

## Interim Management Statement

24 April 2014

Henderson Group plc (“Henderson”) publishes its first quarter Interim Management Statement today. The comments below refer to the period 1 January 2014 to 31 March 2014 (“the period”) unless otherwise stated.

### Key points

- Assets under management (AUM) of £79.2bn (31 December 2013: £75.2bn)
- Net inflows of £3.0bn, driven by Retail client demand in Continental Europe, UK, North America, Latin America and Asia
- TIAA Henderson Real Estate launched successfully on 1 April 2014.

**Andrew Formica, Chief Executive of Henderson,** said: “Henderson has made a good start to 2014. The strong support we saw from clients at the end of 2013 in our Retail business continued through the first quarter and in our Institutional business, flows were stable. Client demand for European equities was the most significant driver, but solid investment performance and active client engagement worldwide continued to generate interest in all of our core capabilities – European equities, global equities, global fixed income, multi-asset and alternatives.

“In line with our strategy, we are investing selectively in our core capabilities, making new hires and developing our global footprint, all of which should position us well in the years to come. Despite recent market volatility, we continue to experience strong client demand but remain ready to take action on costs if there is any significant or sustained change in market conditions. We look forward to continuing to grow our global business.”

## Investment performance

Funds at / above benchmark	As at 31 March 2014 <sup>2</sup>		As at 31 December 2013 <sup>3</sup>	
	1 year	3 years	1 year	3 years
European equities	77%	74%	72%	66%
Global equities	69%	86%	76%	85%
Global fixed income	86%	87%	80%	88%
Multi-asset	75%	62%	94%	72%
Alternatives <sup>1</sup>	75%	100%	71%	100%
<b>TOTAL</b>	<b>76%</b>	<b>82%</b>	<b>78%</b>	<b>81%</b>

<sup>1</sup> Includes Henderson UK Property Unit Trust and excludes Private Equity performance.

<sup>2</sup> Estimated.

<sup>3</sup> 31 December 2013 performance data reflects minor restatement and was previously reported as 78% (1 year) and 82% (3 years).

First quarter investment performance confirms that Henderson continues to deliver value to clients across all of its core capabilities.

## AUM and flows

Channel (£m)	Opening AUM	Net flows	Market / FX	Closing AUM
	1 Jan 14	1Q14		31 Mar 14
Retail	39,253	2,875	554	42,682
Institutional <sup>1</sup>	35,983	113	423	36,519
<b>TOTAL AUM</b>	<b>75,236</b>	<b>2,988</b>	<b>977</b>	<b>79,201</b>

<sup>1</sup> Private Equity AUM based on 31 December 2013 valuations.

Core capability (£m)	Opening AUM	Net flows	Market / FX	Closing AUM
	1 Jan 14	1Q14		31 Mar 14
European equities	13,299	1,255	418	14,972
Global equities	19,810	863	(46)	20,627
Global fixed income	17,275	(200)	91	17,166
Multi-asset	6,430	4	(1)	6,433
Alternatives <sup>1</sup>	18,422	1,066	515	20,003
<b>TOTAL AUM</b>	<b>75,236</b>	<b>2,988</b>	<b>977</b>	<b>79,201</b>

<sup>1</sup> Includes Property and Private Equity AUM.

Total AUM increased by £4.0bn in the period to £79.2bn, driven by strong Retail flows, stabilisation in Institutional flows and solid investment performance.

The improvement in **Retail** flows seen in 4Q13 continued in 1Q14, with net inflows of £2.9bn. Flows were strong across geographies, with SICAVs (£1.6bn) accounting for over half of the total inflow and UK OEICS (£0.6bn) and US Mutual funds (£0.6bn) also making significant contributions. Fund choices reflected continued demand for European equities, as well as increased client focus on the benefits of absolute return and

multi-asset offerings. Absolute return flows continued to demonstrate a shift in client demand from offshore vehicles to UCITS products.

The SICAVs with the highest net inflows were pan European long only and absolute return offerings, such as the Henderson Horizon Pan Euro Alpha Fund and the Henderson Horizon Pan European Equity Fund. Funds such as the Henderson Gartmore UK Absolute Return Fund and the Henderson Horizon European Corporate Bond Fund also attracted significant flows. While SICAVs are predominantly distributed in Europe, this quarter saw significant flows from Latin America as Henderson's global footprint continued to expand. In the UK, there were strong net flows into the Henderson UK Property Unit Trust and the Henderson Cautious Managed Fund. US Mutual flows were dominated by the European Focus Fund and the International Opportunities Fund. Overall, a broad range of 10 retail funds saw net inflows of more than £100m in the period, and no funds saw net outflows of more than £60m.

**Institutional** flows were marginally positive, although inflows continued to be offset by outflows from maturing mandates. The most material inflow was from an Australian client into their existing global equities enhanced index mandate. This mandate is a good example of Henderson's ability to adapt its global product set to local market needs. Henderson's proven ability over the long term to manage enhanced index portfolios is well suited to the new low-fee 'My Super' regime operated by Australian superannuation fund providers.

#### **TIAA Henderson Real Estate**

On 1 April 2014, Henderson confirmed the completion of transactions announced on 24 June 2013 with Teachers Insurance and Annuity Association – College Retirement Equities Fund ("TIAA-CREF").

These transactions created a leading real estate venture, TIAA Henderson Real Estate ("TH Real Estate"). Henderson's European and Asia-Pacific based real estate businesses transferred to TH Real Estate, together with TIAA-CREF's European and Asia-Pacific based real estate businesses. In a simultaneous transaction, Henderson completed the sale of its North America property business to TIAA-CREF.

Henderson received cash proceeds of £114.2m from these transactions (c.£100m after deal and separation costs).

### **Balance sheet and cash position**

Henderson's balance sheet at 31 March 2014 shows total net assets of £868.2m (31 December 2013: £835.8m), including total unrestricted cash and cash equivalents of £224.5m (31 December 2013: £206.3m). The net cash position is £74.5m at 31 March 2014 (31 December 2013: £56.3m).

Henderson's cash position has improved since the period end with the receipt of proceeds from the TIAA-CREF transactions.

### **2014 interim results**

Henderson intends to release its 2014 interim results on Thursday 7 August 2014.

\* \* \*

## Appendix 1: 1Q14 Detailed fund flows and AUM

£ million		Opening AUM	Net flows	Market / FX	Closing AUM
		1 Jan 14	1Q14		31 Mar 14
<b>AUM BY CHANNEL</b>					
Retail	UK OEICs/ Unit Trusts/ Other SICAVs	18,706	646	289	19,641
	US Mutuals	10,607	1,554	196	12,357
	Investment Trusts	5,009	609	(17)	5,601
		4,931	66	86	5,083
	<b>Total Retail</b>	<b>39,253</b>	<b>2,875</b>	<b>554</b>	<b>42,682</b>
Institutional	UK OEICs/ Unit Trusts	7,736	(24)	32	7,744
	SICAVs	1,341	(30)	35	1,346
	Other <sup>1</sup>	26	1	1	28
	Offshore Absolute Return Funds	2,466	(94)	48	2,420
	Managed CDOs	387	(26)	(3)	358
	Segregated Mandates	11,518	143	180	11,841
	Property	11,640	148	35	11,823
	Private Equity Funds <sup>2</sup>	869	(5)	95	959
	<b>Total Institutional</b>	<b>35,983</b>	<b>113</b>	<b>423</b>	<b>36,519</b>
<b>TOTAL AUM</b>		<b>75,236</b>	<b>2,988</b>	<b>977</b>	<b>79,201</b>
<b>Absolute return sub analysis</b>					
Retail		1,924	745	45	2,714
Institutional		3,084	39	1	3,124
<b>TOTAL ABSOLUTE RETURN</b>		<b>5,008</b>	<b>784</b>	<b>46</b>	<b>5,838</b>

<sup>1</sup> Predominantly US Mutuals, together with investment trusts and Australian managed investment schemes.

<sup>2</sup> Private Equity AUM based on 31 December 2013 valuations.

£ million		Opening AUM	Net flows	Market / FX	Closing AUM
		1 Jan 14	1Q14		31 Mar 14
<b>AUM BY ASSET CLASS</b>					
Equity <sup>1</sup>		42,204	2,808	409	45,421
Fixed Income		19,090	(174)	406	19,322
Property		13,055	363	66	13,484
Private Equity <sup>2</sup>		887	(9)	96	974
<b>TOTAL AUM</b>		<b>75,236</b>	<b>2,988</b>	<b>977</b>	<b>79,201</b>

<sup>1</sup> Includes Multi-Asset.

<sup>2</sup> Private Equity AUM based on 31 December 2013 valuations.

## Appendix 2: Pro forma AUM post Property transactions

Following the completion of property transactions with TIAA-CREF, Henderson now owns 40% of TH Real Estate and will report its share of profits as income from joint ventures.

From 2Q14, Henderson will report its AUM inclusive of its 40% share of TH Real Estate AUM. The management and operation of the Henderson UK Property Unit Trust remains with Henderson, with TH Real Estate in the role of sub advisor.

As at 1 April 2014, Henderson's pro forma AUM was £72.5bn (31 December 2013: £68.5bn).

£ million		Closing AUM	Property Transactions	Pro forma AUM
		31 Mar 14	1 Apr 14	1 Apr 14
<b>AUM BY CHANNEL</b>				
Retail	UK OEICs/ Unit Trusts/ Other	19,641		19,641
	SICAVs	12,357		12,357
	US Mutuals	5,601		5,601
	Investment Trusts	5,083		5,083
	<b>Total Retail</b>	<b>42,682</b>		<b>42,682</b>
Institutional	UK OEICs/ Unit Trusts	7,744		7,744
	SICAVs	1,346		1,346
	Other <sup>1</sup>	28		28
	Offshore Absolute Return Funds	2,420		2,420
	Managed CDOs	358		358
	Segregated Mandates	11,841	126	11,967
	Property	11,823	(11,823)	0
	TH Real Estate (40% share)	0	5,016	5,016
	Private Equity Funds <sup>2</sup>	959		959
	<b>Total Institutional</b>	<b>36,519</b>	<b>(6,681)</b>	<b>29,838</b>
<b>TOTAL AUM</b>		<b>79,201</b>	<b>(6,681)</b>	<b>72,520</b>

<sup>1</sup> Predominantly US Mutuals, together with investment trusts and Australian managed investment schemes.

<sup>2</sup> Private Equity AUM based on 31 December 2013 valuations.

£ million		Closing AUM	Property Transactions	Pro forma AUM
		31 Mar 14	1 Apr 14	1 Apr 14
<b>AUM BY CORE CAPABILITY</b>				
European equities		14,972		14,972
Global equities		20,627		20,627
Global fixed income		17,166	110	17,276
Multi-asset		6,433	1	6,434
Alternatives <sup>1,2</sup>		20,003	(6,792)	13,211
<b>TOTAL AUM</b>		<b>79,201</b>	<b>(6,681)</b>	<b>72,520</b>

<sup>1</sup> Includes Property and Private Equity AUM.

<sup>2</sup> Reflects TIAA-CREF transactions and inclusion of 40% share of TH Real Estate AUM.

£ million	Closing AUM	Property Transactions	Pro forma AUM
	31 Mar 14	1 Apr 14	1 Apr 14
<b>AUM BY ASSET CLASS</b>			
Equity <sup>1</sup>	45,421	4	45,425
Fixed Income	19,322	120	19,442
Property	13,484	(6,805)	6,679
Private Equity <sup>2</sup>	974		974
<b>TOTAL AUM</b>	<b>79,201</b>	<b>(6,681)</b>	<b>72,520</b>

<sup>1</sup> Includes Multi-Asset.

<sup>2</sup> Private Equity AUM based on 31 December 2013 valuations.

### Appendix 3: Number of shares for earnings per share (EPS) calculations<sup>1</sup>

<b>Weighted average</b>	<b>FY14E (Million)</b>
Issued share capital	1,131.3
Less: own shares held	(49.5)
<b>Weighted average number of ordinary shares for the purpose of basic EPS</b>	<b>1,081.8</b>
Add: dilutive impact of share options and awards <sup>2</sup>	67.1
<b>Weighted average number of ordinary shares for the purpose of diluted EPS</b>	<b>1,148.9</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 2014.

<sup>2</sup> Based on the achievement of performance conditions at 31 March 2014, that all options are exercised at the earliest opportunity and the dilutive impact calculated against the projected weighted average Group share price for 2014 using Henderson's share price as at 31 March 2014 as a proxy for outstanding data.

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**About Henderson**

Henderson is an independent global asset manager, specialising in active investment. Named after its first client and founded in 1934, Henderson is a client-focused global business with 800 employees worldwide and assets under management of £72.5 billion (pro forma 1 April 2014). Its core areas of investment expertise are European equities, global equities, global fixed income, multi-asset and alternatives.

Henderson is dual-listed on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE) and has a market capitalisation of approximately £2.8 billion (April 2014).

Further information can be found at [www.henderson.com/group](http://www.henderson.com/group).

**Forward-looking statements and other important information**

This announcement contains forward-looking statements with respect to the financial condition, results and business of Henderson Group plc. 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'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.

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