

New Star Pan-European Equity Fund

Irish authorised OEIC, UCITS III compliant

at 28 November 2008

www.newstaram.com



Fund manager



Nick Sheridan

Nick Sheridan took over as fund manager on 01.05.2008

Fund statistics

All information in this factsheet refers to the retail share class. An institutional share class (in €) is also available.

NAV (per share)

€ class €3.31

Fund size €4.7m

Market capitalisation

Large (>€5bn) 73.9%

Mid (>€1bn & <€5bn) 26.1%

Small (<€1bn) 0.0%

Fund at a glance

Fund aim

Long-term capital growth principally through investments in European companies (including the UK).

Investment style

- Alpha generation driven by active stock selection;
- Value aware, non-benchmark constrained;
- Bias towards larger European companies.

Launch date 12.12.2005

Base currency Euro

Minimum investment and holding €5,000

Management fee 1.75% per annum

up to 5.25%

Subscription fee Nil

Redemption/switching fees

Valuations Daily

Subscriptions/redemptions Daily

NAV Publications FT, Morningstar,

www.newstaram.com

ISIN EUR: IE00B0S5PT05

Bloomberg NSEURER ID

Sedol B0S5PT0

Valor 2357297

Registration Ireland, France, Spain, Italy,

Switzerland, Netherlands,

Malta, Denmark, Sweden,

Finland, Luxembourg,

Hong Kong, Singapore†

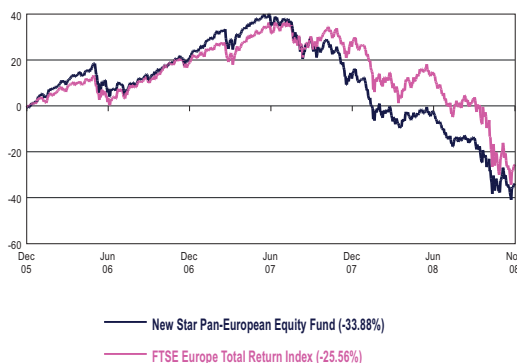
†recognised

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Performance since launch (%)



Performance overview (%)

	November 2008	Year to date	1 year	Since Launch
€ class	-4.34	-41.12	-42.17	-33.88
FTSE Europe TR Index (€)	-6.67	-41.05	-41.88	-25.56

	2007	2006
€ class	-9.97	22.54
FTSE Europe TR Index (€)	3.61	20.70

Risk characteristics

	Alpha	Beta	Tracking error*	Correlation	Sharpe ratio*	Standard deviation (%)*
New Star Pan-European Equity Fund (€)	-0.50	0.89	6.47	0.92	-1.04	15.93
FTSE Europe TR Index (€)	0.00	1.00	-	1.00	-0.75	16.42

*Annualised figures

Peer group analysis

	November 2008	Year to date	1 year	3 years	Since Launch
Position in sector	131/501	169/462	191/454	n/a	249/354
Quartile ranking	2nd	2nd	2nd	n/a	3rd

Sector: Lipper Global Equity Europe

Top 10 holdings (%)

ASTRAZENECA	4.15	FINANCIALS	17.24
GLAXOSMITHKLINE	3.52	CONSUMER GOODS	11.61
KPN	3.44	UTILITIES	11.10
BELGACOM	3.43	OIL & GAS	10.99
NATIONAL GRID	3.34	HEALTHCARE	10.77
VIVENDI	3.29	BASIC MATERIALS	8.72
RWE	3.14	INDUSTRIALS	8.38
SWEDISH MATCH	3.13	CONSUMER SERVICES	7.77
SANOFI AVENTIS	3.09	TELECOMMUNICATIONS	6.87
UNILEVER	3.08	TECHNOLOGY	3.95

TOTAL HOLDINGS 44

Sector breakdown (%)

Country breakdown (%)

FINANCIALS	17.24	UNITED KINGDOM	30.50
CONSUMER GOODS	11.61	FRANCE	12.12
UTILITIES	11.10	GERMANY	9.10
OIL & GAS	10.99	SWEDEN	8.67
HEALTHCARE	10.77	SPAIN	8.24
BASIC MATERIALS	8.72	NETHERLANDS	6.52
INDUSTRIALS	8.38	SWITZERLAND	5.35
CONSUMER SERVICES	7.77	NORWAY	5.22
TELECOMMUNICATIONS	6.87	ITALY	3.90
TECHNOLOGY	3.95	BELGIUM	3.43
CASH		OTHERS	4.35
			2.60%

Fund management commentary

The New Star Pan-European Equity Fund fell 4.34% in November while the FTSE Europe Total Return Index lost 6.67%.

The global credit crunch began in the summer of 2007 when fall-out from US sub-prime mortgage defaults began to have broader consequences within financial markets. At the time, it appeared likely that the crisis could last 18 months although it appeared possible that it could stretch further.

Over the intervening period, value investing has had a torrid time, going through a relatively rare period of underperformance. There are, however, many reasons to believe that this underperformance will begin to abate as depressed valuation measures start to attract buyers. One such measure is "Tobin's Q", which measures the level of the market relative to its replacement cost ratio. This ratio reached a

high in the US in late 1999 and has been largely falling since; at last month's levels, it implies extreme undervaluation.

Warren Buffett's investment partner, Charlie Munger, says: "I have a personal, pronounced prejudice in favour of buying at a material discount from book value stock in extremely entrenched institutions which have earned between 11% and 13% on book value for a decade or more with a history of substantial and ever-increasing dividends."

If "Tobin's Q" is a fair indicator of part of this book value measure, Munger must be beginning to search for the second half of the equation. With many stocks yielding more than government bonds he is likely to be successful.

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