing its governance arrangements in light of the provisions, but I have already undertaken to resign my membership of the Audit Committee. This became effective from 29 November 2018. We further expect to implement such changes as are required by the new AIC Code, following its publication in the near future.

Chairman's Statement (continued)

Annual General Meeting

The AGM will be held on 30 January 2019 and the Directors will again be seeking to renew the authorities previously granted permitting the allotment and repurchase of the Company's ordinary shares. Details on these resolutions are provided in the enclosed Notice of Meeting. The Board encourages voting participation at the AGM, particularly from private investors, and hopes that those who do not hold their shares directly, but through nominees, will take the time to instruct their nominees to vote on the Company's business.

Outlook

Reading last year's report, investors will have noted that our Fund Manager sounded a cautious tone on the prospects for market direction. That caution appears to have been warranted, based upon market moves of the past twelve months. If one were to focus entirely on politics, it would be hard to adopt any stance other than extreme caution.

Investing in public market equities is forever at the mercy of fashion swings, but we believe that we have grounds for tempering any extreme emotions. Valuation, as well as investor sentiment, gives us grounds for a more constructive approach than is in our view the consensus position towards European equities. As you will see in our Fund Manager's report, he considers these issues and places them in the context of managing your portfolio and selecting individual stocks.

It is worth restating that stock selection is the key guiding principle for managing the portfolio. The macro-economic and political issues will impact on sentiment, valuation and performance but, in the longer term, the success of the portfolio will be determined by investing in good businesses, which is why your Fund Manager remains entirely focused on stock picking in these otherwise challenging market conditions.

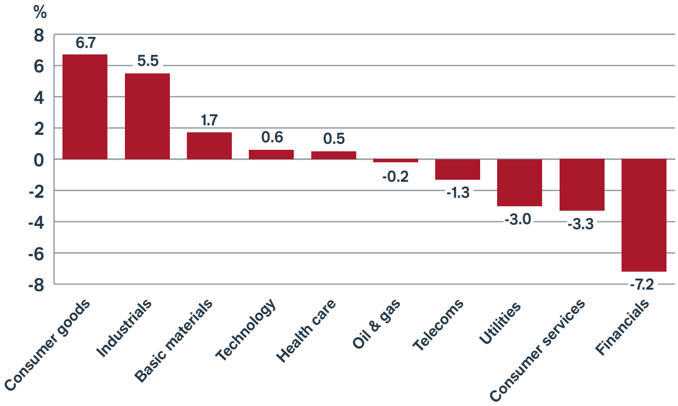
Rodney Dennis
Chairman
11 December 2018

Portfolio Information

Sector exposure at 30 September 2018

	2018 %	2017 %
Consumer goods	25.4	15.1
Industrials	21.0	16.5
Health care	14.7	12.9
Financials	14.5	28.1
Basic materials	8.4	10.1
Technology	7.1	7.5
Oil & gas	5.3	5.1
Telecommunications	1.7	–
Consumer services	1.0	3.1
Utilities	0.9	1.6

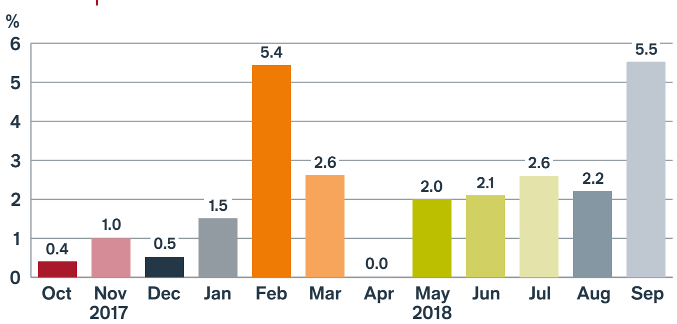
Sector overweights/underweights as at 30 September 2018[1]



Currency exposure at 30 September 2018[2]

	2018 %	2017 %
Euro	64.9	72.1
Swiss franc	12.4	9.1
Swedish krona	11.6	10.0
Danish krone	6.7	6.4
Norwegian krone	4.4	2.4

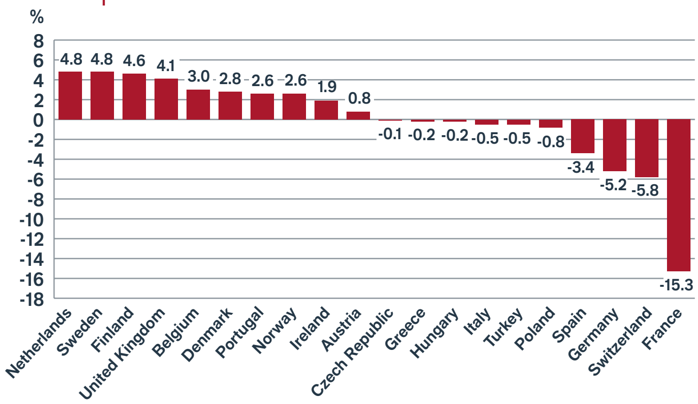
Gearing levels over the year to 30 September 2018



Geographic exposure at 30 September 2018

	2018 %	2017 %
Germany	15.2	17.1
Netherlands	12.1	11.7
Switzerland	11.9	8.9
Sweden	11.1	9.8
France	7.8	10.5
Finland	7.0	6.0
Denmark	6.4	6.3
Belgium	5.3	6.2
Italy	4.9	10.6
Norway	4.3	2.4
United Kingdom	4.1	2.1
Spain	3.1	3.3
Portugal	3.0	2.9
Ireland	2.5	1.2
Austria	1.3	1.0

Country overweights/underweights at 30 September 2018[1]



Key performance influences[1]

	%
Return of the portfolio of investments from sector allocation	0.78
from stock selection (including currency effect)	(0.31)
Impact of gearing (net)	0.31
Impact of share issuance	0.09
Impact of ongoing charges	(0.84)
Impact of performance fee	–
Morningstar cum income NAV return relative to the benchmark	**0.03**

Sources: Janus Henderson and Factset
1 Relative to the benchmark as at 30 September 2018
2 Excludes Sterling balances

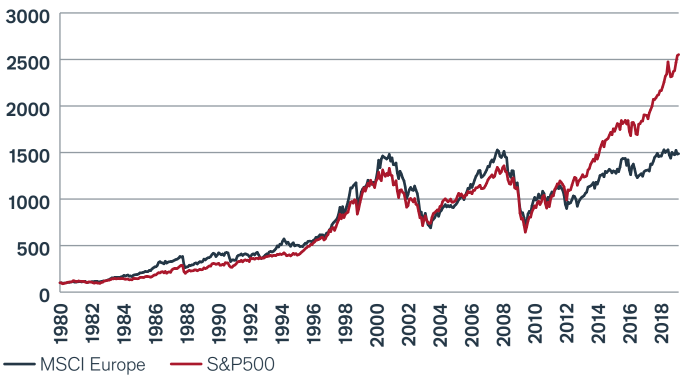
Fund Manager's Report

The Fund Manager, John Bennett, reports on the year to 30 September 2018

As a fund manager I've never been too fond of the idea of "talking up the asset class". In my case this would have meant extolling the virtues of European equities – a hard shift at the best of times. My reluctance hasn't simply been down to the prospect of a daunting shift; it is due to the fact that doing so risks becoming an apologist for a region or an asset class, thereby risking at least some element of self-serving disingenuousness.

It is therefore something of a departure to use the occasion of this report to discuss "Europe", as opposed to limiting the discussion to our own portfolio. The departure is due to what we perceive as the prospect of an inflection point on the horizon.

European and US equities have decoupled since 2011



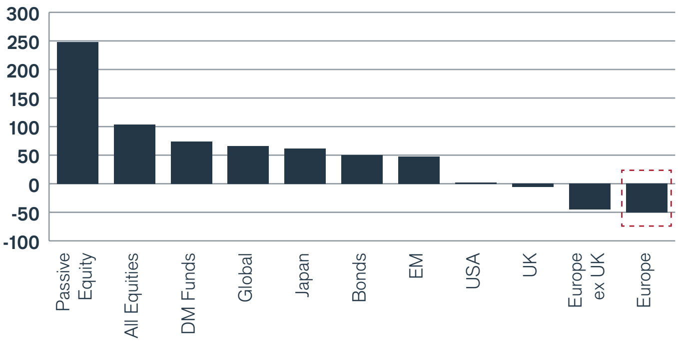
Source: Datastream, Barclays Research, as at 30 September 2018
Rebased to 100 at January 1980

Let's face it, from an asset allocator's perspective, performance of European equities has been awful. At least, that is the impression we get if we limit ourselves to that superficial measure – "the index". The graph above shows the MSCI Europe Index compared to the S&P 500, rebased to 100 in January 1980. Note the decoupling since around 2011. It will not be lost on readers that this decoupling coincided with the great growth stock boom which has, essentially, humiliated value stocks (and some of their investors!).

Andrew McCarthy was appointed as Co-Fund Manager on 20 September 2018

As if to demonstrate that many investors are trend followers, the next graphic shows, in no uncertain terms, how European equities have fallen out of favour.

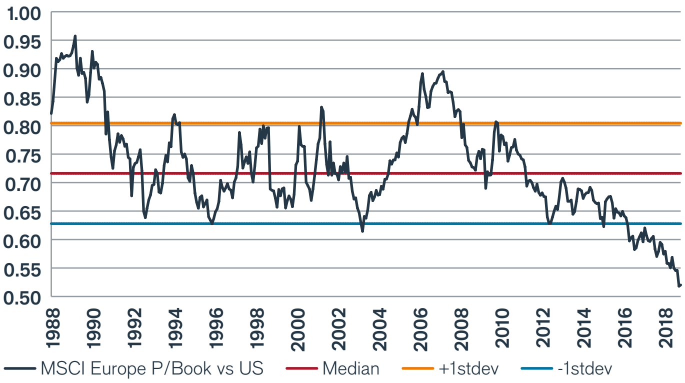
Fund flows 2018 (US$b)



Source: EPFR, Barclays Research, as at 30 September 2018

The graph below shows the effects of all of this on one measure of value: the price to book relative to that of US equities. Again, poor cousin status is confirmed.

European price/book relative to USA



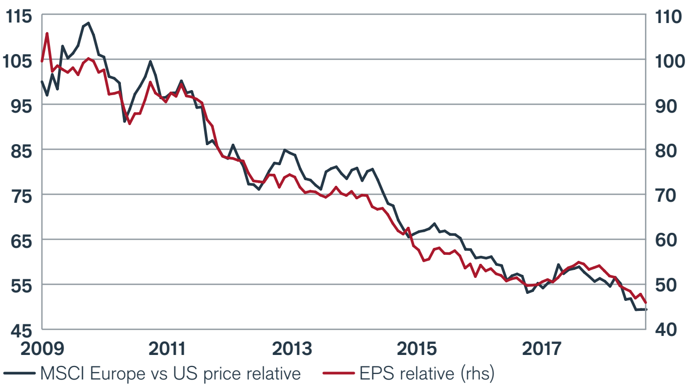
Source: Datastream, Barclays Research, as at 30 September 2018

Fund Manager's Report (continued)

The extinction threatened breed of contrarian or mean reversionist or value investor might, at this juncture, be tempted to take the other side: he or she might plead with a disinterested audience that European equities offer a great investment opportunity. Such temptation is surely understandable when we remind ourselves that, in the world of investing, fashion plays a regular and often cruel role. Right now, it is fashionable to declare that the future belongs to "the disrupters" and the past to "the disrupted". Indeed, one currently popular investor is predicting "a great corporate extinction". There seems no doubt about it: Europe is home to many of these putative relics, dinosaurs and fossils: banks, telecoms, utilities, oil, pharmaceuticals; anyone?

Away from predictions, in the here and now, one can see in the next graph, one clear reason for Europe's underperformance of the US: corporate earnings.

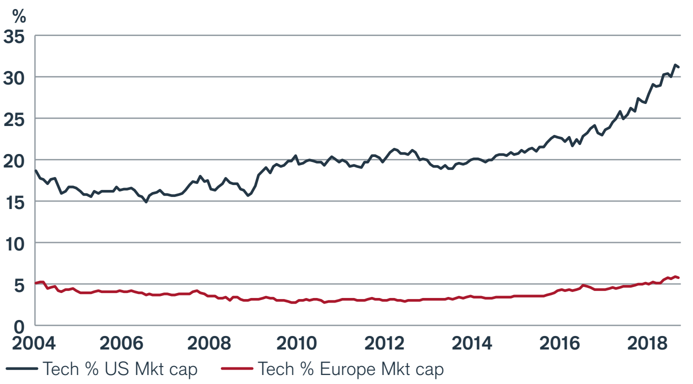
Europe's underperformance "justified" by weaker earnings



Source: Datastream, Barclays Research, as at 30 September 2018
'EPS relative' is the ratio of 12m Fwd EPS for MSCI Europe vs MSCI US

The above, then, sets a scene of apparently interminable and well-justified underperformance by European versus US equities. And yet, a fund manager schooled in a belief that extrapolation is one of the greatest hazards to successful investing finds it terribly difficult to endorse the notion that, in markets, the past ten years is the next ten years. Based upon corporate earnings growth, Europe has deserved to underperform America. Of that there is no doubt. However, it is worth questioning whether the die really is cast.

Tech is 30% of US market cap... but only 6% of Europe



Source: Datastream, Barclays Research, as at 30 September 2018

I imagine some readers will find this graph as interesting as I do. Dear old Europe is home to a paltry number (and value) of technology companies, while America demonstrates its prowess in all things "tech". Those of us with memories of previous boom sectors are reminded that 30% of a mainstream index has tended to mark the peak for such darlings. We are reminded of financials in the US and Europe back in the debt-fuelled, regulation-light, covenant-light days of the mid-2000s. In the UK the period was notable for Gordon Brown's infamous "end to boom-bust", a refrain he was happy to sing as he presided over a banking deregulation, which many believe fanned the flames of that era's debt binge. Politicians have a canny knack of distancing themselves from the scene of the crime: much easier to let the mob bay for "greedy bankers" to deflect attention.

Investors, on the other hand, can rarely do that; we have to live with the consequences. Thus, while Chancellor and then Prime Minister Brown might perhaps look the other way when reflecting on what became of the binging banking behemoths – epitomised, some might say, by his countrymen at RBS – investors who extrapolated puffed up profits were left nursing generational losses. Oh, and taxpayers too.

Returning to today's darlings, we recall that tech itself (then labelled "TMT" or "the new economy") scaled the peaks of 25-30% of indices both sides of the Atlantic back in 1999-2000. There is, of course, nothing to say that tech must stop now, at 30% of American market cap. However, it is worth noting that it has doubled its weighting since 2004. It is also worth noting that 2018 was a record year for IPOs of loss-making businesses in the US equity market. The mean reversionist cannot help but reflect – that is a lot of benefit of the doubt granted to the mooted winners of the future.

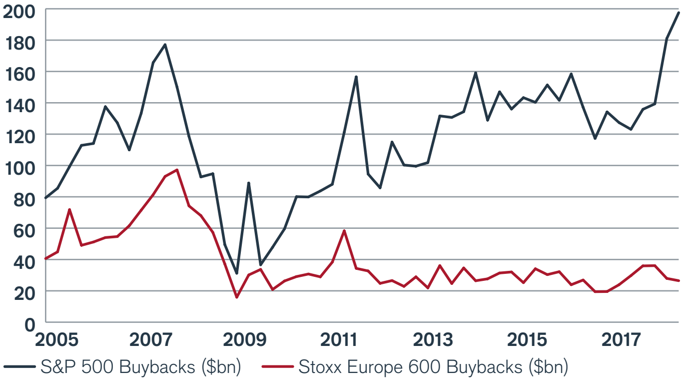
The corollary is that little benefit of the doubt is being given to the widely forecast losers. We offer no resistance to the premise that many a physical retailer is unlikely to be with us in a few years' time. Their models are indeed being hollowed out and it is a sector we simply avoid. From America's Sears Robuck to Britain's Debenhams and House of Fraser, the effects of digital disruption and changing consumer behaviours are in plain sight. On the Continent, not even Inditex, owner of the retailer Zara, nor Hennes & Mauritz have managed to tempt us to part with investors' capital. Once considered growth stars these stocks too have lost their shine in recent years. It's not the first and it won't be the last time we've seen growth become value. Fashion, after all.

Yet, in the rush to embrace "the future", we do think some babies have been thrown out with the bathwater: we think here of certain auto parts businesses such as TI Fluid Systems, one of our few UK holdings, whose shares are valuing the business at a paltry 0.7x sales and 5x EBITDA. We know we will require patience.

A further graph is worth contemplating in the context of America's all conquering equities.

Fund Manager's Report (continued)

Europe never caught the US buyback bug (US$b)



Source: Datastream, Barclays Research, as at 31 March 2018

Europe has never been infused with – nor enthused by – the equity culture so eagerly embraced across the Atlantic. Thus, buybacks have never been that popular on the Old Continent. Nevertheless, emboldened by executive compensation schemes, together with plentiful supplies of low-cost debt, corporate America has gorged itself at the buyback feast. Add to that the bottom-line boost from equity-friendly President Trump's tax reforms and maybe, just maybe, America's stock market boom isn't all down to vastly superior operating models. In other words, sufficient evidence exists to suggest that the age-old inputs – and potential nemeses – of investor crowding (fashion) artificially boosted earnings (cheap money, leverage, buybacks and tax breaks) are at work. As sure as night follows day, those factors will not always be in the investor's favour.

Portfolio

The year under review saw the paper and packaging sector yield good returns for our portfolio via our holdings in Smurfit Kappa (+32.0%) and UPM Kymmene (+53.3%). Having reduced our holding in Smurfit Kappa following the failed bid by International Paper, we note the subsequent share price weakness in the target company. Further weakness may well provide an opportunity to rebuild our exposure. Our holding in Marine Harvest initially tested our patience, since we were temporarily nursing losses as the weak salmon price caused investor jitters in late 2017. Our resolve paid off via a 16.8% share price rise over the year.

Small and mid-cap holdings

In previous Annual Reports we have used this section to laud the contribution made by our small and medium-cap selections. The year under review was more mixed in this department. On the plus side, holdings in Teleperformance (+30.5%), IMCD (+30.7%) and Diasorin (+21.3%) led the pack, while disappointments came in the shape of Tessenderlo (-22.2%), United Internet (-21.4%), Tarkett (-40.7%), Lenzing (-24.3%), Vestas (-21.5%) and Indra (-26.0%). The latter four holdings as well as Teleperformance have been sold.

Notwithstanding a disappointing year in this part of the portfolio, we continue to view small-mid caps as forming a key part of our strategy, as the table below demonstrates.

Region	Portfolio stocks	Portfolio weight[1] %	Benchmark stocks	Benchmark weight %	Active weight %
>€50 billion	11	23.4	18	28.7	(5.3)
€20-50 billion	9	17.7	57	30.3	(12.6)
€10-20 billion	11	19.1	62	15.5	3.6
€5-10 billion	7	11.4	120	15.1	(3.7)
<€5 billion	20	34.1	247	10.4	23.7

1 Excluding cash

Outlook

What has been outlined above is merely a picture: a picture of how we see things at this particular time in markets. Our perspective is inevitably one that is formed by, or even clouded by, a refusal to believe that trees grow to heaven. We are, of course, too chastened by experience to proclaim that a turning point is at hand, that "value" is set to outperform "growth", that the moribund Eurostoxx 50 Index of large caps (which in our opinion is indeed home to some stranded value) is set for a comeback or that wider Europe stands on the verge of outperformance and renewed investor favour.

Of course one ingredient which would turn things in the investment world upside down – and catalyse a resurgence of value stocks – would be the return of inflation. Here, too, we watch from the sidelines, too long in the tooth to make forecasts. But we must stay alive to the prospect.

What we are really saying is that one doesn't need to be a diehard mean reversionist to question the zeitgeist. A combination of investor positioning, the human tendency to extrapolate, a late-stage bull market in US equities and the US economy, not to mention valuation (it never matters until it does) suggest to us that now is not the time to give up on the Old Continent – nor indeed her equities. Now is not the time to abandon a selection of so-called "value" stocks in favour of an all-out "growth" (or momentum) portfolio. Happily, Europe offers an ample selection of both styles and our investment DNA contains the pragmatism necessary to capitalise.

It is in this context that I was happy to take advantage of the Company's widened discount (that fashion thing again) to increase my personal holding, which now stands at 333,084 shares.

Lastly, we strengthened our investment personnel substantially during the year, which included the appointment of Andrew McCarthy as Co-Fund Manager. I look forward to working with all of them in a freshly invigorated wider team and with Andrew as co-manager.

John Bennett
Fund Manager
11 December 2018

Investment Portfolio as at 30 September 2018

Ranking 2018	Ranking 2017	Company	Sector	Country of listing	Valuation 2018 £'000	Percentage of portfolio
1	4	**Carlsberg**	Beverages	Denmark	15,910	5.13
2	32	**Nokian Renkaat**	Automobiles & Parts	Finland	13,877	4.48
3	14	**SAP**	Software & Computer Services	Germany	11,871	3.83
4	–	**AKZO Nobel**	Chemicals	Netherlands	10,027	3.23
5	1	**Autoliv**	Automobiles & Parts	Sweden	10,019	3.23
6	2	**Nestlé**	Food Producers	Switzerland	9,776	3.15
7	13	**Roche**	Pharmaceuticals & Biotechnology	Switzerland	9,267	2.99
8	8	**Galp Energia**	Oil & Gas Producers	Portugal	9,253	2.98
9	–	**Deutsche Boerse**	Financial Services	Germany	8,573	2.77
10	7	**Tessenderlo**	Chemicals	Belgium	8,458	2.74
		10 Largest			**107,031**	**34.53**
11	23	Trelleborg	Industrial Engineering	Sweden	8,402	2.71
12	–	Lafargeholcim	Construction & Materials	Switzerland	8,221	2.65
13	3	Novartis	Pharmaceuticals & Biotechnology	Switzerland	6,697	2.16
14	16	Bankinter	Banks	Spain	6,588	2.13
15	31	Philips	Health Care Equipment & Services	Netherlands	6,555	2.11
16	54	ASML	Technology Hardware & Equipment	Netherlands	6,426	2.07
17	–	Sanofi	Pharmaceuticals & Biotechnology	France	5,712	1.84
18	–	TI Fluid Systems	Automobiles & Parts	United Kingdom	5,695	1.84
19	17	Merck	Pharmaceuticals & Biotechnology	Germany	5,558	1.79
20	–	Marine Harvest	Food Producers	Norway	5,323	1.73
		20 largest			**172,208**	**55.56**
21	–	TELE2	Mobile Telecommunications	Sweden	5,266	1.70
22	–	Volkswagen	Automobiles & Parts	Germany	4,600	1.48
23	–	Smurfit Kappa	General Industrials	Ireland	4,556	1.47
24	33	Ackermans & Van Haaren	Financial Services	Belgium	4,470	1.44
25	40	Diasorin	Health Care Equipment & Services	Italy	4,364	1.41
26	–	Dometic	Leisure Goods	Sweden	4,242	1.37
27	43	UPM-Kymmene	Forestry & Paper	Finland	4,142	1.34
28	–	Close Brothers	Banks	United Kingdom	4,057	1.31
29	22	Novo-Nordisk	Pharmaceuticals & Biotechnology	Denmark	4,048	1.31
30	11	DNB	Banks	Norway	4,029	1.29
		30 largest			**215,982**	**69.68**
31	47	PostNL	Industrial Transportation	Netherlands	3,935	1.27
32	27	CNH Industrial	Industrial Engineering	Italy	3,932	1.27
33	–	Andritz	Industrial Engineering	Austria	3,931	1.27
34	–	Subsea 7	Oil Equipment Services & Distribution	Norway	3,867	1.25
35	30	Legrand	Electronic & Electrical Equipment	France	3,791	1.22
36	28	Kone	Industrial Engineering	Finland	3,775	1.22
37	46	IMCD	Chemicals	Netherlands	3,725	1.20
38	20	KBC	Banks	Belgium	3,656	1.18
39	9	ABN Amro	Banks	Netherlands	3,645	1.18
40	6	United Internet	Software & Computer Services	Germany	3,645	1.18
		40 largest			**253,884**	**81.92**
41	57	Interpump	Industrial Engineering	Italy	3,591	1.16
42	38	Svenska Handelsbank	Banks	Sweden	3,474	1.12
43	24	Allianz	Nonlife Insurance	Germany	3,403	1.10
44	5	Bayer	Pharmaceuticals & Biotechnology	Germany	3,316	1.07
45	–	Adidas	Personal Goods	Germany	3,263	1.05
46	59	IMA	Industrial Engineering	Italy	3,242	1.05
47	–	Amundi	Financial Services	France	3,113	1.00
48	–	SBM Offshore	Oil Equipment Services & Distribution	Netherlands	3,108	1.00
49	–	LVMH Moet Hennessy Louis Vuitton	Personal Goods	France	3,064	0.99
50	39	Ryanair	Travel & Leisure	Ireland	3,040	0.98
		50 largest			**286,498**	**92.44**
51	–	Amadeus	Support Services	Spain	3,031	0.98
52	–	Atlas Copco	Industrial Engineering	Sweden	3,006	0.97
53	44	Vinci	Construction & Materials	France	2,954	0.95
54	41	Unilever	Personal Goods	United Kingdom	2,945	0.95
55	–	Safran	Aerospace & Defence	France	2,940	0.95
56	–	E.ON	Gas Water & Multiutilities	Germany	2,874	0.93
57	–	Sig Combibloc	General Industrials	Switzerland	2,856	0.92
58	–	Teleperformance	Support Services	France	2,838	0.91
59	–	Euro Stoxx Put Option	Derivatives	Germany	12	0.00
		Total listed equity investments at fair value			**309,954**	**100.00**

All securities are equity investments

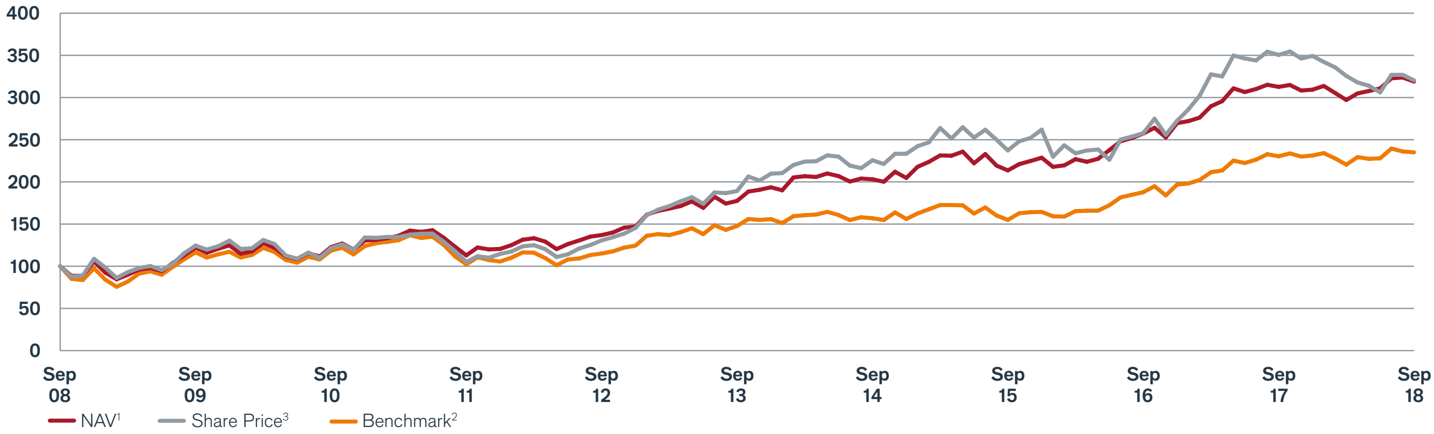
Historical Performance and Financial Information

Cumulative total return performance to 30 September 2018

	1 year %	3 years %	5 years %	10 years %
NAV[1]	2.0	49.3	79.7	219.0
Benchmark[2]	2.0	51.6	59.1	135.0
Share price[3]	(8.6)	35.0	69.4	220.4
AIC Europe sector average[4]	6.4	55.3	76.8	216.4
Ranking in sector[4]	6	6	3	3

(including dividends reinvested and excluding transaction costs)

Total return performance over the 10 years to 30 September 2018 (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/(loss) p	Total return/(loss) p	Dividend p	Expenses[5] %
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
2017	292,398	1,370.6	1,389.00	50,559	33.81	209.55	243.36	29.50[6]	0.87
2018	**293,790**	**1,366.6**	**1,240.00**	**5,822**	**31.60**	**(4.50)**	**27.10**	**31.00**	**0.84**

1 Net Asset Value per ordinary share with income reinvested
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 Using total expense ratio methodology for 2010 and previous years; ongoing charge methodology thereafter. The methodology for these calculations excludes performance fees
6 Excludes the special dividend of 1.40p per ordinary share paid in respect of the year ended 30 September 2017
Sources: Janus Henderson, Morningstar for the AIC, Datastream

Corporate Information

Directors

The Directors in office during the year and up to 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 (appointed as Chairman on 14 September 2006)

Rodney had a career in the City, culminating in his appointment as Chief Investment Officer for Prudential Portfolio Managers. He has subsequently held a number of non-executive directorships and pension fund trusteeships.

Alexander (Alec) Comba

Position: Senior Independent Director

Date of appointment: 11 November 2003

Alec 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.

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 30 years. He was Head of the Corporate Team at Winterflood Investment Trusts until 2014 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 Shires Income PLC, Albion Technology & General VCT PLC, Ediston Property Investment Company plc and Capital Gearing Investment Trust P.l.c.

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; 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).

Alain is an independent non-executive director of Majid Al Futtaim Trust LLC and a former non-executive director of Santander UK plc. He was previously an independent member of the board of Moody's Investors Services Limited and its other European subsidiaries.

Eliza Dungworth

Position: Chairman of the Audit Committee

Date of appointment: 1 January 2016 (appointed as Chairman of the Audit Committee on 25 January 2018)

Eliza is a chartered accountant and chartered tax adviser, with a degree in law. She spent 25 years at Deloitte, 15 of those as a partner advising the investment management sector and has a thorough understanding of the accounting, tax and regulatory issues that they face.

Eliza is currently Global Chief Compliance Officer at Fidelity and is a director of the management company responsible for oversight of Fidelity's SICAV funds. She is a member of the Risk and Regulatory Committee of the Investment Association.

Victoria (Vicky) Hastings

Position: Director

Date of appointment: 1 September 2018

Vicky has over 30 years' experience in the investment management industry. Her executive roles included Investment Director at JO Hambro Capital Management; Chief Investment Officer at Merrill Lynch Private Investors; and fund manager in the European teams at both Mercury Asset Management and Kleinwort Benson Investment Management.

She is currently an independent non-executive director of JPMorgan Asset Management UK Limited and JPMorgan Asset Management International Limited, Impax Environmental Markets plc, and the Edinburgh Investment Trust plc. She is a trustee of Moorfields Eye Charity and a former director of Henderson Global Trust plc and Charter European Trust plc.

All Directors are considered by the Board to be independent of the Manager and are members of the Management Engagement Committee and Insider Committee. With the exception of the Chairman of the Board, all directors are members of the Audit Committee.

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

Depositary 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
ITSecretariat@JanusHenderson.com

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 2018
Ex dividend date	10 January 2019
Dividend record date	11 January 2019
Annual General Meeting[1]	30 January 2019
Final dividend payable	8 February 2019
Half-year results announced	May 2019
Interim dividend payable	June 2019

1 At the Company's registered office at 2.30pm

Information sources

For more information about the Company, visit the website at **www.hendersoneuropeanfocus.com.** This includes factsheets, interviews and contemporary information on the Company and up to date share price and net asset value information.

HGi

HGi is a content platform provided by Janus 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 Janus Henderson's investment expertise.

Scan the QR code or use this short URL to register for HGi: http: //HGi.co/rb

Follow Janus 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 **Customercare.HSDL@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.

The Company encourages shareholder participation and voting on the affairs of the Company. Accordingly, shareholders should, if possible, receive the annual accounts and meeting notices of the Company and return their votes at general meetings of the Company or encourage their agents to do so on their behalves, if the shares are not held directly in their own names.

Corporate Information (continued)

Status

The Company is registered as a public limited company and is an investment company as defined under section 833 of the Companies Act 2006 (the "Act"). It has been approved as an investment trust under section 1158 of the Corporation Tax Act 2010, as amended, and is a member of the Association of Investment Companies ("AIC"). The Directors are of the opinion that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company)(Tax) Regulations 2011. The Company maintains a primary listing on the London Stock Exchange and is subject to the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the FCA. The Company is governed by its Articles of Association, amendments to which must be approved by shareholders by way of a special resolution.

Principal risks

The Board, with the assistance of the Manager, 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. The assessment included consideration of the market uncertainty arising as a result of the UK negotiations 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 and mitigating steps, which remain unchanged during the year under review, are as follows:

Risk	Controls and mitigation
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 typically with strong balance sheets and good growth prospects.
Gearing The Fund Manager has authority to use gearing in line with the Company's Investment Policy. In the event of a significant or prolonged fall in equity markets any gearing in place 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. In practice, gearing is of a short term nature and tends to fluctuate between zero and ten per cent of net assets depending on the Fund Manager's views of investment opportunities and views on the direction of European markets.
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.	The Company minimises the risk of a counterparty failing to deliver securities or cash by dealing through organisations that have undergone due diligence by the Manager. The Company holds its liquid funds, which are mostly denominated in Euros, almost entirely in interest bearing bank accounts in the UK or on short-term deposit. This, together with a portfolio which comprises mainly investments in large and medium-sized companies, mitigates the Company's exposure to liquidity risk. The majority of the Company's assets and liabilities are denominated in currencies other than Sterling, principally in the Euro. No hedging of the currency exposure is undertaken. Consequently, exchange rate fluctuations reduce or enhance returns for Sterling based investors.
Operational and regulatory risks Disruption to, or the failure of, the Manager's accounting, dealing or payment systems or the custodian's records could prevent the accurate reporting or monitoring of the Company's financial position. Janus 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 Janus Henderson, BNP and the Depositary, HSBC Bank Plc (which appoints the Custodian) to mitigate 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 monitors the services provided by its third-party service providers and receives reports on the key elements in place to provide effective control. The Board is appraised regularly of impending regulatory changes and monitors closely, through its various agents, the Company's adherence to regulatory requirements, including investment trust status.
Key man risk The Company depends on the diligence, skill and judgement of the Manager's investment team. The continued service of these individuals could impact the future success of the Company.	The Board has been assured by the Manager that the Fund Manager and the European Equities team are appropriately remunerated and incentivised in their roles in a manner consistent with industry best practice and the applicable FCA regulations. Janus Henderson has a strong European Equities team which supports the Fund Manager in the management of the Company's portfolio and looks to develop, or recruit, managers for succession purposes in the fullness of time. The Board approved the appointment of a Co-Fund Manager on 20 September 2018.

Corporate Information (continued)

Viability statement

The Board considers it is appropriate to assess the viability of the Company over a three-year period. The Directors believe this is a reasonable period reflecting the longer-term investment horizon of the Company, as well as that of its investors, and the inherent shorter-term uncertainties in equity markets.

The Board considers the Company's viability as part of its continuing programme of monitoring risk. In carrying out its assessment the Board takes account of the likely impact of the principal risks and uncertainties facing the Company materialising in severe, but plausible scenarios. The effectiveness of any mitigating controls currently in place is considered as part of the process.

The Board takes into account the liquidity of the portfolio, the gearing and the income stream from the portfolio, and the Company's ability to meet its liabilities as they fall due. This includes 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. Detailed forecasts are made over a shorter time frame, however, the nature of the Company's business 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 Board concluded that the Company's assets are liquid, its commitments are limited and that the Company intends to continue operating as an investment trust. No significant changes to the Company's principal risks, or the mitigating controls in place, are anticipated over the period, and the Board is not aware of any events that would prevent the Company from continuing to operate in its current capacity.

Based on this assessment, the Board has 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 Board has delegated responsibility to the Fund Manager 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 to 20% of net assets at the time the borrowing is assumed. As at 30 September 2018, the facility was drawn down by £13.6 million.

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 Policy. The Chairman's Statement and Fund Manager's Report provide commentary on the outlook for the Company.

Corporate responsibility

Responsible Investment, voting and the UK Stewardship Code

The Board has delegated responsibility to the Manager for voting the rights attached to the shares held in its portfolio. The Manager does so in line with the provisions of its Responsible Investment Policy (the "RI Policy") which sets out its approach to corporate governance, corporate responsibility and Janus Henderson's compliance with the UK Stewardship Code. The Board reviews the RI Policy at least annually and receives regular reporting on the voting undertaken by the Manager on behalf of the Company.

The Board and the Manager 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

Key performance indicators

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

KPI	Action
Performance measurement	The portfolio is not constrained by a benchmark, however, the Board measures performance of the NAV per ordinary share, NAV total return and share price total return against the FTSE World Europe ex UK index (in Sterling terms) and the AIC Europe sector. The portfolio is not constructed with a yield target.
Discount or premium of share price to NAV per ordinary share	The level of premium or discount at which the ordinary shares trade relative to the NAV per ordinary share. The Board has a pragmatic approach to both allotting shares and to share buy backs, keeping 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, including fees payable to the Manager, but excluding any performance fee if payable.

The charts and tables on pages 2, 3 and 12 show how the Company has performed against these KPIs and the Chairman's Statement and Fund Manager's Report give more information on performance.

Corporate Information (continued)

performance. Voting recommendations are guided by the best interests of the investee companies' shareholders. The Manager actively votes at shareholder meetings and engages with companies as part of the voting process. Voting decisions are made in consultation with the Fund Manager, with regular dialogue between fund managers and corporate governance specialists.

The RI Policy can be found on the Manager's website at **www.janushenderson.com**.

Employees, social, community, human rights and environmental matters

As an investment company, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The Company has no employees. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, listed on page 14, comply with the provisions of the UK Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Board diversity

The Company's affairs are overseen by a Board currently comprising six non-executive Directors, four male and two female. The Directors bring a range of knowledge and experience covering global and European investment markets, banking and accounting expertise to discussions regarding the Company's business. One of the Company's directors is based in Europe, enabling the Board to remain in touch with sentiment on the Continent. The Board has also retained continuity through its most senior directors, whilst engaging in continuing succession planning, balancing fresh skills and current experience required to cope with changes in the Company.

The Directors regularly consider the leadership needs and specific skills required to achieve the Company's Investment Objective, and are cognisant of diversity when making appointments to the Board.

The Company has no employees and therefore has no further disclosures to make in respect of gender representation within the Company.

For and on behalf of the Board

Eliza Dungworth
Director
11 December 2018

Glossary

Alternative Investment Fund Managers Directive ("AIFMD")

Agreed by the European Parliament and the Council of the European Union and transposed into English Law, with effect from 22 July 2013 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.

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.

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.

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 and sellers 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 or seller will tend to depress or increase the price that might be negotiated for a sale or purchase. Investment companies can use allotment or buy back powers to assist the market liquidity in their shares.

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.

Treasury shares

Shares repurchased by the Company, but not cancelled, and available for re-issue under the appropriate circumstances.

Yield

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

Alternative Performance Measures

Capital return per share

The capital return per share is the capital profit for the year (see Income Statement) divided by the weighted average number of ordinary shares in issue (see note 9) during the year.

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 (see note 11) and shareholders' funds (see Statement of Financial Position), dividing this by shareholders' funds and multiplying by 100. The Company can also use synthetic gearing through derivatives and foreign exchange hedging.

Net Asset Value ("NAV") per ordinary share

The value of the Company's assets (e.g. investments (see note 11), debtors (see note 12) and cash held (see Statement of Financial Position)) less any liabilities (e.g. bank borrowings and debt securities (see note 13)) for which the Company is responsible, divided by the number of shares in issue (see note 15). The aggregate NAV is also referred to as shareholders' funds on the Statement of Financial Position. The NAV per ordinary share is published daily on a cum and ex income basis.

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 (see notes 5 and 6) 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. Costs used in the calculation of ongoing charges disclosed in the annual report are on a different basis to those in the ongoing costs calculation prescribed by the Financial Conduct Authority for the production of the Key Information Document ("KID") provided on the Company.

Premium/discount

The amount by which the share price per share (see page 3) of an investment company is either higher (premium) or lower (discount) than the prevailing NAV per share (see 'NAV per ordinary 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 (see Income Statement) divided by the weighted average number of ordinary shares in issue (see note 9) during the year.

Total return performance

This is the return on the share price (see page 3) or NAV per share (see 'NAV per ordinary 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). Dividends paid and payable are set out in note 10.

References to notes and page numbers are in the annual report.

Henderson European Focus Trust plc
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Registered office: 201 Bishopsgate, London EC2M 3AE

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London Stock Exchange (TIDM) Code: HEFT
Global Intermediary Identification Number (GIIN): THMNPN.99999.SL.826
Legal Entity Identifier (LEI): 213800GS89AL1DK3IN50

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