

Peer Group:

European Mainstream ex UK
Equities

Fund Manager/Adviser:

Nicholas Sheridan (since August
2004)

Location:

London

Launch Date: October 1997

Fund Size (October 2007):

£33m

Group Contact No:

+44 845 6088 703

Website:

www.newstaram.com

S&P ID Number: OSABC555

Share class screened:

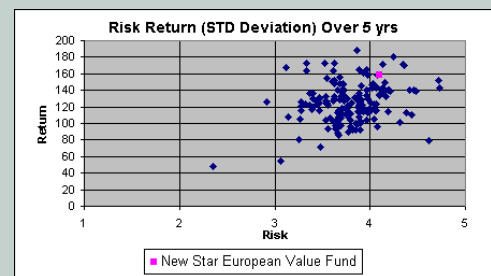
Acc



INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

RISK RETURN (STD DEVIATION) OVER 5 YEARS



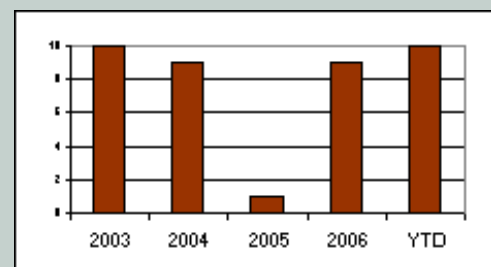
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	-8.7
Volatility	3.6
Correlation	N/A
Beta	1.2

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

Please see page 2 for required research analyst certification disclosure.

STANDARD & POOR'S OPINION (NOVEMBER 2007)

Nick Sheridan joined New Star in July 2007 in the group's swift expansion to gain and grow funds under management.

New Star European Value Fund, formerly the Tilney European Growth Fund, has been managed in its separate guises by Sheridan since 2002. Its present investment process was implemented in 2004, with the portfolio becoming deliberately more concentrated in terms of stocks from 2005.

The approach combines rigorous screening to establish relative value on three separate bases with Sheridan's own meticulous fundamental analysis of companies. His analysis involves little or no contact with either the sell side or company management as he seeks to maintain a consistent and objective method of selecting stocks that eliminates market sentiment. Whilst there are no formal constraints,

portfolio construction is governed by Sheridan's natural caution and risk-awareness, learned in his years as an institutional fund manager. The compliance team monitors the fund against his personally set limitations, such as a maximum of 5% in any one stock.

Sheridan is a self-sufficient fund manager who fits comfortably into the New Star environment, where managers act independently in an atmosphere of informal mutual support. Although the screens, based on consensus data, are the primary driver of stock selection, we consider that Sheridan's own analysis adds value to the process, which could not be instantly replicated by a back-up manager. The fund tends to struggle in momentum-driven markets, but over the longer term results have been solid. The fund achieves an S&P A rating.

FACT FILE

Group: New Star Asset Management was founded in June 2000 by John Duffield, former chairman and CEO of Jupiter Asset Management. The company began trading in January 2001 and was listed in November 2005.

Team: Nick Sheridan works independently on this fund, alongside six other fund managers and three analysts in the Europe team, headed by Richard Pease. This is the only fund managed through this process.

Fund Manager: Nick Sheridan used this process for nine years on institutional UK funds at Tilney. He

transferred it to Tilney's European product in 2004-05, and this was bought out by New Star in July 2007.

Style: This concentrated portfolio of around 45 names is managed bottom-up by a relative value quant screen combined with the manager's own stock analysis. It aims to outperform the FTSE Europe ex-UK index.

Performance: Over the five years to 30/09/2007, the fund has returned 158.1%, compared with 124.0% for the sector median and 140.9% for the index, ranking 16/179.

FUND MANAGER & TEAM

New Star's Europe team is made up of seven fund managers and three analysts, headed by Richard Pease. Each manager works independently with individual responsibility. Nick Sheridan maintains a proprietary screening database of 450 stocks, updating it with the latest financial information. Daniel White is back-up manager for the fund.

There are separate dealing and risk teams. Although the fund has few formal constraints, Sheridan applies his own disciplines and the portfolio is monitored against these for risk control.

Nicholas Sheridan - started his career in 1986, working at Wise Speke, BWD Rensburg and Tilney, where he was Director of European Equities. He joined New Star, transferring his fund from Tilney, in July 2007.

Daniel White - joined New Star in 2004, from CIC Securities in Paris, where he was senior stockpicking analyst. Prior to CIC he had been at Dresdner RCM where he specialised in European smaller companies. His investment career began at Newton in 1994, prior to which he had been a credit analyst for two years.

Further information on S&P's fund coverage can be found at

www.funds.standardandpoors.com

Performance Data Source - © 2007 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 30/09/2007 on NAV to NAV basis, with gross income reinvested, in euro.

PORTFOLIO CHARACTERISTICS

No. of holdings	47
Turnover ratio (%)	N/A
% in top 10	34

TOP 10 HOLDINGS (01/10/07)

	%
Nokia	5.5
Telefonica	4.2
ENI	4.0
Statoil	3.2
Thyssenkrupp	3.0
Unilever	3.0
BSCH	2.7
Hannover Ruck	2.7
Hennes & Mauritz	2.7
Oesterreichische Post	2.7

* In top 10 holdings a year ago

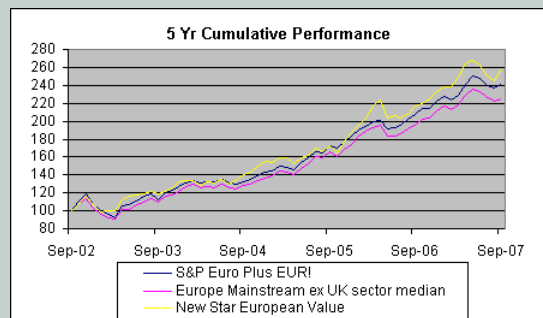
ALLOCATION BREAKDOWN (01/10/07)

	Fund %
Consumer Discretionary	3
Consumer Staples	7
Energy	13
Financials	25
Industrials	30
Materials	3
Utilities	4
Health Care	-
Information Technology	5
Telecoms	8
Other	-
Cash	2

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	84.7%	158.1%
Standard & Poor's Peer Median	74.0%	124.0%
Index**	81.4%	140.9%
Fund Rank	36/209	16/179
Standard Deviation	-	-
Relative Standard Deviation	-	-
Volatility Adjusted Ranking	/209	-

CUMULATIVE PERFORMANCE



Ucits III permits net fund exposure to be less or greater than 100%.

NEW STAR EUROPEAN VALUE FUND

Peer Group: European Mainstream ex UK Equities



MANAGEMENT STYLE

Nick Sheridan manages this fund through a quant-driven, relative value screening process he has developed to run through FactSet. The aim is to outperform the FTSE Europe ex-UK benchmark index.

Sheridan's process uses median, rather than average, consensus data against which to determine value. He adjusts this according to his own analysis of companies' accounts and balance sheets.

Stocks may offer attractive valuations on three criteria: asset value, adjusted for economic reality; sustainable earnings power based on current earnings; and value of growth where growth is greater than the cost of capital.

On these parameters, the model ranks every stock on best theoretical value. Sheridan invests in the companies that have the best overall ranking and removes stocks from the portfolio as soon as they no longer represent good value. Contact with company management and the sell side is minimal in order to eliminate market sentiment.

He targets a portfolio of 40-50 stocks. There are no formal restrictions on stock or sector weightings; Sheridan uses his judgement to maintain a well diversified portfolio. His conservative approach means that stock positions rarely exceed 5%.

PORTFOLIO REVIEW

At review, the portfolio comprised 47 stocks, with an overweight to mega-caps (companies <£100bn) and mid-caps (£1bn-£5bn). The fund was strongly overweight industrials (30% against the index's 12%) and double weighted in energy, though the emphasis within the energy exposure had rotated out of utilities and electricity into oil and oil services. Financials were increased to 24% of the fund (still underweight relative to the index). Pharmaceuticals were zero-weighted.

Nokia was the largest holding at 5.5% in absolute terms - above Sheridan's size

guideline due to its index size - though its active weighting was 3%. Other large active overweights included Statoil, Thyssenkrupp and Hanover Ruck.

Style analysis showed a clear bias to growth factors, with ROE, sales growth and IBES one year revisions the most prominent. Dividend yield was the most significant value characteristic.

Turnover tended to be under 100%, clustered in the results season and periods of market volatility.

PERFORMANCE ANALYSIS (OCTOBER 2007)

The track record for the fund under this manager, using this process, dates back to August 2004, although we note that there was a significant change in 2005, when the portfolio was reduced from 100 to 45 holdings. Since August 2004, the fund has risen 99.6% against 77.7% by the Europe ex-UK sector median and 84.9% by the benchmark, and ranked top decile despite a year of bottom-decile performance in 2005.

The investment process tends to struggle in narrowly led momentum markets where value

is quickly eroded. 2005 was problematic due both to the persistent outperformance of the oil sector and a second half in which large, liquid stocks, such as Sheridan tends to hold, were hit particularly badly.

Since then, stock selection has been more successful, with the large position in Nokia paying off particularly well. In 2007 to date, the fund ranks top decile despite the negative impact of both its reduced exposure to mining stocks and its recent increase in banks.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2003		2004		2005		2006		YTD 30/09/2007	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	24.3	6/186	16.7	29/196	21.2	212/214	24.2	37/215	10.9	16/220
Index**	19.4		12.3		28.3		21.5		8.3	
Median	17.3		12.1		27.9		20.8		6.6	

** S&P Euro Plus EUR

All of the views expressed in this research report accurately reflect our committee's views regarding any and all of the subject securities or issuers. No part of the committee's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. © [2007] The McGraw-Hill Companies, Ltd trading as Standard & Poor's ("S&P") 20 Canada Square, Canary Wharf, London, E14 5LH. Tel: +44 (0)20-7176 3800. All rights reserved. No part of this publication shall be reproduced, stored in any retrieval system or transmitted in any form electronic or otherwise without the prior written consent of S&P. Any part of the publication by S&P of which this page is a part is made accessible subject to the terms and conditions which are accessible at the url address below ("S&P Terms") - by accessing and viewing this page and/or and pages associated with or attached to it you accept the S&P Terms. Go to <http://www.funds-sp.com/terms.cfm?langid=1> Performance Data Source - © 2007 Morningstar, Inc. All Rights Reserved. The performance information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

0642080121

The McGraw-Hill Companies