



## Interim Management Statement

4 May 2011

Henderson Group plc ('Henderson Group' or 'the Group') is today publishing its first Interim Management Statement for 2011. The comments below refer to the first quarter of the current financial year, representing the period from 1 January 2011 to 31 March 2011 ('the period') and, unless otherwise stated, exclude Gartmore Group Limited ('Gartmore') which was acquired on 4 April 2011.

### Key points

- Assets under management ('AUM') £60.5 billion.
- £319 million net inflows into retail funds.
- £174 million net inflows into absolute return funds.<sup>1</sup>
- Good investment performance over one and three years.
- Pro forma AUM as at 31 March, including Gartmore, £76.2 billion.
- Gartmore acquisition completed on 4 April 2011; integration of staff complete and now operating on Henderson Group systems and processes.

Commenting on the Interim Management Statement, Andrew Formica, Henderson Group's Chief Executive said: "Although markets ended broadly unchanged over the period, this masks continued volatility. Notwithstanding this volatility, we had good net inflows into our absolute return funds and in our retail funds, including a notable increase in our UK retail fund range. I remain encouraged by our business performance since the end of the period".

"We completed the acquisition of Gartmore at the beginning of April and the integration is well advanced with all staff working on our systems and following our processes. I am pleased with the pace of the integration which is both ahead of our plans and our previous experience from New Star. The acquisition has also been well received by Gartmore's clients. Our goals for the remainder of this year are to continue delivering strong investment performance for all our clients, completing the integration of the Gartmore business and capitalising on the strengths of the combined group."

<sup>1</sup> £97 million relates to flows into retail funds.

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AUM by channel							
£ million	Opening AUM	Net Flows	Cash fund transfer <sup>1</sup>	Market/FX	Closing AUM	Gartmore take-on AUM <sup>2</sup>	Pro forma AUM
	1 Jan 11	1Q11	1Q11	1Q11	31 Mar 11		31 Mar 11
Retail	23,039	319	207	38	23,603	9,465	33,068
Institutional excl Phoenix <sup>3</sup>	31,817	(192)	(1,670)	205	30,160	6,250	36,410
<b>Total Group excl Phoenix</b>	<b>54,856</b>	<b>127</b>	<b>(1,463)</b>	<b>243</b>	<b>53,763</b>	<b>15,715</b>	<b>69,478</b>
Phoenix	6,753	(227)	0	163	6,689		6,689
<b>TOTAL GROUP</b>	<b>61,609</b>	<b>(100)</b>	<b>(1,463)</b>	<b>406</b>	<b>60,452</b>	<b>15,715</b>	<b>76,167</b>

<sup>1</sup> The transfer of the Henderson Liquid Assets Fund ('HLAF') to DB Advisors.

<sup>2</sup> Before notified redemptions of £368 million as at 31 Mar 2011. The allocation between retail and institutional is subject to change following consolidation of the businesses.

<sup>3</sup> Phoenix has replaced the Pearl brand.

AUM by asset type							
£ million	Opening AUM	Net Flows	Cash fund transfer <sup>1</sup>	Market/FX	Closing AUM	Gartmore take-on AUM <sup>2</sup>	Pro forma AUM
	1 Jan 11	1Q11	1Q11	1Q11	31 Mar 11		31 Mar 11
Equity	30,515	131		57	30,703	13,843	44,546
Fixed Income	18,349	(214)	(1,463)	210	16,882	538	17,420
Property	11,821	10		5	11,836		11,836
Private Equity	924	(27)		134	1,031	1,334	2,365
<b>TOTAL GROUP</b>	<b>61,609</b>	<b>(100)</b>	<b>(1,463)</b>	<b>406</b>	<b>60,452</b>	<b>15,715</b>	<b>76,167</b>

<sup>1</sup> The transfer of the Henderson Liquid Assets Fund ('HLAF') to DB Advisors.

<sup>2</sup> Before notified redemptions of £368 million as at 31 Mar 2011.

Total AUM decreased by £1.2 billion during the period. This was driven by the previously notified transfer of £1.5 billion of cash funds to DB Advisors. Favourable market and currency movements of £406 million were partially offset by net outflows of £100 million. Total AUM as at 31 March 2011 were £60.5 billion.

Total net **retail** flows were £319 million in the period. In particular, UK retail had net inflows of £285 million (supported by flows into Long Dated Credit, Credit Alpha, Strategic Bond and multi-manager funds) and retail absolute return funds had £97 million net inflows. Flows in the SICAV Horizon fund range were lower than the recent run-rate due to outflows concentrated around the tragic events in Japan, which resulted in a modest net inflow of £53 million for the period. In April, we continued to see net inflows into UK retail, retail absolute return funds and in the SICAV Horizon fund range and flows into our US Mutuals range have turned positive.

**Institutional** net outflows, excluding Phoenix, were £192 million during the period. The outflows from the institutional business and net notified withdrawals at 30 April 2011 of approximately £2.2 billion are mainly from long-standing, lower margin mandates where clients have, despite strong performance, rebalanced their portfolios. Partially offsetting these outflows were £77 million net institutional inflows into our offshore absolute return fund ranges (largely into Asian and Japan funds and our Agricultural fund).

Property client commitments were largely unchanged from 31 December 2010 at £1.4 billion. There remains a shortage of suitable property investment opportunities which has slowed our ability to invest client commitments.

As regards our cash business, DB Advisors were appointed as investment manager of the Henderson Liquid Asset Fund (HLAF) from October 2010 and subsequently investors approved the merger of HLAF into the Deutsche Managed Sterling Fund. As a result the Group's AUM reduced by £1.5 billion. Where client positions are held in the Deutsche Managed Sterling Fund by Henderson retail UK OEICs and unit trusts, institutional segregated mandates and Phoenix, these investments continue to be recognised in the Group's AUM as they are managed under existing Henderson mandates. These investments have been transferred from liquidity products to their respective product categories.

### **Investment performance**

Henderson's overall investment performance, across asset class and product type, remains good. Over one year, 67% and 74% of Equity and Fixed Income funds respectively outperformed, rising to 68% and 77% over three years.

### **Update on Gartmore acquisition**

The acquisition of Gartmore completed on 4 April 2011 and the Group issued 242,639,403 new Henderson Group shares to Gartmore shareholders. Gartmore AUM as at 31 December 2010 was £17.2 billion (£16.5 billion net of notified redemptions). During the period, Gartmore experienced £1.2 billion of net outflows (net of notified redemptions) and market levels were broadly neutral. This resulted in a take-on AUM of £15.7 billion (£15.3 billion net of notified redemptions) bringing Henderson's pro forma AUM at 31 March 2011 to £76.2 billion before notified redemptions. In April, Gartmore had net outflows (net of notified redemptions) of approximately £100 million. As regards the integration process, staff have moved to our offices and now operate on Henderson systems and processes. The majority of fund mergers and the integration of third party administrators are expected to complete by the end of 3Q11.

The extension of our Investment Firm Consolidation Waiver to 4 April 2016 has been formally confirmed by the FSA.

### **Balance sheet**

On 24 March 2011, the Group exchanged £32.4 million of its existing debt into a new £150 million debt issuance to enhance its capital position prior to the repayment of Gartmore's debt and to provide appropriate working capital. The Group currently has in issue £142.6 million 6.5% senior notes maturing on 2 May 2012 and £150 million 7.25% senior notes maturing on 24 March 2016.

Since the end of the period, the Group repaid all Gartmore's outstanding debt of £246.5 million resulting in a gross debt position of the combined Group of approximately £290 million and cancelled £147.7 million of its £200 million multicurrency term facilities.

### **2011 interim results**

The Group intends to release its 2011 interim results on 17 August 2011.

## Appendix 1: Detailed fund flows and AUM

£ million	Opening AUM	Net Flows	Cash fund transfer <sup>1</sup>	Market/FX	Closing AUM	Gartmore take-on AUM <sup>2</sup>	Pro forma AUM
	1 Jan 11	1Q11	1Q11	1Q11	31 Mar 11		31 Mar 11
<b>LISTED ASSETS</b>							
Retail							
UK OEICS/Unit Trusts	9,758	285	207	(72)	10,178	6,210	16,388
SICAVs	5,075	53		25	5,153	2,872	8,025
US mutuals	3,649	(30)		86	3,705		3,705
Investment Trusts	3,639	39		19	3,697	383	4,080
	<b>22,121</b>	<b>347</b>	<b>207</b>	<b>58</b>	<b>22,733</b>	<b>9,465</b>	<b>32,198</b>
Institutional							
UK OEICS/Unit Trusts	4,487	(191)		138	4,434	418	4,852
SICAVs	139	(1)		10	148	333	481
Offshore absolute return funds <sup>3</sup>	1,630	130		(30)	1,730	1,694	3,424
Investment Trusts	32	(5)		1	28		28
Managed CDO's	1,210	(55)		103	1,258		1,258
Segregated mandates	9,251	(231)	201	(162)	9,059	2,411	11,470
Liquidity funds	2,278	76	(1,889)	0	465	60	525
NSIM mandates	1,092	72		(16)	1,148		1,148
	<b>20,119</b>	<b>(205)</b>	<b>(1,688)</b>	<b>44</b>	<b>18,270</b>	<b>4,916</b>	<b>23,186</b>
<b>Total Listed Assets</b>	<b>42,240</b>	<b>142</b>	<b>(1,481)</b>	<b>102</b>	<b>41,003</b>	<b>14,381</b>	<b>55,384</b>
<i>Of which absolute return Retail</i>	292	97		39	428	656	1,084
<i>Of which absolute return Instl</i>	1,811	77		17	1,905	1,694	3,599
<i>Total absolute return</i>	<b>2,103</b>	<b>174</b>	<b>0</b>	<b>56</b>	<b>2,333</b>	<b>2,350</b>	<b>4,683</b>
<b>PROPERTY</b>							
Retail							
UK OEICS/Unit Trusts	840	(14)		(21)	805		805
	<b>840</b>	<b>(14)</b>	<b>0</b>	<b>(21)</b>	<b>805</b>		<b>805</b>
Institutional							
Property funds	8,977	18		31	9,026		9,026
Segregated mandates	1,993	6	18	(5)	2,012		2,012
	<b>10,970</b>	<b>24</b>	<b>18</b>	<b>26</b>	<b>11,038</b>		<b>11,038</b>
<b>Total Property</b>	<b>11,810</b>	<b>10</b>	<b>18</b>	<b>5</b>	<b>11,843</b>		<b>11,843</b>
<b>PRIVATE EQUITY</b>							
Retail							
Investment Trusts	78	(14)		1	65		65
	<b>78</b>	<b>(14)</b>	<b>0</b>	<b>1</b>	<b>65</b>		<b>65</b>
Institutional							
Private Equity funds	728	(11)		135	852		852
Hermes JV						1,334	1,334
	<b>728</b>	<b>(11)</b>	<b>0</b>	<b>135</b>	<b>852</b>	<b>1,334</b>	<b>2,186</b>
<b>Total Private Equity</b>	<b>806</b>	<b>(25)</b>	<b>0</b>	<b>136</b>	<b>917</b>	<b>1,334</b>	<b>2,251</b>
<b>PHOENIX</b>							
Institutional							
UK OEICS/Unit Trusts	3,238	(76)		20	3,182		3,182
Segregated Mandates	2,307	77	864	145	3,393		3,393
Private Equity funds	118	(2)		(2)	114		114
Liquidity funds	1,090	(226)	(864)	0	0		0
	<b>6,753</b>	<b>(227)</b>	<b>0</b>	<b>163</b>	<b>6,689</b>		<b>6,689</b>
<b>TOTAL GROUP</b>	<b>61,609</b>	<b>(100)</b>	<b>(1,463)</b>	<b>406</b>	<b>60,452</b>	<b>15,715</b>	<b>76,167</b>

<sup>1</sup> The transfer of the Henderson Liquid Assets Fund ('HLAF') to DB Advisors.

<sup>2</sup> Before notified redemptions of £368 million as at 31 Mar 2011. The allocation between retail and institutional is subject to change following consolidation of the businesses.

<sup>3</sup> Offshore absolute return fund ranges consist of Cayman, Ireland and Japan.

## Appendix 2: AUM by Geography

£m	AUM 1 Jan 11	AUM 31 Mar 11	Gartmore take-on AUM	Pro forma AUM 31 Mar 11
UK	41,420	39,411	9,110	48,521
EMEA ex UK	8,759	8,968	2,645	11,613
US	7,784	7,992	1,225	9,217
Asia/Australasia	3,646	4,081	1,711	5,792
Other	0	0	1,024	1,024
<b>Total</b>	<b>61,609</b>	<b>60,452</b>	<b>15,715</b>	<b>76,167</b>

## Appendix 3: Previous Henderson AUM disclosure<sup>1</sup>

£bn	Opening AUM 1 Jan 11	Net Flows 1Q11	Cash fund transfer <sup>2</sup> 1Q11	Market/FX 1Q11	Closing AUM 31 Mar 11
<b>Higher Margin</b>					
Investment Trusts	3.7	0.0		0.1	3.8
Horizon	5.1	0.1		(0.1)	5.1
UK Retail	10.6	0.2		0.1	10.9
US Retail	3.6	0.0		0.0	3.6
Hedge funds	1.1	0.2		(0.1)	1.2
Property (non-US)	9.2	0.0		0.0	9.2
Property (US)	1.4	0.0		0.0	1.4
Private Equity	0.7	0.0		0.1	0.8
Structured Products	1.2	(0.1)		0.2	1.3
	<b>36.6</b>	<b>0.4</b>	<b>0.0</b>	<b>0.3</b>	<b>37.3</b>
<b>Lower Margin</b>					
Institutional clients	15.4	(0.5)		0.1	15.0
Cash funds	1.3	0.1	(1.4)	0.0	0.0
NSIM	1.1	0.1		(0.1)	1.1
	<b>17.8</b>	<b>(0.3)</b>	<b>(1.4)</b>	<b>0.0</b>	<b>16.1</b>
	<b>54.4</b>	<b>0.1</b>	<b>(1.4)</b>	<b>0.3</b>	<b>53.4</b>
Phoenix Group	7.2	(0.2)		0.1	7.1
<b>Total</b>	<b>61.6</b>	<b>(0.1)</b>	<b>(1.4)</b>	<b>0.4</b>	<b>60.5</b>

<sup>1</sup> Differences may occur due to roundings.

<sup>2</sup> The transfer of the Henderson Liquid Assets Fund ('HLAF') to DB Advisors.

## Appendix 4: Detailed Gartmore AUM

Detailed Gartmore AUM: net of notified redemptions						
£ million	AUM	Net flows net of notified redemptions	Market/FX	AUM	Notified redemptions	AUM
	1 Jan 11	1Q11	1Q11	31 Mar 11	31 Mar 11	before notified redemptions 31 Mar 11 <sup>1</sup>
<b>LISTED ASSETS</b>						
Retail						
UK OEICS/Unit Trusts	6,424	(324)	40	6,140	70	6,210
SICAVs	3,194	(301)	(28)	2,865	7	2,872
Investment Trusts	385	(14)	12	383		383
	10,003	(639)	24	9,388	77	9,465
Institutional						
UK OEICS/Unit Trusts	448	(45)	12	415	3	418
SICAVs	475	(246)	(2)	227	106	333
Offshore absolute return funds	1,588	(59)	(17)	1,512	182	1,694
Segregated mandates	2,652	(226)	(15)	2,411		2,411
Liquidity funds	81	(21)	0	60		60
	5,244	(597)	(22)	4,625	291	4,916
<b>Total Listed Assets</b>	<b>15,247</b>	<b>(1,236)</b>	<b>2</b>	<b>14,013</b>	<b>368</b>	<b>14,381</b>
<i>Of which absolute return Retail</i>	636	2	18	656		656
<i>Of which absolute return Instl</i>	1,588	(59)	(17)	1,512	182	1,694
<i>Total absolute return</i>	2,224	(57)	1	2,168	182	2,350
<b>PRIVATE EQUITY</b>						
Institutional						
Hermes JV	1,250	21	63	1,334		1,334
<b>Total Private Equity</b>	<b>1,250</b>	<b>21</b>	<b>63</b>	<b>1,334</b>		<b>1,334</b>
<b>TOTAL GROUP</b>	<b>16,497</b>	<b>(1,215)</b>	<b>65</b>	<b>15,347</b>	<b>368</b>	<b>15,715</b>

<sup>1</sup> Before notified redemptions of £368 million as at 31 Mar 2011. The allocation between retail and institutional is subject to change following consolidation of the businesses.

## Appendix 5: Number of shares for earnings per share (EPS) calculations<sup>1</sup>

Issued share capital	FY11E
Less: own shares	1,029.0
<b>Weighted average number of ordinary shares for the purpose of basic EPS</b>	<b>(49.1)</b>
Add: potential share options and awards	<b>979.9</b>
<b>Weighted average number of ordinary shares for the purpose of diluted EPS</b>	<b>62.4</b>
	<b>1,042.3</b>

<sup>1</sup> This is a full-year weighted average number of shares based on current issued share capital and employee share plans adjusted for expected movements until the end of 2011.

### Forward-looking statements

This announcement contains forward-looking statements with respect to the financial condition, results and business of Henderson Group. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. Henderson Group's actual future results may differ materially from the results expressed or implied in these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

## **Notes to editors**

### **About Henderson Group plc**

Henderson Group plc ('Henderson Group' or 'Group') is the holding company of the investment management group Henderson Global Investors ('Henderson'). Henderson Group's principal place of business is in London and since December 2003 it has been dual-listed on the London Stock Exchange and Australian Securities Exchange ('ASX'). Henderson Group is a constituent of the FTSE 250 and S&P/ASX 200 indices. Since 31 October 2008, the Group has been incorporated in Jersey and tax-resident in the Republic of Ireland.

Established in 1934, Henderson is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. Henderson is one of Europe's largest investment managers, with £76.2 billion assets under management and employed around 1,100 people worldwide (pro forma as at 31 March 2011).

### **About CHESSE Depository Interests**

In this announcement, the term "shareholders" refers to all holders of Henderson Group plc shares, including those whose holdings are in the form of CHESSE Depository Interests on the Australian Securities Exchange.

CHESSE Depository Interests, or CDIs, are a way of allowing securities of foreign companies to be traded on the Australian Securities Exchange. CDIs afford shareholders all the same direct economic benefits as ordinary shares, like the right to dividends and the right to participate in rights offers.

### **Further information**

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