

# New Star European Growth Fund

Irish authorised OEIC, UCITS III compliant

at 31 January 2008

www.newstaram.com



## Fund managers



Richard Pease



Simon Rowe



## Fund statistics

All information in this factsheet refers to the € retail share class. Institutional (US\$ and €) and retail (US\$) share classes are also available. The retail £ share class is currently closed to new investors.

### NAV (per share)

€ class	€9.62
US\$ class*	US\$9.91
£ class*	£10.34

\*US\$ and £ share classes are hedged against the €

Fund size €779.4m

### Equity market capitalisation

Large (>€5bn)	55.4%
Mid (>€1bn & <€5bn)	41.1%
Small (<€1bn)	3.5%

## Fund at a glance

### Fund aim

Long-term capital growth through investments principally in European companies (excluding the United Kingdom).

### Investment style

- Alpha generation driven by bottom-up stock selection;
- Not benchmarked, country weightings are a result of the fund's investments;
- Stock selection driven by four principal criteria: clear business strategy, high quality management, sound financial ratios, attractive valuations.

Launch date 16.08.2002

Base currency Euro

Minimum investment and holding €5,000, US\$5,000 or £3,500

Management fee 1.75% per annum

Subscription fee up to 5.25%

Redemption/switching fees Nil

Valuations Daily

Subscriptions/redemptions Daily

NAV Publications FT, Morningstar, www.newstaram.com

ISIN EUR: IE0031946548

USD: IE0031946431

GBP: IE0031946654

Bloomberg NSEURGE ID

Sedol 3194654

Valor 1657134

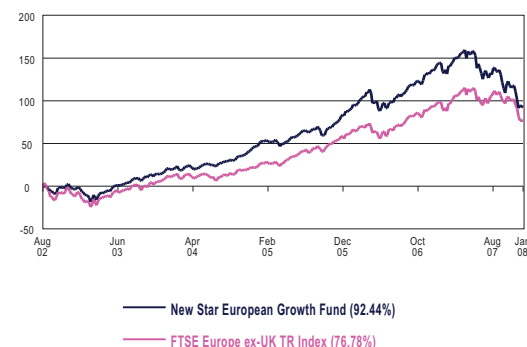
Registration UK, Ireland, France, Spain, Italy, Switzerland, Netherlands, Malta, Denmark, Sweden, Finland, Hong Kong, Singapore†

## International Investment Services

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## Performance since launch (%)



## Performance overview (%)

	January 2008	Year to date	1 year	3 years	5 years	Since Launch
€ class	-11.61	-11.61	-18.96	30.85	107.16	92.44
US\$ class	-11.35	-11.35	-17.25	41.79	115.04	98.19
£ class	-11.61	-11.61	-17.72	37.03	122.72	106.88
FTSE Europe ex-UK TR Index (€)	-12.22	-12.22	-9.09	43.67	109.55	76.78

	2007	2006	2005	2004	2003
€ class	-6.53	31.06	25.67	22.76	19.54
US\$ class	-4.79	39.09	25.04	19.58	18.23
£ class	-5.11	32.80	27.99	25.20	20.49
FTSE Europe ex-UK TR Index (€)	6.16	22.50	27.90	13.30	20.00

## Risk characteristics

	Alpha	Beta	Tracking error*	Correlation	Sharpe ratio*	Standard deviation (%)*
New Star European Growth (€)	0.26	0.81	6.72	0.91	0.72	14.19
FTSE Europe ex-UK TR Index (€)	0.00	1.00	-	1.00	0.53	15.81

\*Annualised figures

## Peer group analysis

	January 2008	Year to date	1 year	3 years	5 years	Since Launch
Position in sector	37/96	37/96	91/94	73/89	14/77	6/76
Quartile ranking	2nd	2nd	4th	4th	1st	1st

Sector: Equity Europe excluding UK

## Top 10 holdings (%)

FORTUM OYJ	4.04
WOLTERS KLUWER	3.25
ROYAL DUTCH SHELL	3.14
TELENOR	2.94
AALBERTS	2.88
DELHAIZE GROUP	2.87
TOTAL	2.87
ACTELION	2.45
KONE CORPORATION	2.43
SCHINDLER	2.41

TOTAL HOLDINGS 57

## Sector breakdown (%)

INDUSTRIALS	34.28
FINANCIALS	17.51
CONSUMER SERVICES	10.61
OIL & GAS	9.51
BASIC MATERIALS	6.33
CONSUMER GOODS	5.92
TECHNOLOGY	4.20
UTILITIES	4.04
TELECOMMUNICATIONS	2.94
HEALTHCARE	2.45

## Country breakdown (%)

FRANCE	18.39
GERMANY	16.06
FINLAND	13.66
NETHERLANDS	12.59
IRELAND	7.88
SWITZERLAND	6.94
BELGIUM	5.66
ITALY	5.26
NORWAY	2.94
OTHERS	8.41

CASH 2.21%

## Fund management commentary

Equity markets tumbled in January on growing fears of a sharp slowdown in the US, nervousness about US bond insurers and derivatives losses at Société Générale. The US Federal Reserve cut interest rates twice in response to rising concerns about the outlook. In Europe there were few bright spots outside the property sector. The New Star European Growth Fund fell 11.61% while the FTSE Europe ex-UK Total Return Index lost 12.22%.

CRH recovered by 5.95% after a trading update and Actelion rose 3.07% on confirmation that its main drug was holding off competition. The fund benefited from reduced exposure to financials but holdings such as ING, Fortis and Erste Bank were disappointing. In addition, the exposure to industrials was expensive due to fears about a cyclical downturn. Aalberts fell 14.78%, Continental slipped 21.90%. Even a relatively defensive business such as Wolters Kluwer shed 14.86%. The fund took profits in truckmaker MAN, further reduced its holding in

Anglo Irish Bank and sold the remaining positions in Legrand and GEA.

In Europe, economic problems have become clearer in Spain and at UK retailers but elsewhere most companies reporting fourth quarter earnings have yet to see significant effects on orders, let alone profits. The fund has trimmed its cyclical exposure but retained holdings where revenues are likely to be stable and valuations undemanding. Many of the "defensive" areas are either over-rated or at risk from downgrades.

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