

New Star European Value Fund

UK authorised OEIC, UCITS III compliant

at 28 November 2008

www.newstaram.com



Fund manager



Nick Sheridan



Fund statistics

Most of the information in this factsheet refers to the £ retail share class in order to ease the comparison with other funds and indices.

NAV (per share)

£ class £1.21
€ class† €2.71

† Launch date € share class: 03/09/07

Fund size £20.6m

Market capitalisation

Large (>£3.4bn) 66.4%
Mid (>£700m & <£3.4bn) 31.9%
Small (<£700m) 1.7%

Fund at a glance

Fund aim

To achieve above average total returns principally through investment biased towards the securities in large and mid cap European companies excluding the UK.

Investment style

- Active portfolio management
- Distinctive value investment process
- Stock specific, with no deliberate sector or country bias

Launch date 01.10.97 **

Base currency Sterling

Minimum investment and holding €5,000

Management fee 1.5% per annum

Subscription fee 5.25%

Redemption/switching fees Nil

Valuations Daily

Subscriptions/redemptions Daily

NAV Publications FT, Morningstar, www.newstaram.com

ISIN EUR: GB00B1XQM616

Bloomberg EUR: NEWSEVE LN

Sedol EUR: B1XQM61

Registration UK, Italy, Spain, France, Singapore †

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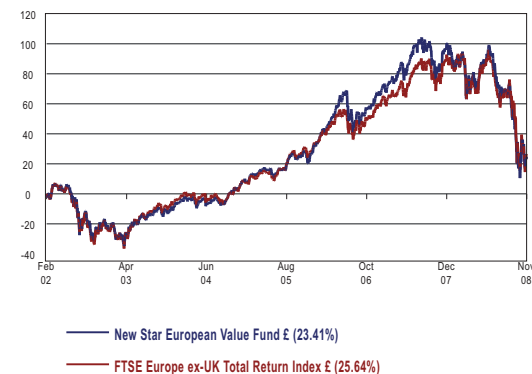
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Performance since manager (%)



Performance overview (%)

	Nov 2008	Year to date	1 year	3 years	5 years	Since manager
£ class	1.68	-36.14	-34.94	-6.23	35.34	23.41
FTSE Europe ex-UK Total Return Index (£)	-1.74	-34.82	-33.59	-5.17	33.54	25.64
€ class †	-4.14	-43.58	-44.07	n/a	n/a	-45.86
FTSE Europe ex-UK Total Return Index (€)	-6.75	-42.11	-42.67	-21.87	12.55	-42.67

	2007	2006	2005	2004	2003	2002
£ class	12.21	25.91	23.81	17.60	25.76	-26.13
FTSE Europe ex-UK Total Return Index (£)	15.72	20.13	24.06	13.83	29.74	-27.04
€ class †	n/a	n/a	n/a	n/a	n/a	n/a
FTSE Europe ex-UK Total Return Index (€)	6.16	22.50	27.86	13.28	20.04	-31.53

† launch date € share class: 03.09.07

Risk characteristics

	Alpha	Beta	Tracking error*	Correlation	Sharpe ratio*	Standard deviation (%)*
New Star European Value (£)	0.02	0.99	5.12	0.96	-0.07	19.25
FTSE Europe ex-UK Total Return Index (£)	0.00	1.00	-	1.00	-0.08	18.84

* Annualised figures

Top 10 holdings (%) Top 10 sectors (%)

TELEFONICA	3.90	FIXED LINE TELECOMMUNICATIONS	13.94
KPN KON	3.61	BANKS	13.74
BELGACOM	3.51	OIL & GAS PRODUCERS	8.70
RWE	3.42	INDUSTRIAL ENGINEERING	6.73
SECURITAS	3.17	CHEMICALS	5.72
SWEDISH MATCH	2.98	GAS, WATER & MULTI-UTILITIES	5.62
SANOFI-AVENTIS	2.98	FOOD PRODUCERS	5.53
FRANCE TELECOM	2.93	PHARMACEUTICALS & BIOTECHNOLOGY	5.41
UNILEVER	2.86	SOFTWARE & COMPUTER SERVICES	5.11
COLRUYT	2.86	MEDIA	4.36

TOTAL HOLDINGS

47

Top 10 countries (%)

FRANCE	17.01
SPAIN	14.10
GERMANY	13.62
SWEDEN	10.93
SWITZERLAND	9.61
NORWAY	8.54
NETHERLANDS	8.41
BELGIUM	6.37
ITALY	5.10
FINLAND	5.06

CASH AND OTHER

0.03%

Fund management commentary

The New Star European Value Fund (£) rose 1.68%* in November while the FTSE Europe excluding the UK Total Return Index (£) lost 1.74%*.

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.

Past performance is not necessarily a guide to future performance. ** Originally authorised as the Tilney European Growth Fund on 1 October 1997. Nick Sheridan became fund manager of this fund in February 2002. The fund merged with the New Star European Value Fund on 29 June 2007, which was set up specifically for this purpose. The performance history has been carried over from when it was the Tilney European Growth Fund. This document is for professional advisers, professional investors and financial institutions only and is not to be relied upon by private investors. If you invest indirectly through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially and you may not have any legal relationship with New Star. Data source: Lipper, performance data in fund's base currency, NAV to NAV, net income reinvested. Source for ex-post risk characteristics, MAS RPU. Source for market capitalisation, Style Research. All data since inception unless otherwise indicated. The value of the investments in the fund may fall as well as rise as a result of market or exchange rate movements. Full details of the fund including risk factors can be found in the prospectus; this and the simplified prospectus are available upon request via the contact details above. For your protection, calls are recorded and may be monitored. The Authorised Corporate Director of the fund is New Star Investment Funds Limited; the investment adviser of the fund is New Star Asset Management Limited. The fund Depository is Royal Bank of Scotland plc. The fund has been registered for distribution in Spain with the CNMV under number 492. This document has not been verified or approved by any relevant supervisory authority in the jurisdictions where the fund is registered. Issued by: New Star Investment Funds Limited, authorised and regulated by the UK Financial Services Authority.