



## Interim Management Statement

2 November 2011

Henderson Group plc ('Henderson Group' or 'the Group') is today publishing its second Interim Management Statement for 2011. The comments below refer to the period from 1 July 2011 to 30 September 2011 ('the period').

### Key points

- AUM of £65.4bn at 30 September 2011
- Henderson retail net outflows of £692m, predominantly from European SICAVs
- Henderson institutional outflows of £505m offset by a net pipeline of approximately £700m
- Gartmore net outflows, net of previously notified redemptions, of £568m
- Continued inflows into absolute return funds
- Good investment performance over one and three years

Commenting on the Interim Management Statement, Andrew Formica, Henderson Group's chief executive said: 'Markets were extremely challenging over the period, with significant economic concerns developing in the eurozone. Although property and fixed income valuations were broadly unaffected, equity prices fell sharply as investors lowered their risk appetite and switched into cash. Investors have taken some comfort from the statement by the eurozone last week but, as evident this week, there are many stages to go through before the package of measures is fully implemented. We therefore anticipate uncertain and volatile market conditions for at least the remainder of this year. However, as we saw post 2008/2009, once volatility subsides, investor demand for equities should return.'

In the meantime, the variability of our cost base cushions the revenue impact of market declines and we are taking additional steps to manage costs although we will continue to invest selectively.'

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## AUM by channel

£ million	Opening AUM	HGG net flows	Cash fund transfer <sup>1</sup>	Market /FX	HGG net flows	GRT take-on <sup>2</sup>	GRT net flows <sup>3</sup>	Market /FX	Closing AUM	HGG net flows <sup>4</sup>	GRT net flows <sup>4</sup>	NSIM sale <sup>5</sup>	Market /FX	Closing AUM
	1 Jan	1Q11			2Q11				30 Jun	3Q11				30 Sep
Retail	23,039	319	207	38	256	9,866	(290)	151	33,586	(692)	(254)	-	(4,668)	27,972
Instl ex Phoenix <sup>3</sup>	31,817	(192)	(1,670)	205	(2,398)	5,849	(148)	680	34,143	(505)	(538)	(1,137)	(832)	31,131
<b>Total Group ex Phoenix</b>	<b>54,856</b>	<b>127</b>	<b>(1,463)</b>	<b>243</b>	<b>(2,142)</b>	<b>15,715</b>	<b>(438)</b>	<b>831</b>	<b>67,729</b>	<b>(1,197)</b>	<b>(792)</b>	<b>(1,137)</b>	<b>(5,500)</b>	<b>59,103</b>
Phoenix	6,753	(227)	-	163	(180)	-	-	184	6,693	43	-	-	(409)	6,327
<b>TOTAL GROUP</b>	<b>61,609</b>	<b>(100)</b>	<b>(1,463)</b>	<b>406</b>	<b>(2,322)</b>	<b>15,715</b>	<b>(438)</b>	<b>1,015</b>	<b>74,422</b>	<b>(1,154)</b>	<b>(792)</b>	<b>(1,137)</b>	<b>(5,909)</b>	<b>65,430</b>

## AUM by asset type

£ million	Opening AUM	HGG net flows	Cash fund transfer <sup>1</sup>	Market /FX	HGG net flows	GRT take-on <sup>2</sup>	GRT net flows <sup>3</sup>	Market /FX	Closing AUM	HGG net flows <sup>4</sup>	GRT net flows <sup>4</sup>	NSIM sale <sup>5</sup>	Market /FX	Closing AUM
	1 Jan	1Q11			2Q11				30 Jun	3Q11				30 Sep
Equity	30,515	131	-	57	(2,407)	13,843	(368)	1,855	43,626	(1,084)	(688)	(1,137)	(5,816)	34,901
Fixed Income	18,349	(214)	(1,463)	210	(94)	538	(66)	(1,268)	15,992	(71)	(87)	-	(207)	15,627
Property	11,821	10	-	5	187	-	-	350	12,373	31	-	-	24	12,428
Private Equity	924	(27)	-	134	(8)	1,334	(4)	78	2,431	(30)	(17)	-	90	2,474
<b>TOTAL GROUP</b>	<b>61,609</b>	<b>(100)</b>	<b>(1,463)</b>	<b>406</b>	<b>(2,322)</b>	<b>15,715</b>	<b>(438)</b>	<b>1,015</b>	<b>74,422</b>	<b>(1,154)</b>	<b>(792)</b>	<b>(1,137)</b>	<b>(5,909)</b>	<b>65,430</b>

<sup>1</sup> The transfer of HLAIF to DB Advisors.

<sup>2</sup> Before net notified redemptions of £368m at completion of the Gartmore acquisition on 4 April 2011 ('Completion'). As at 30 September 2011 all notified redemptions had been withdrawn.

<sup>3</sup> Since Completion

<sup>4</sup> Merged funds are reported as HGG on ongoing basis.

<sup>5</sup> The sale of the Group shareholding in WorldInvest Management Ltd (WorldInvest) to Connor, Clark & Lunn UK Limited (CCL). WorldInvest owned 100% of the share capital of New Star Institutional Managers Limited (NSIM).

## AUM and flows

Total AUM decreased by £9.0bn during the period to £65.4bn mostly due to unfavourable market and FX movements of £5.9bn and the previously announced sale of New Star Institutional Managers of £1.1bn AUM. The market and FX movement was predominantly in equities where we saw equity markets decline between 12% and 26% in the period.

We saw net outflows of £692m from Henderson retail and £254m from Gartmore retail and £1.0bn net outflows from institutional clients spread evenly between Henderson and Gartmore. The net outflows during the period include £224m of previously notified Gartmore redemptions from the time of the acquisition announcement in January 2011.

**Henderson retail** net outflows were largely from the European SICAV fund range. Due to the increasing uncertainty surrounding the current European sovereign debt crisis and the resultant turmoil in markets, the decline in investor appetite for risk resulted in net outflows of £508m in the period (see Appendix 2).

Our UK retail funds fared better with small net outflows of £55m. Positive flows in our fixed income and multi-manager range were offset by outflows predominantly from technology and European equity funds. Net outflows from US Mutual funds of £118m were mainly due to outflows from our largest fund, the International Opportunities fund, as US investors shunned European and international equities. The fund itself is performing strongly and recently received a 5-star Morningstar rating on reaching its 10 year anniversary. Additionally, performance in our second largest US Mutual Fund, Global Equity Income, is excellent year-to-date providing further strength to our US product offering.

**Gartmore retail** net outflows, excluding previously notified redemptions, were £184m (see Appendix 3). We continue to see inflows in a number of funds across the Gartmore European SICAV range, particularly in the absolute return space. Outflows were concentrated on European and Latin American equity funds.

Consistent with what occurred in 2008/2009, as market conditions stabilise we expect investor allocations into equities to increase. In particular, investment performance of our European equity funds is strong and we are well placed when investor appetite returns.

**Henderson institutional** net outflows stem mainly from two US clients who reduced their European exposure and certain managed CDOs maturing or unwinding.

**Gartmore institutional** saw net outflows of £367m, excluding previously notified redemptions (see Appendix 3) mainly from long-standing clients who have experienced historical performance issues.

Our institutional net pipeline of client commitments at the end of September was approximately £700m.

Absolute return funds overall had net inflows of £100m, net of Gartmore previously notified redemptions. We are particularly encouraged by the flows into the Gartmore funds which have recorded inflows, net of previously notified redemptions, each month since May. The asset weighted performance of our absolute return funds is comparable to industry experience with a negative return of less than 5% year-to-date. Our proven long-term track record of delivering strong, risk-adjusted investment performance across a range of established absolute return strategies continues to drive investor interest. We expect to strengthen the absolute return product offering further to build on this demand.

**Property** had net institutional inflows of £54m during the period as the investment of client commitments was offset by our opportunistic disposals on behalf of clients. We expect net flows in 2H11 to be similar to the net flows recorded in 1H11. Client commitments were £1.3bn at 30 September.

### **Investment performance**

Henderson's overall investment performance, across asset class and product type, remains good. Over one year, 62% and 71% of Equity and Fixed Income funds respectively outperformed, rising to 73% and 87% over three years.

### **Gartmore integration**

The integration of Gartmore continued through the period with the rebranding of the Gartmore funds to Henderson and the merger of 13 funds in the UK fund range. The Gartmore integration is now largely complete with the remaining activities moved into business as usual. Gartmore outflows since the acquisition announcement to the end of the period, net of previously notified redemptions and excluding market movements, were £2.1bn resulting in 87% of the assets being retained. Our focus has now turned to strengthening the Henderson brand. We are pleased to announce that we have joined with José Mourinho to launch a new retail advertising campaign which went live on 31 October in the UK, continental Europe and Asia.

### **Equality and diversity**

We welcome the recent recommendations and proposals on boardroom diversity. Currently women make up 10% of the Henderson Group Board, 20% of our senior management and 38% of our total workforce.

We recognise that the principles of equality and diversity are fundamental to our success and that this will continue to add value to the way in which our business operates in the future. We are committed to promoting equality and diversity in the workplace and recognise the need for, and benefits of, diversity in helping us attract and retain high potential employees. We have policies, employee benefits and business practices in place to support a diverse workforce.

### **Balance sheet**

The Group's balance sheet at 30 September 2011 shows total net assets of £736.4m (30 June 2011: £727.4m) including unrestricted cash and cash equivalents of £166.5m (30 June 2011: £156.0m).

### **2011 full-year results**

The Group intends to release its 2011 full-year results on 29 February 2012.

### **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>FY11E</b>
Issued share capital	1027.3
Less: own shares	(71.5)
<b>Weighted average number of ordinary shares for the purpose of basic EPS</b>	<b>955.8</b>
Add: potential share options and awards	69.7
<b>Weighted average number of ordinary shares for the purpose of diluted EPS</b>	<b>1,025.5</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.

## Appendix 2: Detailed fund flows and AUM

£ million	Opening AUM	HGG net flows	Cash fund transfer <sup>1</sup>	Market /FX	HGG net flows	GRT take-on <sup>2</sup>	GRT net flows <sup>3</sup>	Market /FX	Closing AUM	HGG net flows <sup>4</sup>	GRT net flows <sup>4</sup>	NSIM Sale <sup>5</sup>	Market /FX	Closing AUM
	1 Jan	1Q11			2Q11				30 Jun	3Q11				30 Sep
<b>INV. MNGT</b>														
UK OEICs/UTrusts	9,758	285	207	(72)	197	6,456	(166)	47	16,712	(55)	(142)	-	(2,142)	14,373
SICAVs	5,075	53		25	(22)	3,027	(124)	(20)	8,014	(508)	(110)	-	(1,185)	6,211
US mutuals	3,649	(30)		86	72	-	-	34	3,811	(118)	-	-	(668)	3,025
Investment Trusts	3,639	39		19	11	383	-	62	4,153	12	(2)	-	(674)	3,489
<b>Total Retail</b>	<b>22,121</b>	<b>347</b>	<b>207</b>	<b>58</b>	<b>258</b>	<b>9,866</b>	<b>(290)</b>	<b>123</b>	<b>32,690</b>	<b>(669)</b>	<b>(254)</b>	<b>-</b>	<b>(4,669)</b>	<b>27,098</b>
UK OEICs/UTrusts	4,487	(191)		138	(245)	172	(11)	(16)	4,334	(54)	-	-	(23)	4,257
SICAVs	139	(1)		10	(56)	178	-	3	273	(1)	(97)	-	(46)	129
Offshore abs. ret.	1,630	130		(30)	38	1,694	(73)	24	3,413	(31)	(21)	-	(277)	3,084
Investment Trusts	32	(5)		1	-	-	-	-	28	-	-	-	(2)	26
Managed CDOs	1,210	(55)		103	(52)	-	-	66	1,272	(160)	-	-	(40)	1,072
Segr. mandates	9,251	(231)	201	(162)	(2,216)	2,411	(65)	229	9,418	(343)	(338)	-	(552)	8,185
Liquidity funds	2,278	76	(1,889)	-	(45)	60	5	-	485	42	(65)	-	-	462
NSIM mandates	1,092	72	-	(16)	(6)	-	-	3	1,145	-	-	(1,137)	(8)	-
<b>Total Institutional</b>	<b>20,119</b>	<b>(205)</b>	<b>(1,688)</b>	<b>44</b>	<b>(2,582)</b>	<b>4,515</b>	<b>(144)</b>	<b>309</b>	<b>20,368</b>	<b>(547)</b>	<b>(521)</b>	<b>(1,137)</b>	<b>(948)</b>	<b>17,215</b>
<b>Total Inv. Mngt</b>	<b>42,240</b>	<b>142</b>	<b>(1,481)</b>	<b>102</b>	<b>(2,324)</b>	<b>14,381</b>	<b>(434)</b>	<b>432</b>	<b>53,058</b>	<b>(1,216)</b>	<b>(775)</b>	<b>(1,137)</b>	<b>(5,617)</b>	<b>44,313</b>
<i>Abs Return retail</i>	292	97	-	39	87	656	138	21	1,330	(39)	141	-	(93)	1,339
<i>Abs Return instl.</i>	1,811	77	-	17	113	1,694	(73)	(24)	3,615	(31)	(21)	-	(183)	3,380
<i>Total Abs. Return</i>	<b>2,103</b>	<b>174</b>	<b>-</b>	<b>56</b>	<b>200</b>	<b>2,350</b>	<b>65</b>	<b>(3)</b>	<b>4,945</b>	<b>(70)</b>	<b>120</b>	<b>-</b>	<b>(276)</b>	<b>4,719</b>
<b>PROPERTY</b>														
UK OEICs/UTrusts	840	(14)	-	(21)	(2)	-	-	28	831	(23)	-	-	1	809
<b>Total Retail</b>	<b>840</b>	<b>(14)</b>	<b>-</b>	<b>(21)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>831</b>	<b>(23)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>809</b>
Property funds	8,977	18	-	31	111	-	-	289	9,426	14	-	-	9	9,449
Segr. mandates	1,993	6	18	(5)	78	-	-	26	2,116	40	-	-	14	2,170
<b>Total Institutional</b>	<b>10,970</b>	<b>24</b>	<b>18</b>	<b>26</b>	<b>189</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>11,542</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>11,619</b>
<b>Total Property</b>	<b>11,810</b>	<b>10</b>	<b>18</b>	<b>5</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>343</b>	<b>12,373</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>12,428</b>
<b>PRIVATE EQUITY</b>														
Investment Trusts	78	(14)	-	1	-	-	-	-	65	-	-	-	-	65
<b>Total Retail</b>	<b>78</b>	<b>(14)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>
Private Equity funds	728	(11)	-	135	(5)	-	-	(12)	835	(12)	-	-	77	900
Hermes JV	-	-	-	-	-	1,334	(4)	68	1,398	-	(17)	-	16	1,397
<b>Total Institutional</b>	<b>728</b>	<b>(11)</b>	<b>-</b>	<b>135</b>	<b>(5)</b>	<b>1,334</b>	<b>(4)</b>	<b>56</b>	<b>2,233</b>	<b>(12)</b>	<b>(17)</b>	<b>-</b>	<b>93</b>	<b>2,297</b>
<b>Total Private Equity</b>	<b>806</b>	<b>(25)</b>	<b>-</b>	<b>136</b>	<b>(5)</b>	<b>1,334</b>	<b>(4)</b>	<b>56</b>	<b>2,298</b>	<b>(12)</b>	<b>(17)</b>	<b>-</b>	<b>93</b>	<b>2,362</b>
<b>PHOENIX</b>														
UK OEICs/UTrusts	3,238	(76)	-	20	(67)	-	-	26	3,141	(51)	-	-	(368)	2,722
Segr. mandates	2,307	77	864	145	(110)	-	-	136	3,419	112	-	-	(38)	3,493
Private Equity funds	118	(2)	-	(2)	(3)	-	-	22	133	(18)	-	-	(3)	112
Liquidity funds	1,090	(226)	(864)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Phoenix</b>	<b>6,753</b>	<b>(227)</b>	<b>-</b>	<b>163</b>	<b>(180)</b>	<b>-</b>	<b>-</b>	<b>184</b>	<b>6,693</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>(409)</b>	<b>6,327</b>
<b>TOTAL GROUP</b>	<b>61,609</b>	<b>(100)</b>	<b>(1,463)</b>	<b>406</b>	<b>(2,322)</b>	<b>15,715</b>	<b>(438)</b>	<b>1,015</b>	<b>74,422</b>	<b>(1,154)</b>	<b>(792)</b>	<b>(1,137)</b>	<b>(5,909)</b>	<b>65,430</b>

<sup>1</sup> The transfer of HLAIF to DB Advisors.

<sup>2</sup> Before net notified redemptions of £368m at completion of the Gartmore acquisition on 4 April 2011 ('Completion'). As at 30 September 2011 all notified redemptions had been withdrawn.

<sup>3</sup> Since Completion

<sup>4</sup> Merged funds are reported as HGG on ongoing basis.

<sup>5</sup> The sale of the Group shareholding in WorldInvest Management Ltd (WorldInvest) to Connor, Clark & Lunn UK Limited (CCL). WorldInvest owned 100% of the share capital of New Star Institutional Managers Limited (NSIM).

### Appendix 3: Detailed Gartmore AUM and flows

£ million	Net of notified redemptions											
	Opening AUM	Pre-acq net flows	Market /FX	Closing AUM	Net flows	Market /FX	Closing AUM	Net flows <sup>1</sup>	Market /FX	Closing AUM pre mergers	Fund mergers into HGG funds	Closing AUM
	1 Jan	1Q11		31 Mar	2Q11		30 Jun	3Q11		30 Sep	3Q11	30 Sep
<b>INV. MNGT</b>												
UK OEICs/UTrusts	6,670	(324)	40	6,386	(166)	55	6,275	(72)	(759)	5,444	(1,200)	4,244
SICAVs	3,349	(301)	(28)	3,020	(117)	45	2,948	(110)	(562)	2,276		2,276
Investment Trusts	385	(14)	12	383	-	3	386	(2)	(71)	313		313
<b>Total Retail</b>	<b>10,404</b>	<b>(639)</b>	<b>24</b>	<b>9,789</b>	<b>(283)</b>	<b>103</b>	<b>9,609</b>	<b>(184)</b>	<b>(1,392)</b>	<b>8,033</b>	<b>(1,200)</b>	<b>6,833</b>
UK OEICs/UTrusts	202	(45)	12	169	(8)	28	189	-	(34)	155		155
SICAVs	320	(246)	(2)	72	2	(2)	72	7	(19)	60		60
Offshore abs. ret.	1,588	(59)	(17)	1,512	59	54	1,625	29	(92)	1,562		1,562
Segr. mandates	2,652	(226)	(15)	2,411	(65)	(30)	2,316	(338)	(336)	1,642		1,642
Liquidity funds	81	(21)	-	60	5	3	68	(65)	(3)	-		-
<b>Total Institutional</b>	<b>4,843</b>	<b>(597)</b>	<b>(22)</b>	<b>4,224</b>	<b>(7)</b>	<b>53</b>	<b>4,270</b>	<b>(367)</b>	<b>(484)</b>	<b>3,419</b>	<b>-</b>	<b>3,419</b>
<b>Total Inv. Mngt</b>	<b>15,247</b>	<b>(1,236)</b>	<b>2</b>	<b>14,013</b>	<b>(290)</b>	<b>156</b>	<b>13,879</b>	<b>(551)</b>	<b>(1,876)</b>	<b>11,452</b>	<b>(1,200)</b>	<b>10,252</b>
<i>Abs Return retail</i>	636	2	18	656	138	9	803	141	(63)	881		881
<i>Abs Return instl.</i>	1,588	(59)	(17)	1,512	59	54	1,625	29	(92)	1,562		1,562
<i>Total Abs. Return</i>	2,224	(57)	1	2,168	197	63	2,428	170	(155)	2,443		2,443
<b>PRIVATE EQUITY</b>												
Hermes JV	1,250	21	63	1,334	(4)	68	1,398	(17)	61	1,397		1,397
<b>Total Private Equity</b>	<b>1,250</b>	<b>21</b>	<b>63</b>	<b>1,334</b>	<b>(4)</b>	<b>68</b>	<b>1,398</b>	<b>(17)</b>	<b>61</b>	<b>1,397</b>		<b>1,397</b>
<b>TOTAL GARTMORE</b>	<b>16,497</b>	<b>(1,215)</b>	<b>65</b>	<b>15,347</b>	<b>(294)</b>	<b>224</b>	<b>15,277</b>	<b>(568)</b>	<b>(1,860)</b>	<b>12,849</b>	<b>(1,200)</b>	<b>11,649</b>

<sup>1</sup> As at 30 September 2011 all notified redemptions had been withdrawn.

## **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 £65.4bn assets under management and employed around 1,100 people worldwide (as at 30 September 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.

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