



## Interim Management Statement

31 October 2013

Henderson Group plc ("Henderson Group" or "the Group") publishes its third quarter Interim Management Statement today. The comments below refer to the period from 1 July 2013 to 30 September 2013 ("the period"), unless otherwise stated.

### Key points

- AUM increased £2.9bn (4.3%) to £70.8bn at 30 September 2013.
- Net inflows of over £1.2bn driven by strong flows into higher margin products.
- Strong and broad-based retail net flows of £1.3bn across our UK, Europe, US and Asia businesses.
- Equities returned to positive flows with £0.9bn of net inflows, the first positive quarter since 1Q11.
- Strong investment performance maintained over one and three years.

Andrew Formica, Henderson Group's Chief Executive, said:

"The business is performing strongly. I am delighted that our strategy and the changes we have made are bearing fruit. The net inflows into our retail businesses are testament to both improved investor confidence and our consistently strong investment performance across our core product ranges. All our geographies have seen substantial increases in net flows during the period. This momentum and strong cash generation allow us to continue to invest in the business whilst strengthening our balance sheet further."

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## Investment performance

Henderson's investment performance across asset class and product type continues to be strong. Over one year, 78% of Equity and 77% of Fixed Income funds outperformed (1H13: 81% and 66%) and, over three years, 88% and 74% outperformed (1H13: 73% and 81%), respectively. The table below provides Equity and Fixed Income investment performance by our core capabilities.

| Investment performance               | 1 year     | 3 years    |
|--------------------------------------|------------|------------|
| <b>Core capability</b>               |            |            |
| Absolute Return <sup>1</sup>         | 97%        | 99%        |
| European Equities                    | 76%        | 87%        |
| Global Equities                      | 76%        | 87%        |
| Global Fixed Income                  | 76%        | 72%        |
| Multi-Asset                          | 82%        | 93%        |
| <b>Total Equity and Fixed Income</b> | <b>78%</b> | <b>84%</b> |

Note:

1. Absolute Return includes the relevant Equity and Fixed Income asset class funds.

## AUM and flows

| £ million                       | Opening AUM<br>30 Jun 13 | Net flows<br>3Q13 | Market / FX<br>3Q13 | Closing AUM<br>30 Sep 13 |
|---------------------------------|--------------------------|-------------------|---------------------|--------------------------|
| <b>AUM by channel</b>           |                          |                   |                     |                          |
| Total Retail                    | 33,350                   | 1,348             | 1,146               | 35,844                   |
| Total Institutional             | 34,586                   | (107)             | 501                 | 34,980                   |
| <b>Total Group</b>              | <b>67,936</b>            | <b>1,241</b>      | <b>1,647</b>        | <b>70,824</b>            |
| <b>AUM by asset class</b>       |                          |                   |                     |                          |
| Equity                          | 36,640                   | 889               | 1,376               | 38,905                   |
| Fixed Income                    | 17,755                   | 359               | 224                 | 18,338                   |
| Property <sup>1</sup>           | 12,660                   | 18                | (18)                | 12,660                   |
| Private Equity <sup>2</sup>     | 881                      | (25)              | 65                  | 921                      |
| <b>Total Group</b>              | <b>67,936</b>            | <b>1,241</b>      | <b>1,647</b>        | <b>70,824</b>            |
| <b>Absolute Return analysis</b> |                          |                   |                     |                          |
| Retail                          | 1,227                    | 244               | (4)                 | 1,467                    |
| Institutional                   | 2,470                    | (155)             | 71                  | 2,386                    |
| <b>Total Absolute Return</b>    | <b>3,697</b>             | <b>89</b>         | <b>67</b>           | <b>3,853</b>             |

Notes:

1. Of the £12.7bn of Property AUM at 30 September 2013, £1.3bn relates to Henderson UK Property Unit Trust which will remain with the Group following completion of the transactions with TIAA-CREF announced on 24 June 2013, with the remaining £11.4bn being subject to those transactions.

2. Private Equity AUM is based on 30 June 2013 valuations.

Total AUM increased by £2.9bn during the period to £70.8bn due to positive net flows of £1.2bn and favourable market and FX movements of £1.7bn.

Our **Retail** business delivered strong flows this quarter, continuing the momentum experienced in 1H13 with net inflows of over £1.3bn across all products and regions, supported by strong investment performance across our core product ranges. We have seen consistently strong flows into SICAVs (£470m net) and US Mutuals (£398m net) as well as an excellent quarter for UK OEICs and Unit Trusts, which had net inflows of £473m. By region, the UK experienced high demand in Specialist Credit, European Equities, our retail joint ventures, Optimum and Cirilium, and our UK Property Unit Trust. Europe also experienced strong demand across our European Equities range and in our award winning European Corporate Bond fund. The US continued to demonstrate near record net sales growth driven by Global Equity Income, International Opportunities and European Equities.

Since the end of the period, our retail business has continued to maintain the momentum seen in 3Q13.

Our **Institutional** business experienced marginal outflows in the quarter. European flows were strong, particularly in Buy & Maintain Credit and Global Credit, offset by outflows through maturing managed CDOs, property sales on behalf of clients and some lower margin segregated mandates. Offshore Absolute Return funds saw clients move towards the onshore regulated funds. The current pipeline remains healthy in both Europe and Property, and the underlying trend provides us with confidence in the outlook for future fund flows.

Net **Absolute Return** inflows were £89m for the period, with increased demand for equity long/short and credit long/short strategies across the UK, Europe and Japan. Performance year-to-date on a risk-adjusted basis remains very good, continuing the improvement in investment performance seen since 2Q12.

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

The anticipated completion of the TIAA Henderson Real Estate transaction currently remains on track for 1Q14.

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

The Group's balance sheet at 30 September 2013 shows total net assets of £815.3m (30 June 2013: £801.4m), including unrestricted cash and cash equivalents of £190.0m (30 June 2013: £166.7m). Therefore the net cash position is £40.0m at 30 September 2013 (30 June 2013: £16.7m).

An interim dividend for 2013 of 2.15 pence per share, totalling approximately £23.7m, was paid on 20 September 2013.

#### **2013 full year results**

The Group intends to release its 2013 full year results on 26 February 2014.

**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.

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

|  | <b>FY13E</b>     |
|--|------------------|
| <b>Weighted average</b>  | <b>(million)</b> |
| Issued share capital   | 1,118.0          |
| Less: own shares held  | (58.9)           |
| <b>Weighted average number of ordinary shares for the purpose of basic EPS</b>   | <b>1,059.1</b>   |
| Add: dilutive impact of share options and awards <sup>2</sup>                    | 60.1             |
| <b>Weighted average number of ordinary shares for the purpose of diluted EPS</b> | <b>1,119.2</b>   |

Notes:

1. This is a full-year weighted average number of shares based on the 30 September 2013 issued share capital and employee share plans adjusted for expected movements up to 31 December 2013.
2. Based on the achievement of performance and market conditions at 30 September 2013, that all options will be exercised at the earliest opportunity and the dilutive impact calculated versus the Group's share price as at 30 September 2013.

## Appendix 2: Detailed fund flows and AUM

| £ million                         | Opening AUM<br>1 Jan 13 | Net flows<br>1Q13 | Mkt / FX<br>1Q13 | Closing AUM<br>31 Mar 13 | Net flows<br>2Q13 | Mkt / FX<br>2Q13 | Closing AUM<br>30 Jun 13 | Net flows<br>3Q13 | Mkt / FX<br>3Q13 | Closing AUM<br>30 Sep 13 |
|-----------------------------------|-------------------------|-------------------|------------------|--------------------------|-------------------|------------------|--------------------------|-------------------|------------------|--------------------------|
| <b>Retail</b>                     |                         |                   |                  |                          |                   |                  |                          |                   |                  |                          |
| UK OEICs / Unit Trusts / Other    | 15,814                  | (159)             | 1,216            | 16,871                   | 154               | (101)            | 16,924                   | 473               | 521              | 17,918                   |
| SICAVs                            | 7,226                   | 480               | 866              | 8,572                    | (36)              | (255)            | 8,281                    | 470               | 294              | 9,045                    |
| US Mutuals                        | 3,006                   | 187               | 290              | 3,483                    | 97                | 57               | 3,637                    | 398               | 134              | 4,169                    |
| Investment Trusts                 | 4,220                   | (320)             | 467              | 4,367                    | 184               | (43)             | 4,508                    | 7                 | 197              | 4,712                    |
| <b>Total Retail</b>               | <b>30,266</b>           | <b>188</b>        | <b>2,839</b>     | <b>33,293</b>            | <b>399</b>        | <b>(342)</b>     | <b>33,350</b>            | <b>1,348</b>      | <b>1,146</b>     | <b>35,844</b>            |
| <b>Institutional</b>              |                         |                   |                  |                          |                   |                  |                          |                   |                  |                          |
| UK OEICs / Unit Trusts            | 7,215                   | (133)             | 354              | 7,436                    | (306)             | (121)            | 7,009                    | (69)              | 174              | 7,114                    |
| SICAVs                            | 762                     | 1                 | 101              | 864                      | 515               | (19)             | 1,360                    | 116               | (30)             | 1,446                    |
| Offshore Absolute Return Funds    | 2,165                   | (61)              | 244              | 2,348                    | (85)              | (45)             | 2,218                    | (177)             | 49               | 2,090                    |
| Managed CDOs                      | 740                     | (60)              | 26               | 706                      | (72)              | (14)             | 620                      | (125)             | (10)             | 485                      |
| Segregated Mandates               | 13,833                  | (896)             | 553              | 13,490                   | (657)             | (223)            | 12,610                   | 350               | 307              | 13,267                   |
| Property Funds                    | 9,363                   | (307)             | 362              | 9,418                    | 37                | 28               | 9,483                    | (211)             | (41)             | 9,231                    |
| Private Equity Funds <sup>1</sup> | 903                     | (17)              | 11               | 897                      | 0                 | (30)             | 867                      | (10)              | 63               | 920                      |
| Other <sup>2</sup>                | 403                     | 16                | 6                | 425                      | (13)              | 7                | 419                      | 19                | (11)             | 427                      |
| <b>Total Institutional</b>        | <b>35,384</b>           | <b>(1,457)</b>    | <b>1,657</b>     | <b>35,584</b>            | <b>(581)</b>      | <b>(417)</b>     | <b>34,586</b>            | <b>(107)</b>      | <b>501</b>       | <b>34,980</b>            |
| <b>Total Group</b>                | <b>65,650</b>           | <b>(1,269)</b>    | <b>4,496</b>     | <b>68,877</b>            | <b>(182)</b>      | <b>(759)</b>     | <b>67,936</b>            | <b>1,241</b>      | <b>1,647</b>     | <b>70,824</b>            |

| By asset class              |               |                |              |               |              |              |               |              |              |               |
|-----------------------------|---------------|----------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Equity                      | 34,381        | (1,158)        | 3,889        | 37,112        | (81)         | (391)        | 36,640        | 889          | 1,376        | 38,905        |
| Fixed Income                | 17,828        | 209            | 158          | 18,195        | (17)         | (423)        | 17,755        | 359          | 224          | 18,338        |
| Property <sup>3</sup>       | 12,523        | (303)          | 438          | 12,658        | (84)         | 86           | 12,660        | 18           | (18)         | 12,660        |
| Private Equity <sup>1</sup> | 918           | (17)           | 11           | 912           | 0            | (31)         | 881           | (25)         | 65           | 921           |
| <b>Total Group</b>          | <b>65,650</b> | <b>(1,269)</b> | <b>4,496</b> | <b>68,877</b> | <b>(182)</b> | <b>(759)</b> | <b>67,936</b> | <b>1,241</b> | <b>1,647</b> | <b>70,824</b> |

| Absolute Return analysis     |              |           |            |              |           |             |              |           |           |              |
|------------------------------|--------------|-----------|------------|--------------|-----------|-------------|--------------|-----------|-----------|--------------|
| Retail                       | 957          | 73        | 42         | 1,072        | 141       | 14          | 1,227        | 244       | (4)       | 1,467        |
| Institutional                | 2,418        | (37)      | 245        | 2,626        | (99)      | (57)        | 2,470        | (155)     | 71        | 2,386        |
| <b>Total Absolute Return</b> | <b>3,375</b> | <b>36</b> | <b>287</b> | <b>3,698</b> | <b>42</b> | <b>(43)</b> | <b>3,697</b> | <b>89</b> | <b>67</b> | <b>3,853</b> |

### Notes:

1. Private Equity AUM is based on 30 June 2013 valuations.
2. Other includes US Mutuals, Investment Trusts and Liquidity funds.
3. Of the £12.7bn of Property AUM at 30 September 2013, £1.3bn relates to Henderson UK Property Unit Trust which will remain with the Group following completion of the transactions with TIAA-CREF announced on 24 June 2013, with the remaining £11.4bn being subject to those transactions.

## Notes to editors

### About Henderson Group plc

Henderson Group plc (“Henderson Group” or “the 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 100 indices. The Group is incorporated in Jersey and as of late last year is tax-resident in the UK.

Henderson Global Investors, wholly-owned by Henderson Group plc, is a global asset manager with a strong reputation dating back to 1934. Henderson manages £70.8 billion (as at 30 September 2013) of assets on behalf of clients in the UK, Europe, Asia-Pacific and North America and employs approximately 1,000 staff members worldwide. Clients include individuals, private banks, third-party distributors, insurance companies, pension funds, government bodies and corporate entities. As a pure investment manager Henderson offers investments across equities, fixed income and multi-assets as well as alternative products, such as hedge funds.

### 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, such as the right to dividends and the right to participate in rights offers.

### Further information

[www.henderson.com/group](http://www.henderson.com/group)

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