

1H14 interim results

Thursday 7 August 2014

Andrew Formica
Chief Executive

Roger Thompson
Chief Financial Officer



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Henderson
GROUP PLC

1H14 interim results

Highlights and business update

Andrew Formica
Chief Executive



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Henderson
GROUP PLC

Agenda

- 1H14 highlights
- Industry overview
- Investing for growth and globalisation
- 1H14 financial results
- Outlook

1H14 highlights

- ✓ AUM increased to £74.7bn
- ✓ 1H14 net inflows of £5.0bn
- ✓ Investment performance remains strong
- ✓ Increased profits from continuing operations
- ✓ Acquisition of Geneva Capital Management supports growth and globalisation strategy
- ✓ Interim dividend of 2.60p

	1H14	1H13	Change
Total AUM	£74.7bn	£67.9bn	↑
Net flows	£5.0bn	(£1.4bn)	↑
3 year investment performance ¹	86%	73%	↑
Underlying PBT ²	£90.7m	£88.5m	↑
Dividend per share	2.60p	2.15p	↑

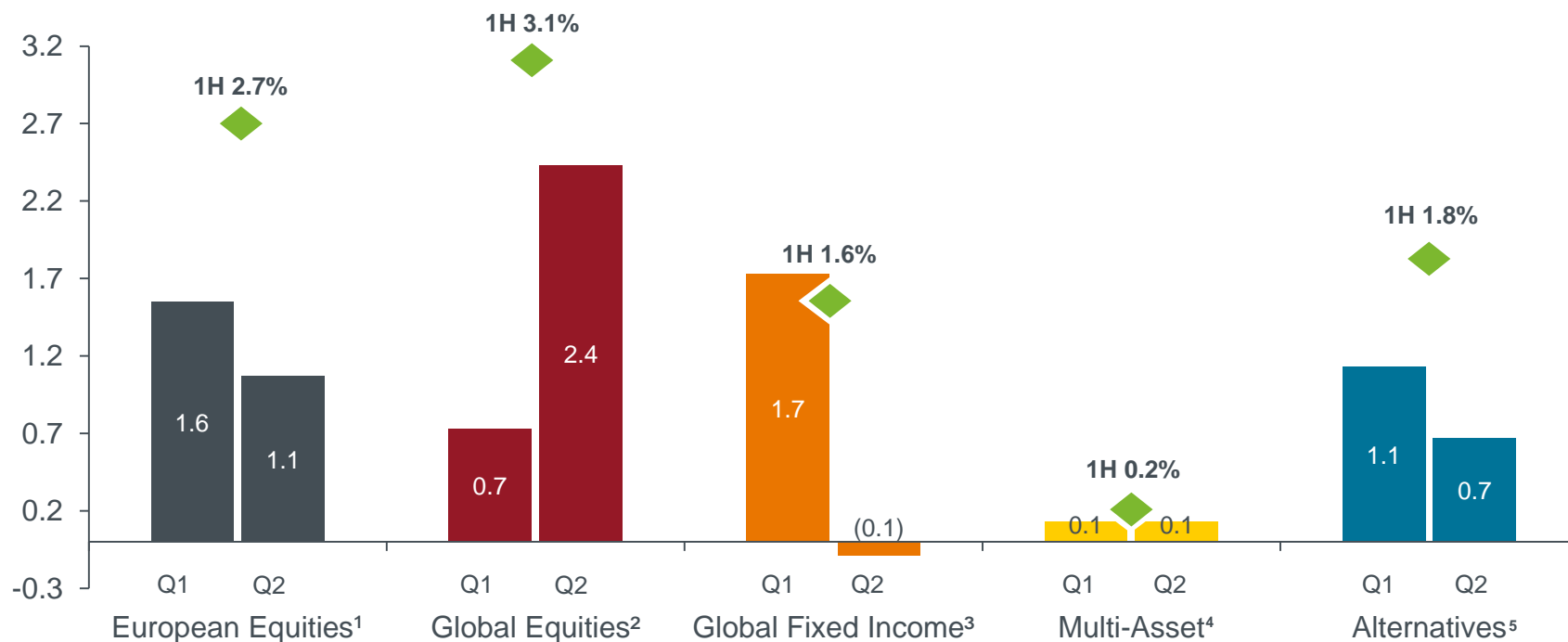
¹ Percentage of funds, asset-weighted, outperforming relevant metric.

² Based on continuing operations, excluding property interests transferred as a result of transactions completed on 1 Apr 2014.

1H14 market returns

Relatively benign markets

Total return – % change year-to-date



Source: Datastream. Converted into GBP at prevailing rates.

¹ MSCI Europe index (unhedged).

² MSCI World index (unhedged).

³ Barclays Global Aggregate (unhedged).

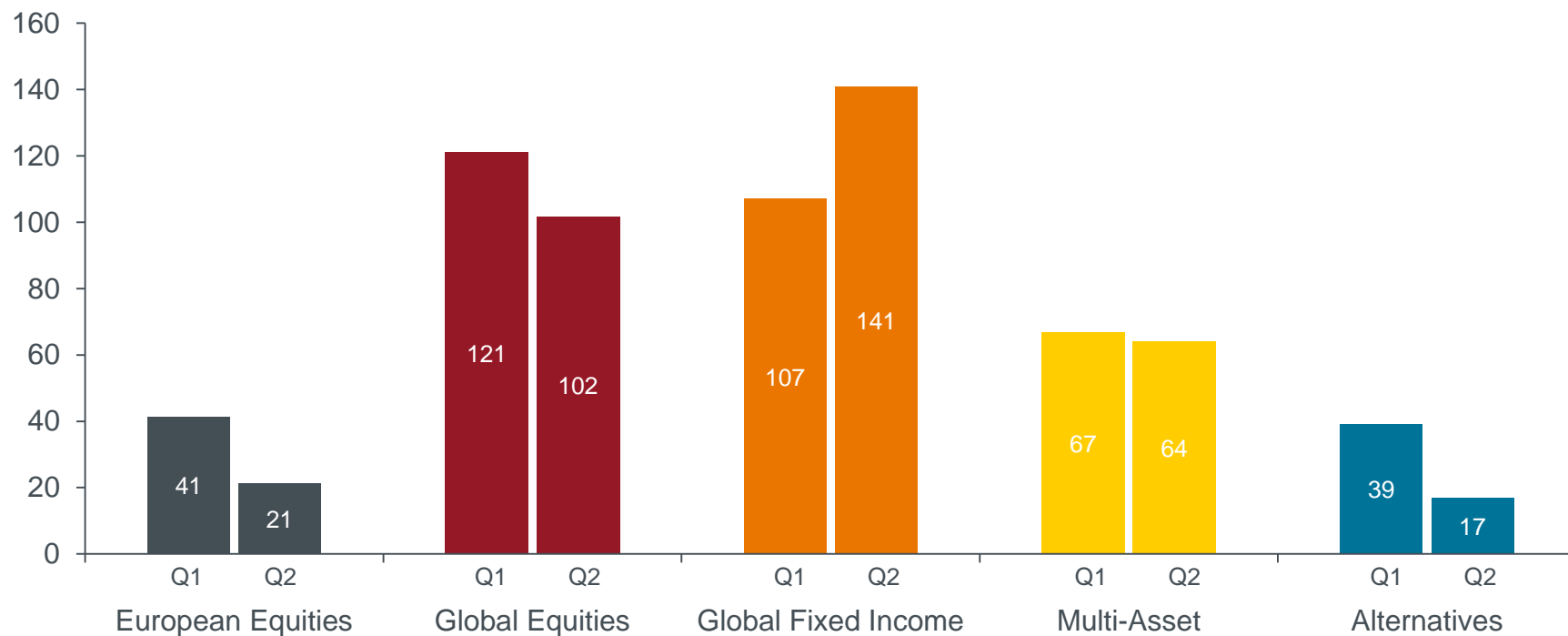
⁴ 3 month LIBOR.

⁵ HFRX Global Hedge Fund index.

1H14 market flows

All major asset classes are seeing inflows

Global quarterly asset flows (US\$bn)

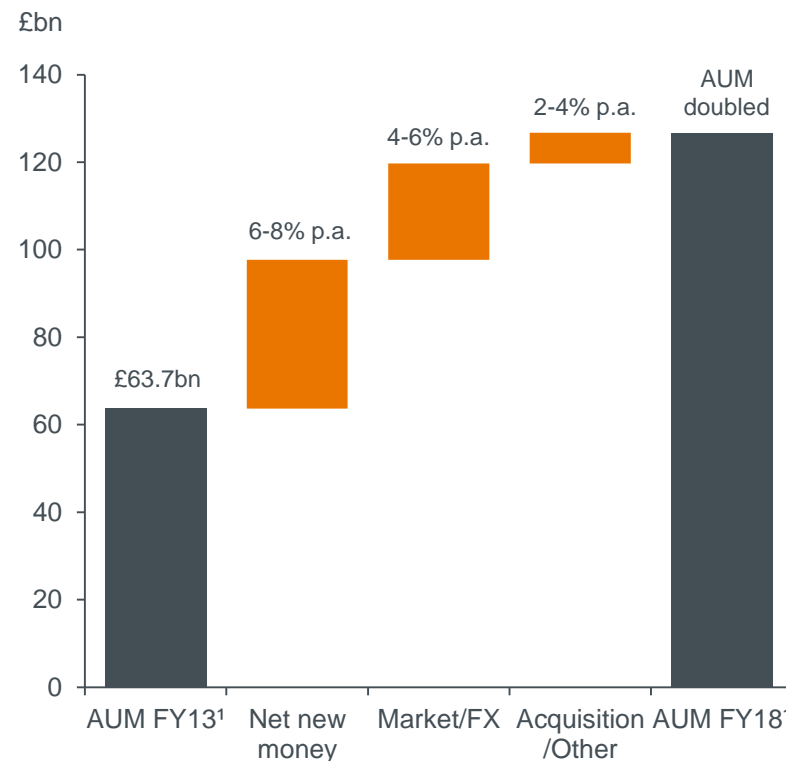


Source: Morningstar Direct, Worldwide OE.

Our strategy: growth and globalisation

Keys to sustained shareholder returns

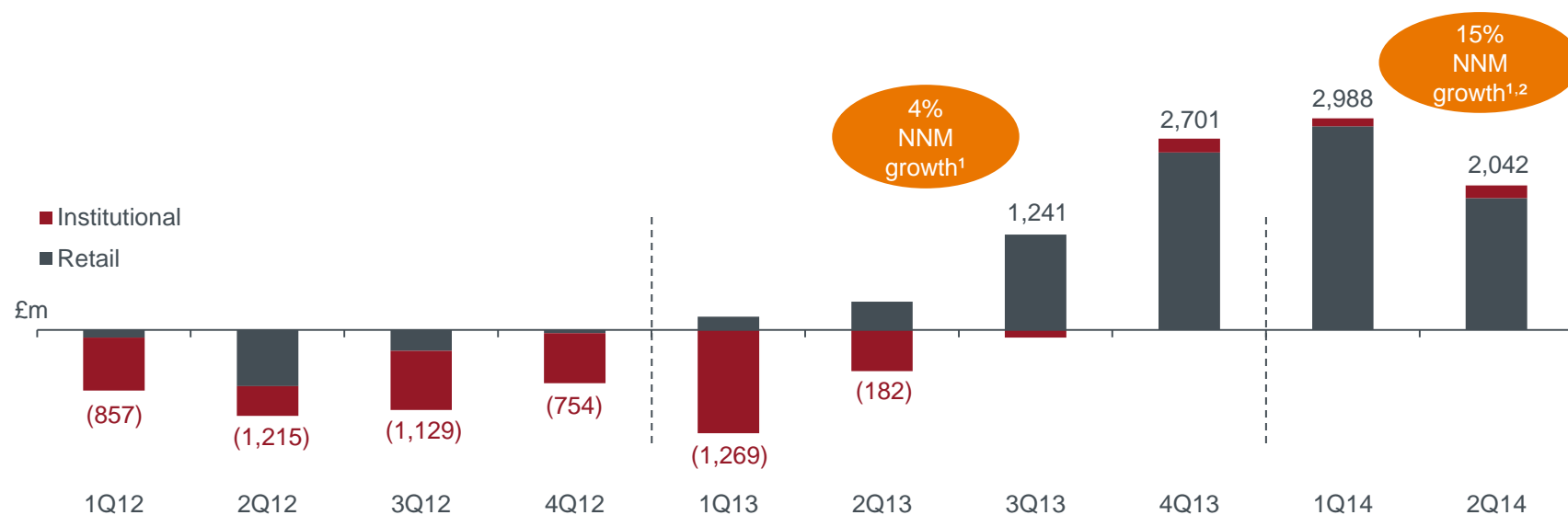
- Above industry net new money growth
- Strong investment performance
- Carefully targeted investment
 - Investment management capabilities
 - Client relationships
 - Global platforms
- Operational leverage
- Disciplined use of capital



¹ Excludes AUM subject to Property transactions with TIAA-CREF and resultant TH Real Estate JV AUM (but includes Henderson UK Property Unit Trust).

Henderson net client flows

Retail driven: Institutional client inflows significantly improved



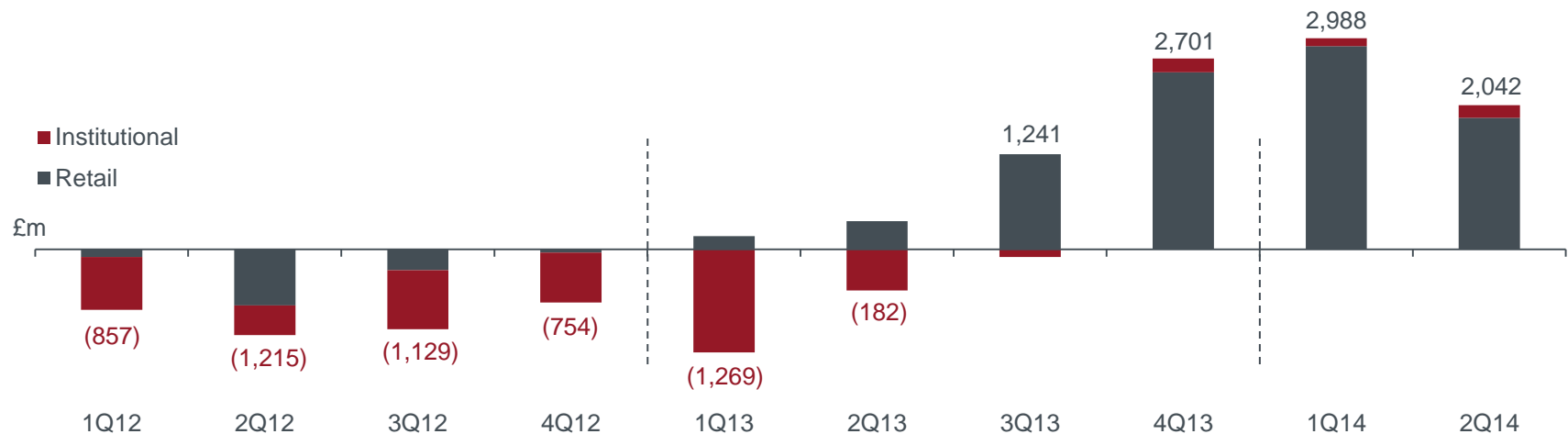
¹ Net new money (NNM) growth represents net flows as a percentage of the opening AUM for the relevant period and annualised where necessary.

² Excludes AUM subject to Property transactions with TIAA-CREF and resultant TH Real Estate JV AUM (but includes Henderson UK Property Unit Trust).

Henderson net client flows

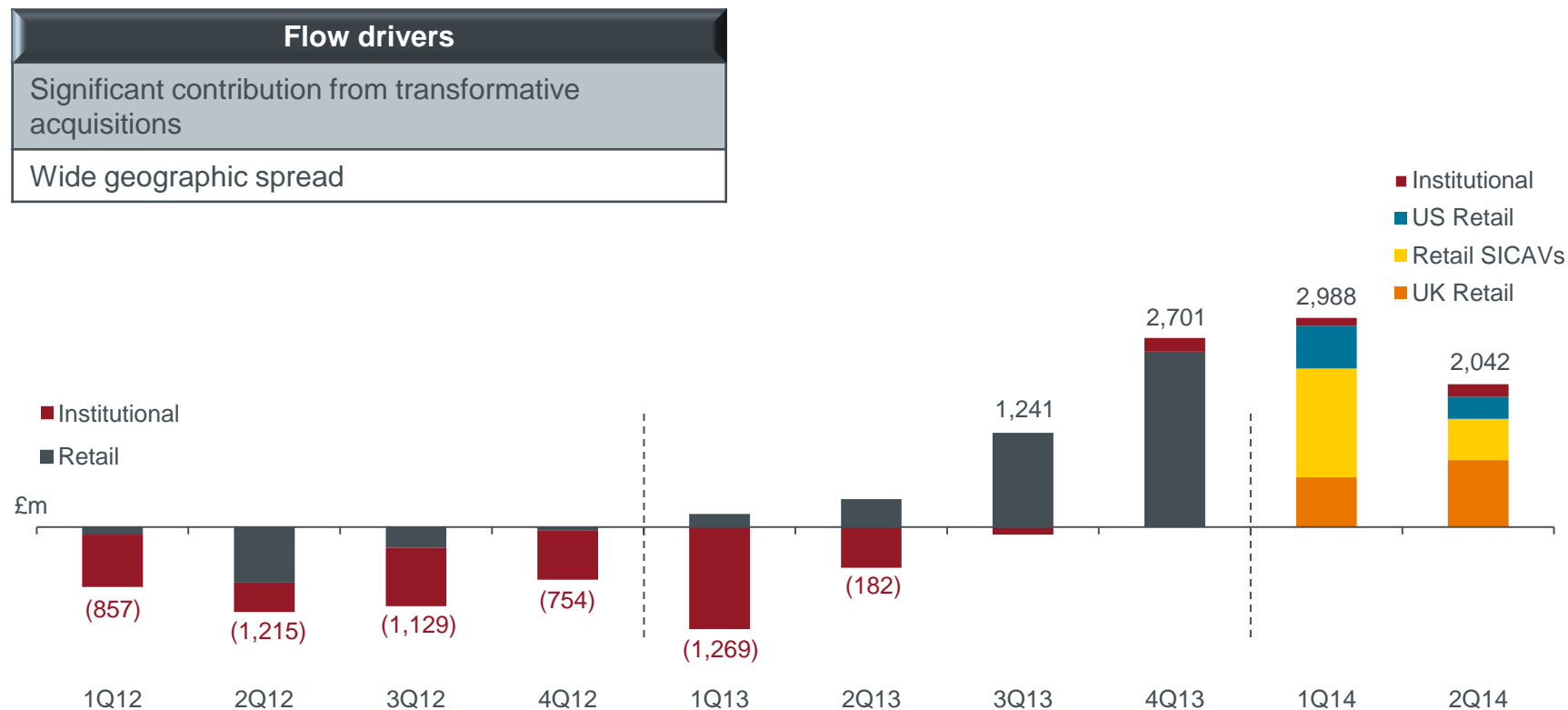
Retail driven: Institutional client inflows significantly improved

Flow drivers
Significant contribution from transformative acquisitions
Wide geographic spread



Henderson net client flows

Retail driven: Institutional client inflows significantly improved

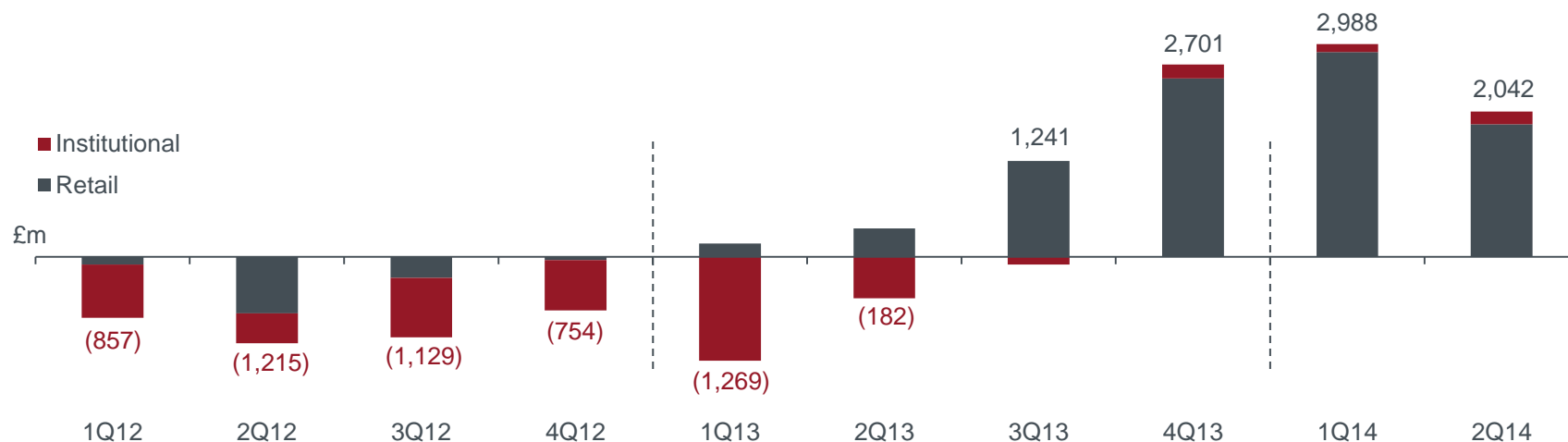


Henderson net client flows

Retail driven: Institutional client inflows significantly improved

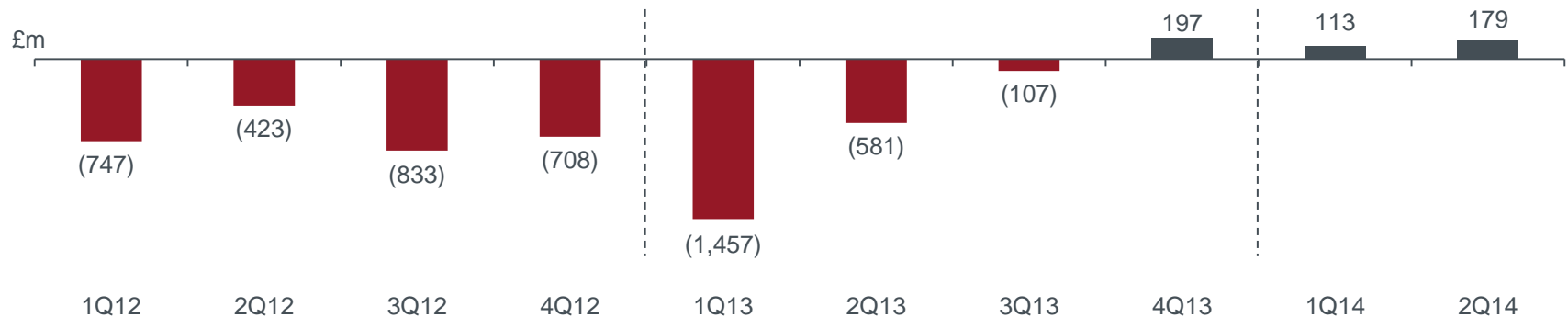
Flow drivers
Significant contribution from transformative acquisitions
Wide geographic spread

Product pipeline
New capabilities
Extension of Alternatives strategies



Institutional net flows

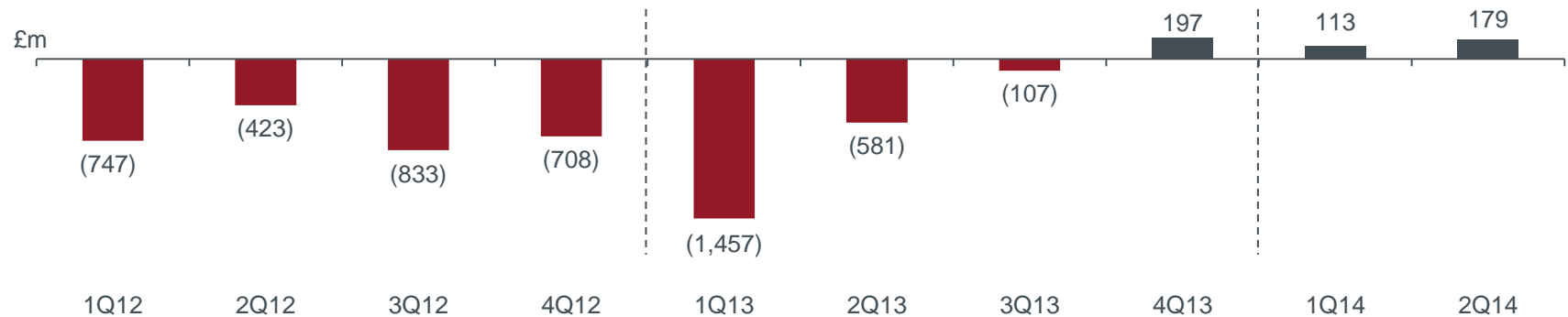
Turnaround under way; significant contribution envisaged during five year plan



Institutional net flows

Turnaround under way; significant contribution envisaged during five year plan

Flow drivers
Consistent headwind of c£700m outflow per annum
Global Equities winning mandates ahead of schedule
Turnaround in absolute return offshore fund flows

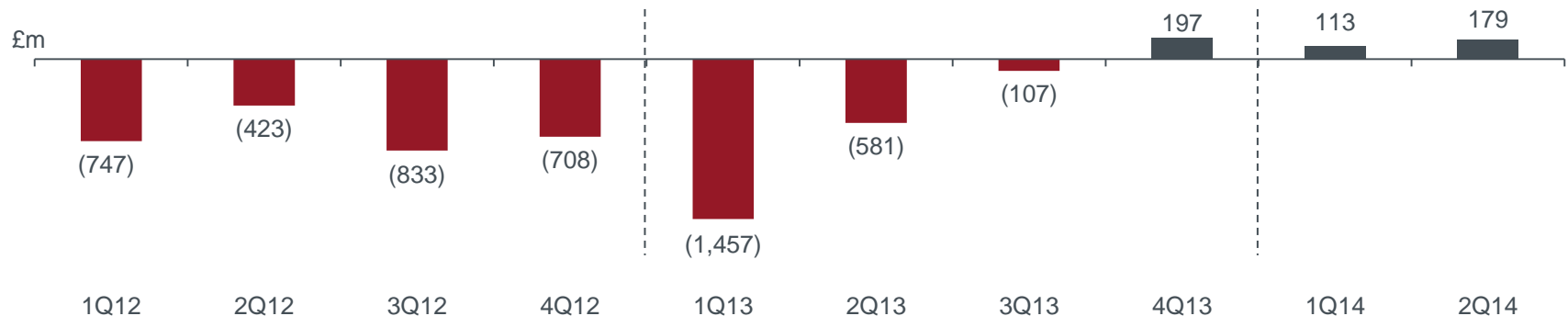


Institutional net flows

Turnaround under way; significant contribution envisaged during five year plan

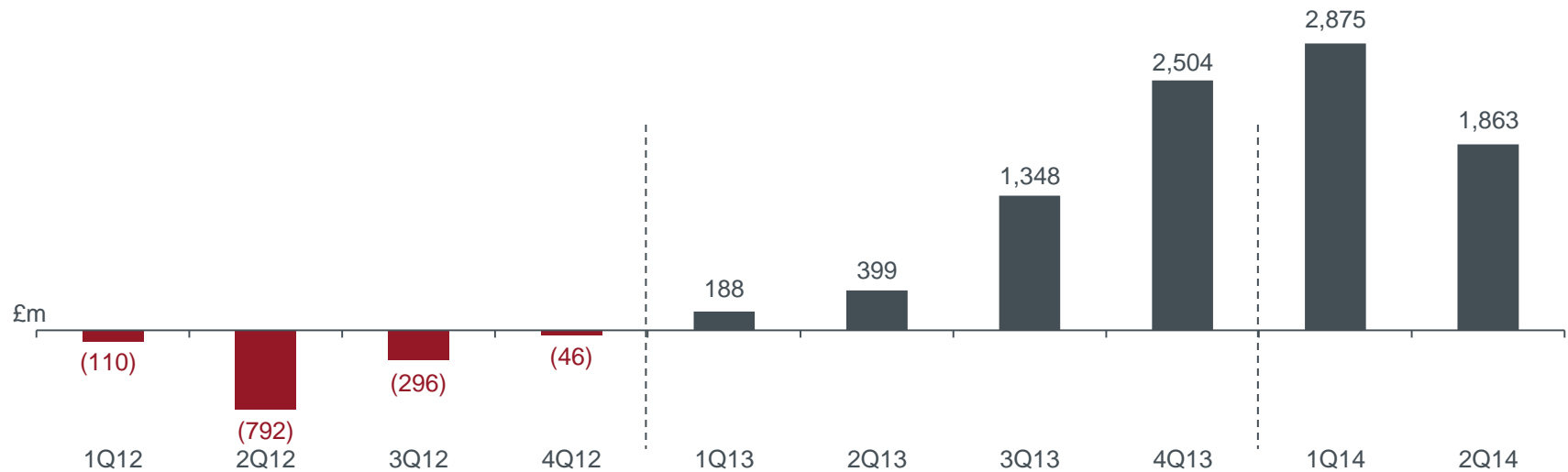
Flow drivers
Consistent headwind of c£700m outflow per annum
Global Equities winning mandates ahead of schedule
Turnaround in absolute return offshore fund flows

Investment
Investment management capabilities: Global Equities; Multi-Asset; Global Credit
Distribution: Pan Asia; Northern Europe; US



Retail net flows

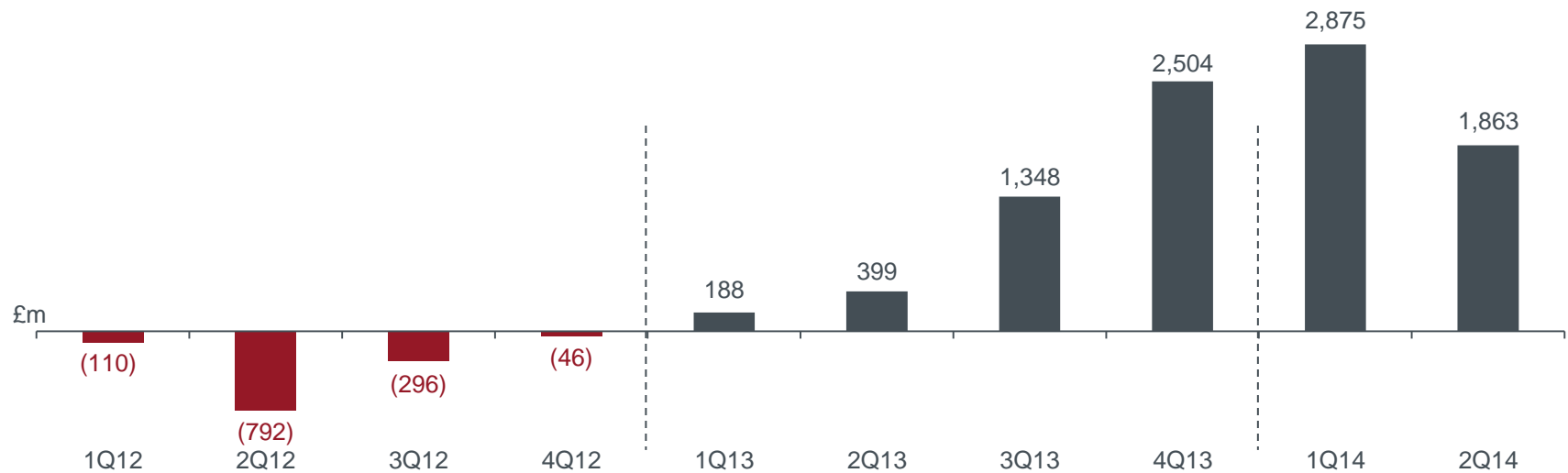
Gaining market share



Retail net flows

Gaining market share

Flow drivers
Diversification
Scale



Diversification

12 Retail funds with net flows of £100m+ in 1H14

Fund	Fund range	Capability	AUM	1H14 net flows
Henderson Horizon Pan Euro Alpha	SICAV	Alternatives	£0.9bn	£554m
Henderson European Focus	US Mutual	European Equities	£1.5bn	£517m
Henderson UK Property Unit Trust	UK OEIC/UT	Alternatives	£2.0bn	£507m
Henderson Gartmore Continental Europe	SICAV	European Equities	£1.8bn	£418m
Henderson Horizon Pan Euro Equity	SICAV	European Equities	£2.8bn	£410m
Henderson Gartmore UK Absolute Return	SICAV	Alternatives	£0.8bn	£368m
Henderson Horizon Euroland	SICAV	European Equities	£0.4bn	£298m
Henderson Horizon Euro Corp Bond	SICAV	Global Fixed Income	£1.6bn	£267m
Henderson Cautious Managed	UK OEIC/UT	Global Equities	£1.8bn	£257m
Henderson Global Equity Income	US Mutual	Global Equities	£1.8bn	£223m
International Opportunities	US Mutual	Global Equities	£2.3bn	£210m
Henderson UK Absolute Return	UK OEIC/UT	Alternatives	£0.4bn	£140m
Total			£18.1bn	£4,169m

Scale

13 Retail funds with AUM of £1bn+ at 30 June 2014

Fund	Fund range	Capability	1H14 net flows	AUM
Henderson Horizon Pan Euro Equity	SICAV	European Equities	£410m	£2.8bn
International Opportunities	US Mutual	Global Equities	£210m	£2.3bn
Henderson UK Property Unit Trust	UK OEIC/UT	Alternatives	£507m	£2.0bn
Henderson Global Equity Income	US Mutual	Global Equities	£223m	£1.8bn
Henderson Cautious Managed	UK OEIC/UT	Global Equities	£257m	£1.8bn
Henderson Horizon Global Technology	SICAV	Global Equities	£17m	£1.8bn
Henderson Gartmore Continental Europe	SICAV	European Equities	£418m	£1.8bn
Henderson Euro Selected Opportunities	UK OEIC/UT	European Equities	£48m	£1.7bn
Henderson Horizon Euro Corp Bond	SICAV	Global Fixed Income	£267m	£1.6bn
Henderson European Focus	US Mutual	European Equities	£517m	£1.5bn
Henderson Euro Special Situations	UK OEIC/UT	European Equities	£89m	£1.2bn
Henderson Strategic Bond	UK OEIC/UT	Global Fixed Income	£85m	£1.2bn
The City of London Investment Trust	Inv Trust	Global Equities	£46m	£1.2bn
Total			£3,094m	£22.7bn

Retail net flows

Gaining market share

Flow drivers

Diversification

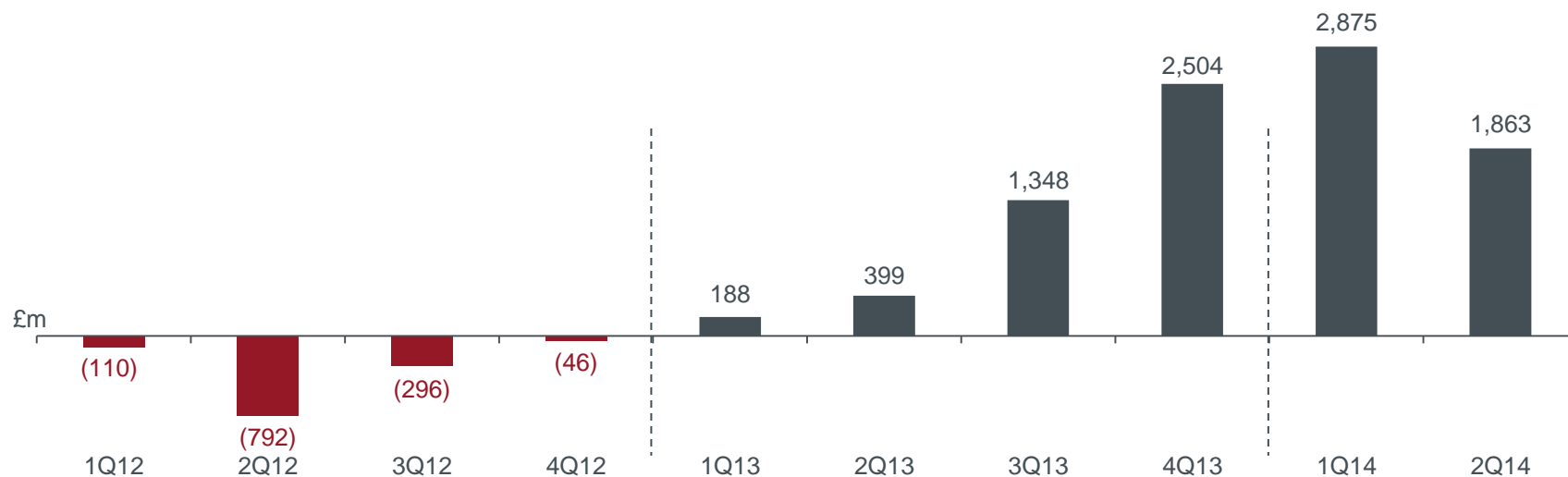
Scale

Investment

Scaleable, globally relevant strategies

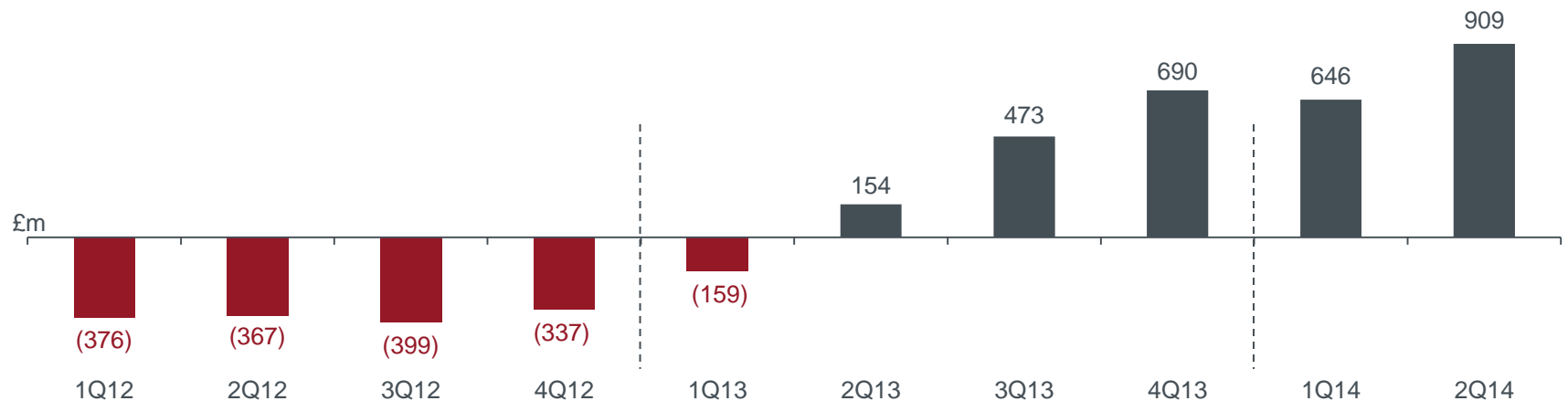
Brand building

Client-driven product development



UK Retail net flows

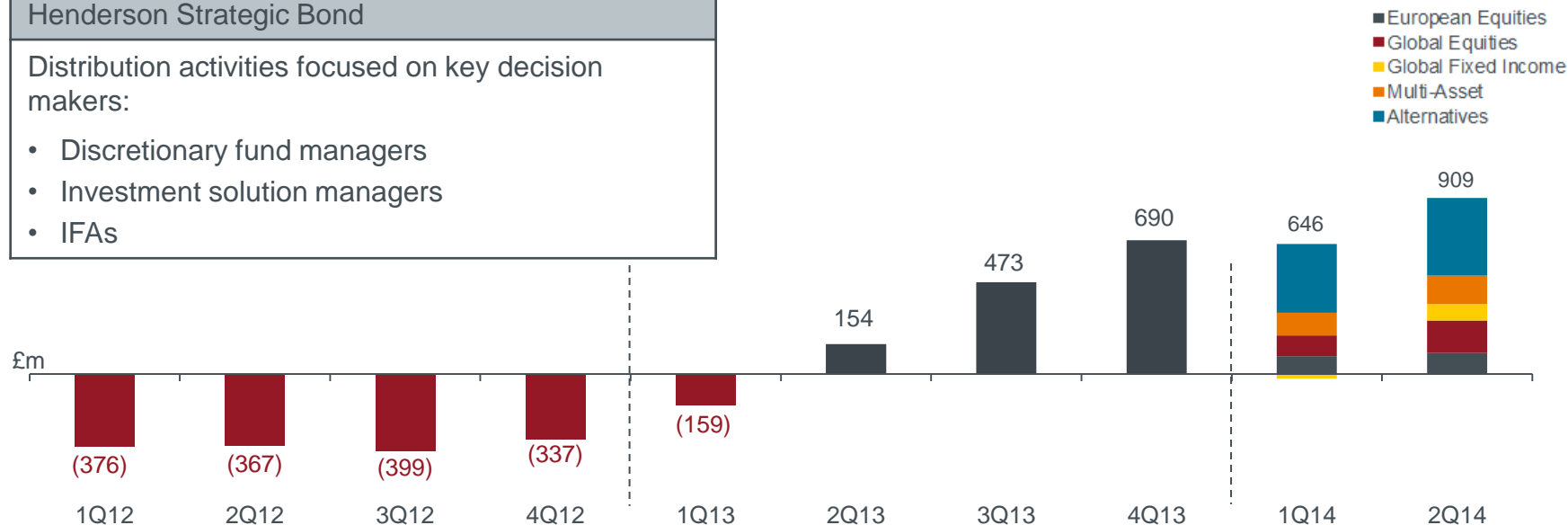
Solid, consistent and diversified flows



UK Retail net flows

Solid, consistent and diversified flows

Flow drivers
Key products: Henderson UK Property Unit Trust, Henderson Cautious Managed, Henderson UK Absolute Return, Henderson European Focus, Henderson Strategic Bond
Distribution activities focused on key decision makers:
<ul style="list-style-type: none"> Discretionary fund managers Investment solution managers IFAs

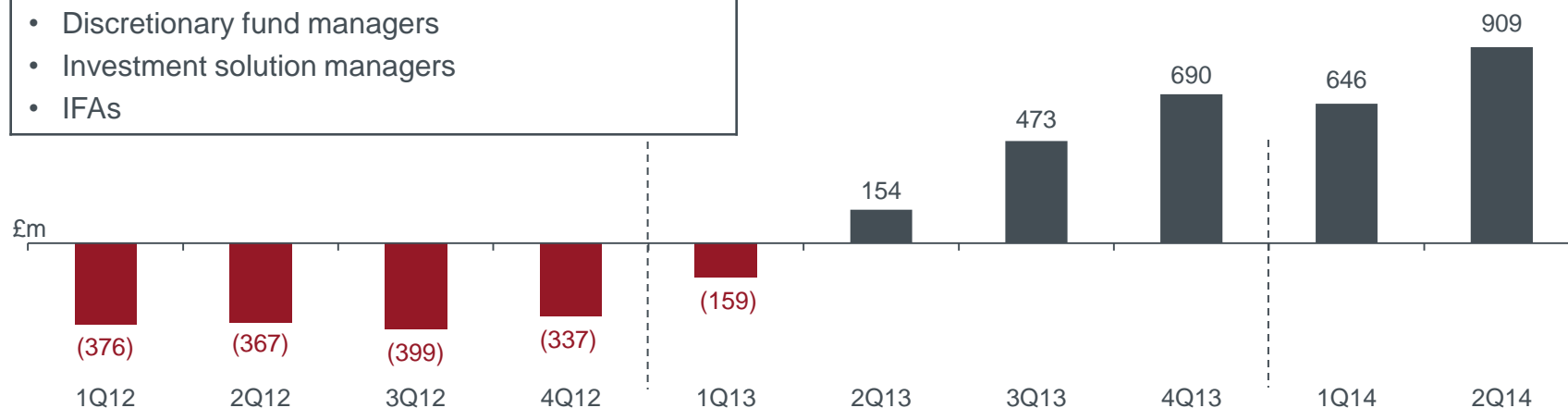


UK Retail net flows

Solid, consistent and diversified flows

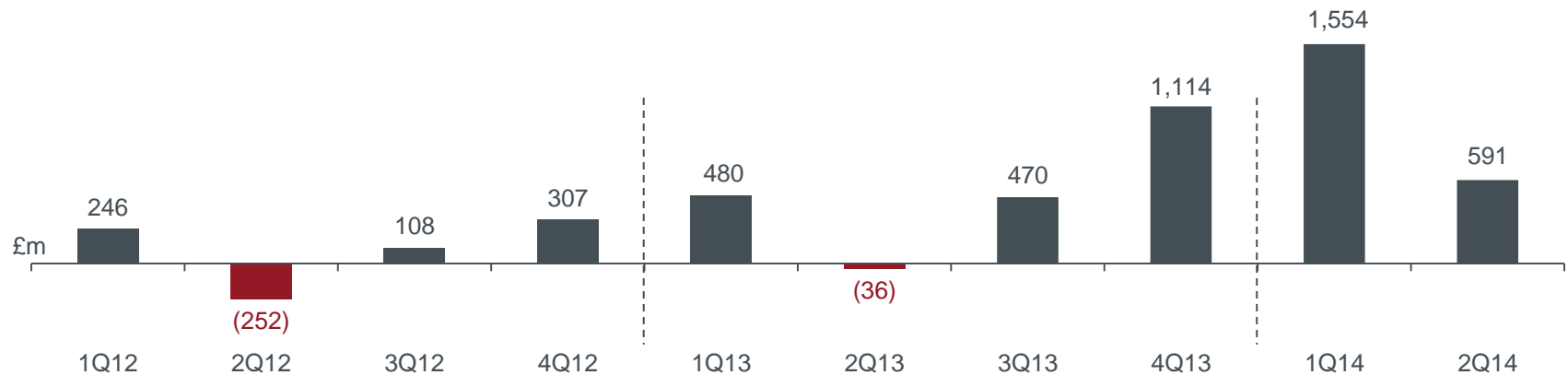
Flow drivers
Key products: Henderson UK Property Unit Trust, Henderson Cautious Managed, Henderson UK Absolute Return, Henderson European Focus, Henderson Strategic Bond
Distribution activities focused on key decision makers: <ul style="list-style-type: none">• Discretionary fund managers• Investment solution managers• IFAs

Investment
Marketing activities to back our winners
Client service and segmentation



SICAV Retail net flows

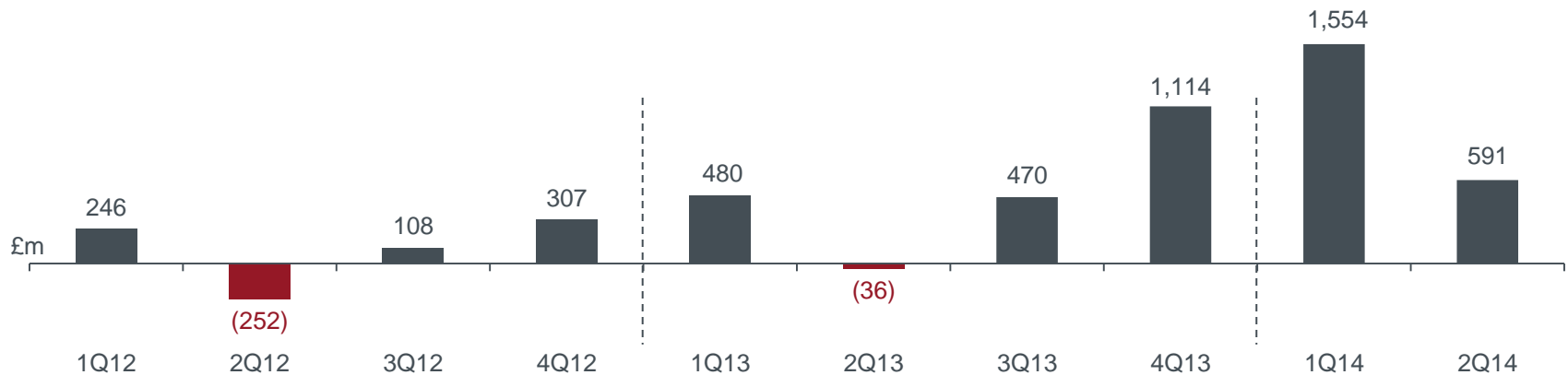
Product breadth supports local market requirements



SICAV Retail net flows

Product breadth supports local market requirements

Flow drivers
Europe: <i>not</i> one size fits all; strong growth from global relationships
Latin America: highest growth channel is offshore private banking



SICAV Retail net flows

Product breadth supports local market requirements

Flow drivers

Europe: *not* one size fits all; strong growth from global relationships

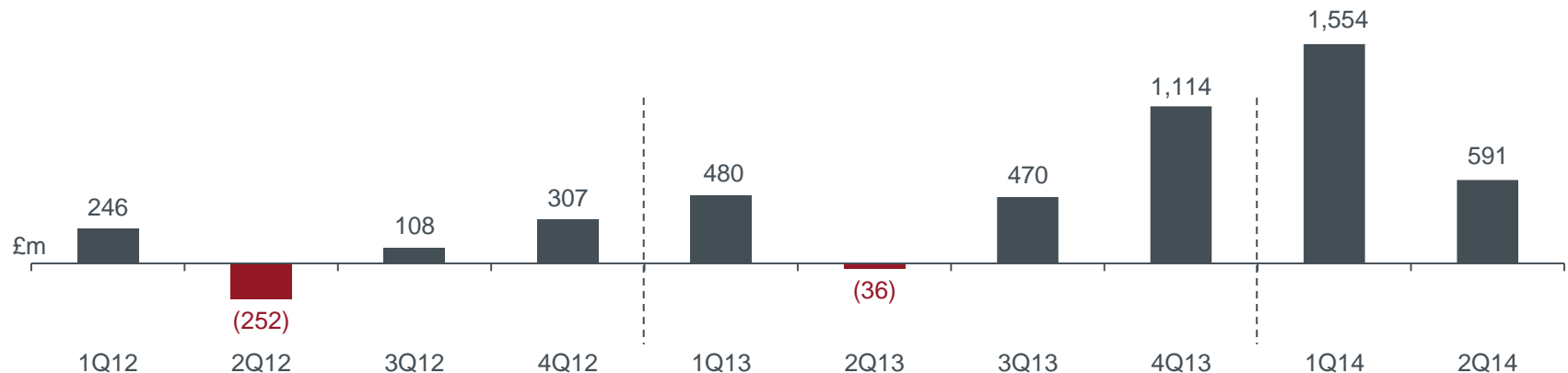
Latin America: highest growth channel is offshore private banking

Investment

Resource in Miami to support offshore channel

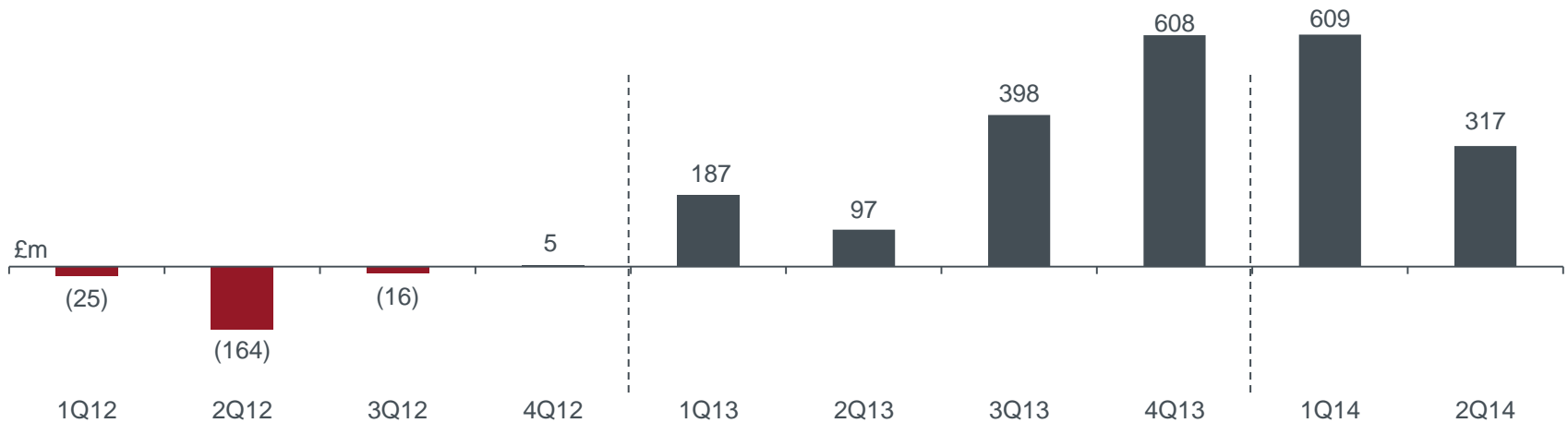
Strategic partnerships with IFA networks in Italy

Resource in Geneva to support global distribution relationships



US Mutuals net flows

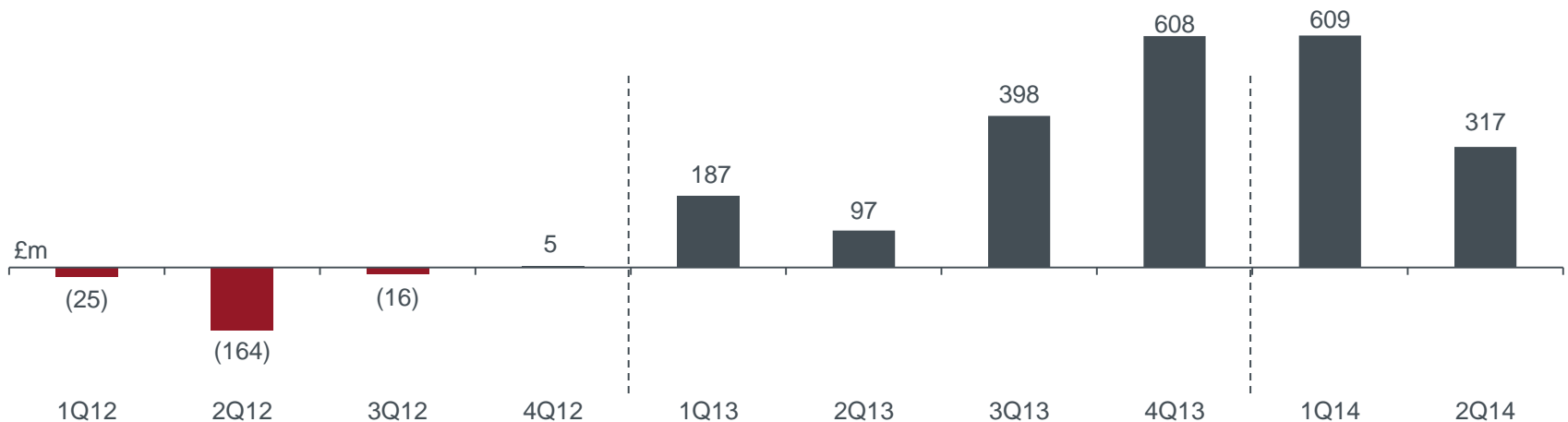
Recognised leader in European Equities



US Mutuals net flows

Broadening beyond European Equities

Flow drivers
Strong European Equities flows in Registered Investment Advisor and wirehouse channels
Growing income diversification from fixed income into Global Equities
Repositioning towards international equities



US Mutuals net flows

Broadening beyond European Equities

Flow drivers

Strong European Equities flows in Registered Investment Advisor and wirehouse channels

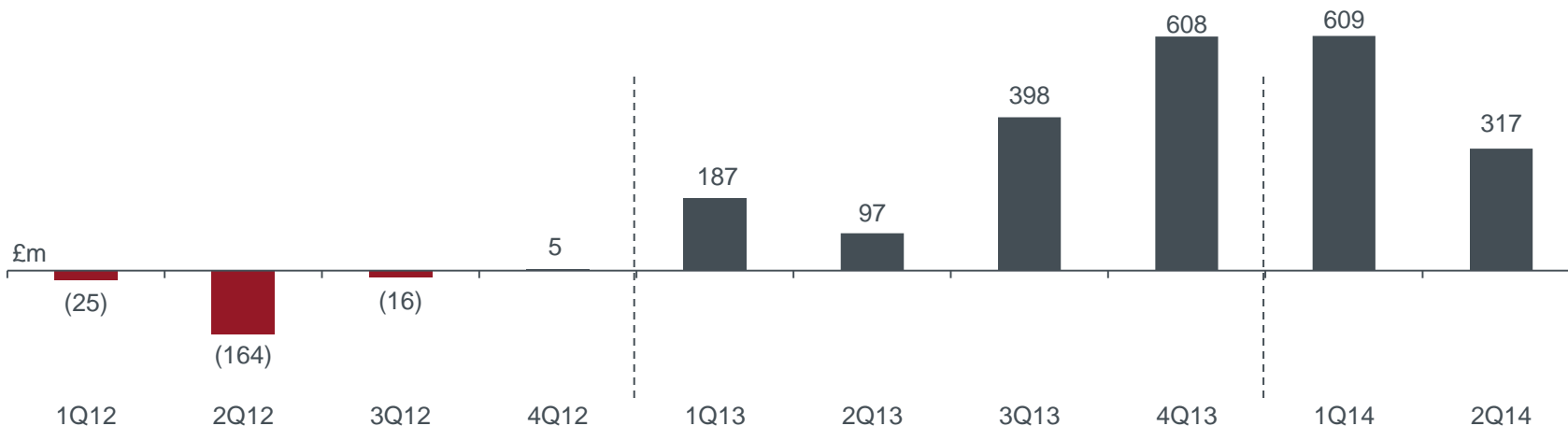
Growing income diversification from fixed income into Global Equities

Repositioning towards international equities

Investment

Expanded wholesale channel on West Coast in 2H13

2 new funds launched in 2013; 4 new funds slated for 2H14



Consistently strong investment performance

86% of funds outperforming over three years

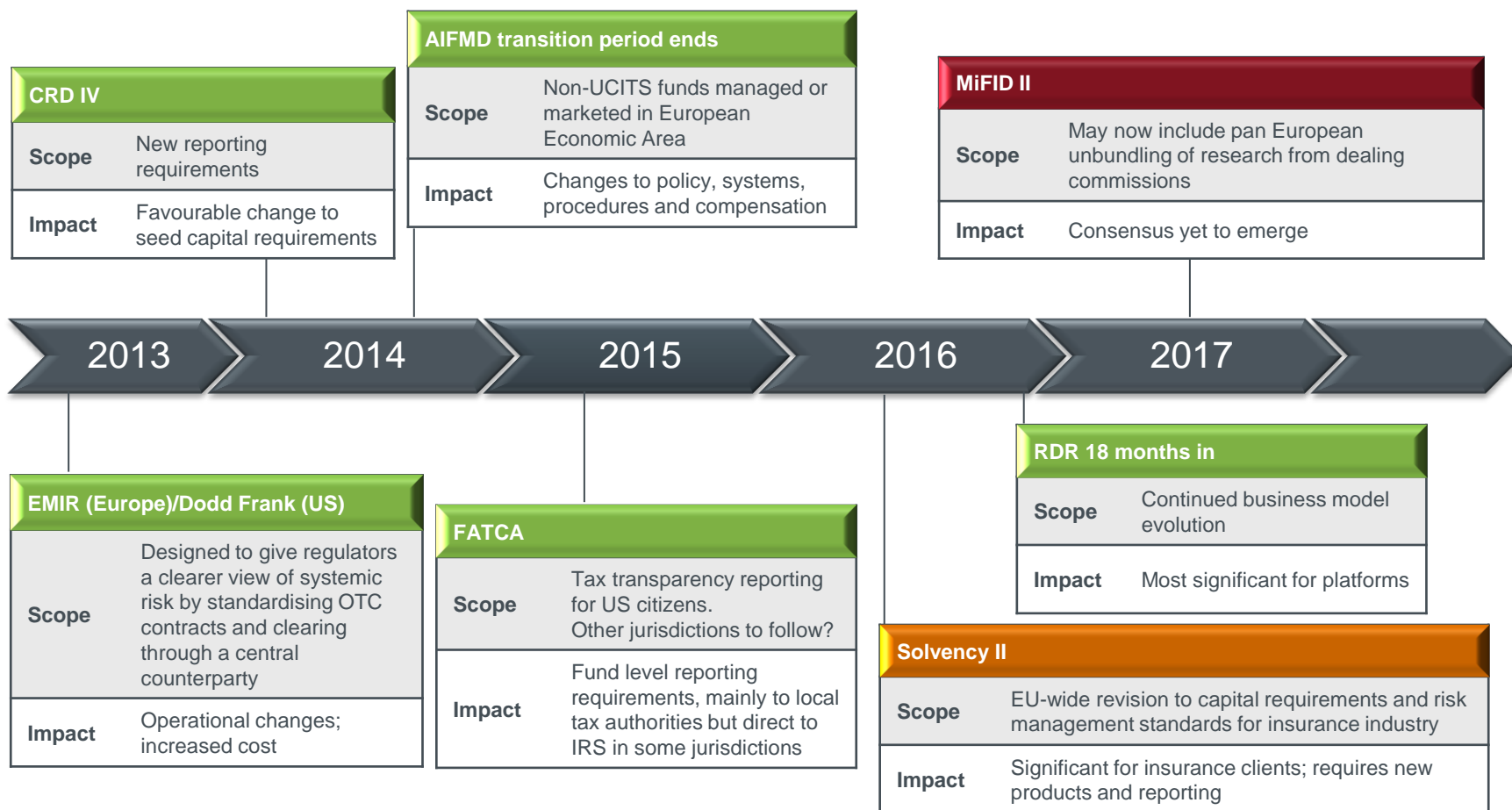
Core capabilities	AUM	1 year ¹	3 years ¹
European Equities	£15.4bn	61%	88%
Global Equities	£21.1bn	55%	80%
Global Fixed Income	£17.4bn	85%	95%
Multi-Asset	£6.6bn	85%	66%
Alternatives	£14.2bn	75%	100%
Total	£74.7bn	69%	86%

● 1st quartile/outperform/positive
 ● 2nd quartile
 ● 3rd quartile
 ● 4th quartile/underperform/negative

¹ Percentage of funds, assets-weighted, that are outperforming based on the relevant metric: peer quartile ranking for Retail, positive for absolute return, positive versus benchmark for Institutional.

Regulatory timeline

Major unknown is MiFID II



1H14 summary

- Good progress on a number of fronts
 - Strong investment performance
 - Market share gained in major markets
 - Disciplined investment for growth and globalisation
 - New talent joining the business
- Markets largely supportive; client activity levels high in the period

1H14 interim results

Financial results

Roger Thompson
Chief Financial Officer

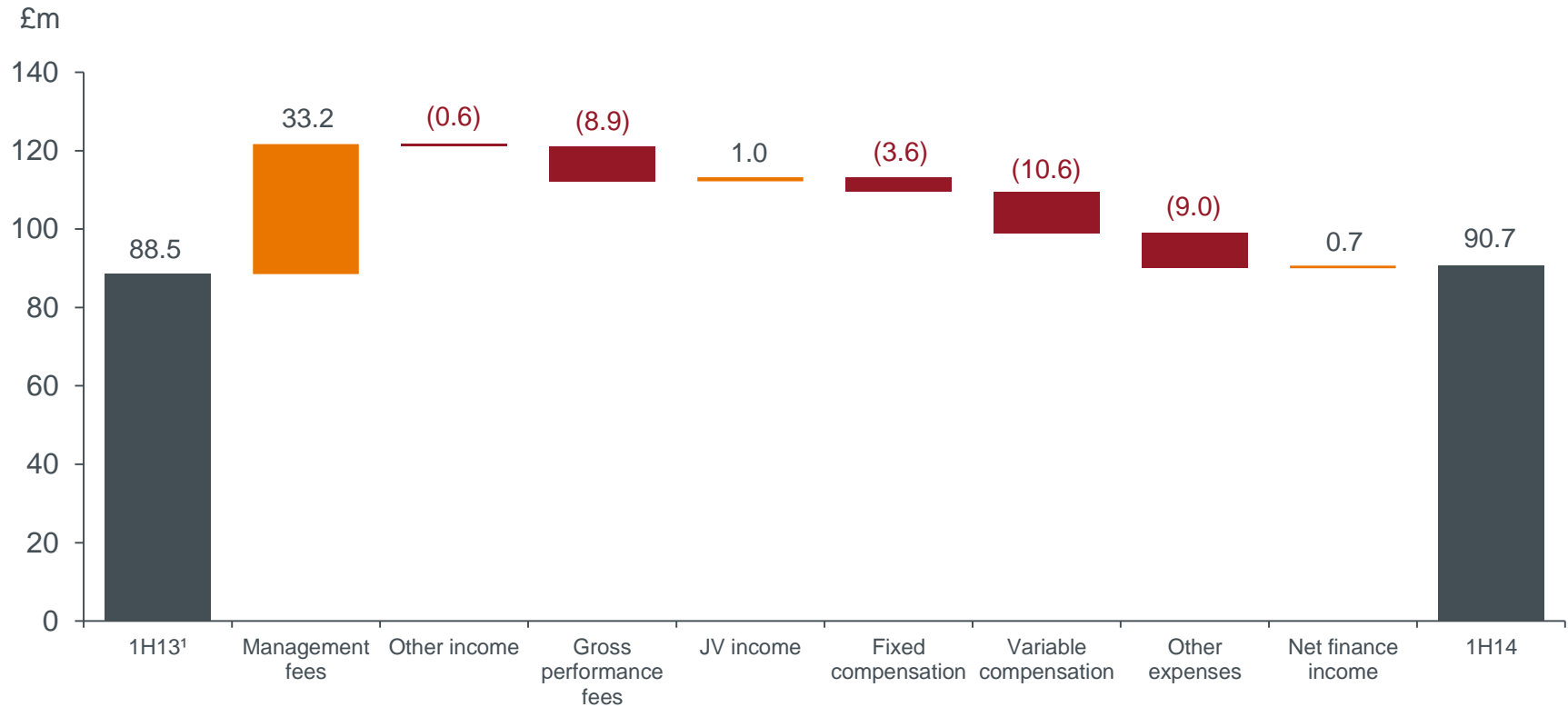


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Underlying profit before tax – key drivers

2% growth in continuing underlying profit



¹ Historical financials have been restated, where necessary, upon adoption of the amended standard IFRS 10 Consolidated Financial Statements.

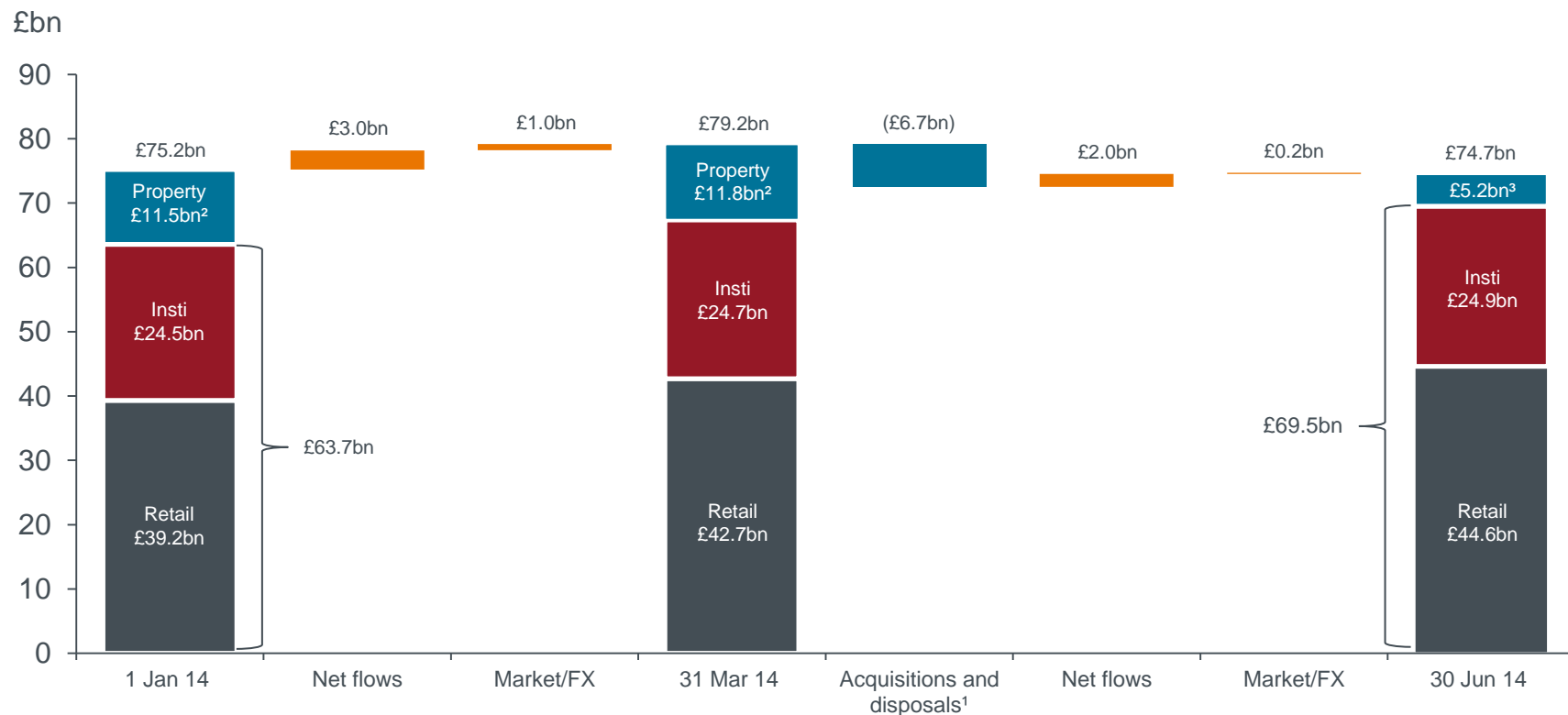
Income drivers

Management fees saw strong growth

	1H14 £m	1H13 ¹ £m	Change %	Notes
Management fees (net of commissions)	193.7	160.5	21	Intrinsic disposal due to complete 4Q14. 1H14 revenue of £2.2m in this line.
Performance fees	45.2	54.1	(16)	
Other income	15.8	16.4	(4)	Reflects reduced bps cost recharges on UK funds from 2H13. Likely to remain stable going forward.
Net fee income	254.7	231.0	10	
Income from associates and joint ventures	2.0	1.0	100	Includes 2Q14 share of TIAA Henderson JV profit. Intrinsic disposal due to complete 4Q14; 1H14 profit of £1.5m in this line.
Finance income	5.2	4.3	21	Seed capital gains of £1.6m in 1H14. Normalised run rate for finance income estimated at £7m p.a.
Total income	261.9	236.3	11	

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1H14 AUM movements



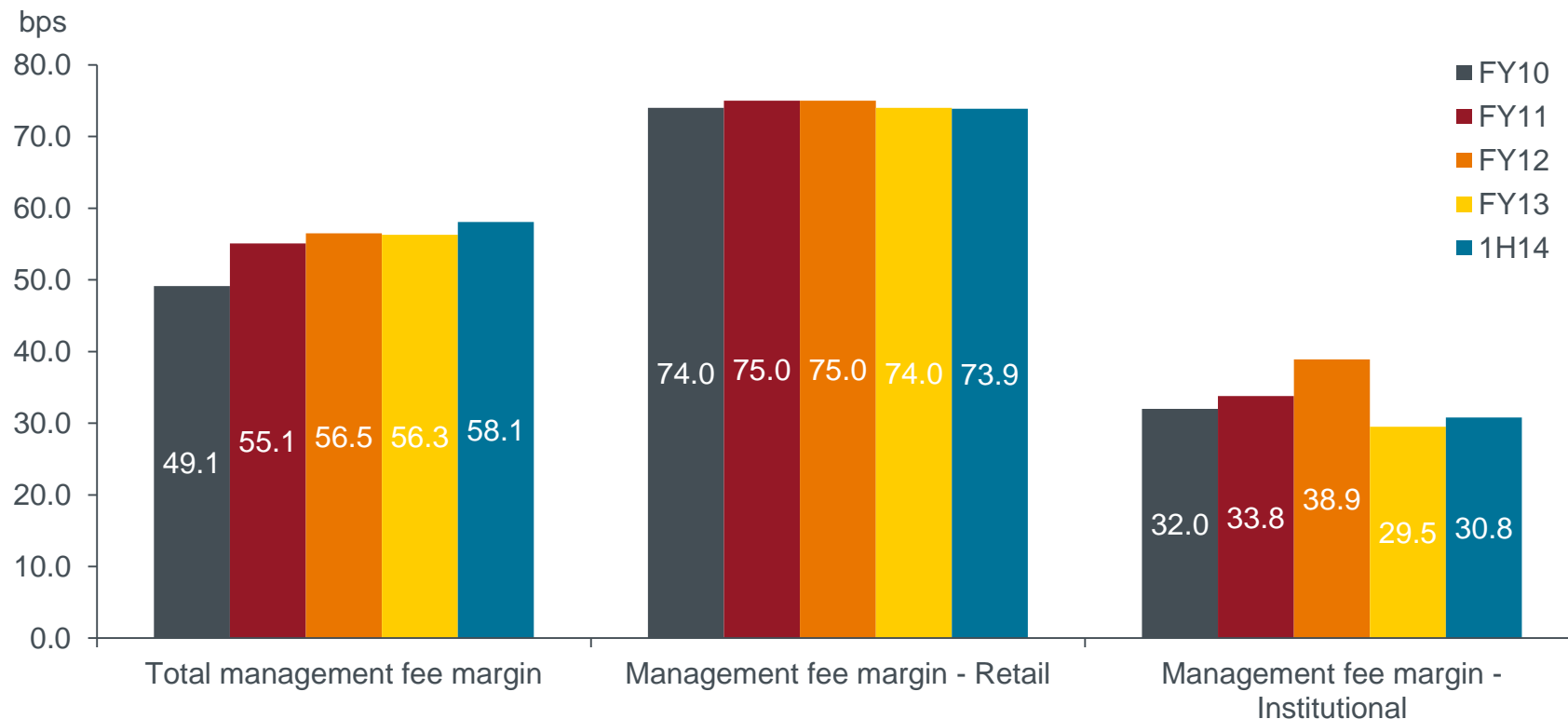
¹ Represents Property transactions plus acquisition of additional share in 90 West.

² Excludes Henderson UK Property Unit Trust AUM.

³ Henderson's 40% stake in T H Real Estate.

Management fee margins

30 June 2014 exit run rate: 58bps¹



¹ Management fees and margins are calculated on total AUM, excluding JV AUM where the AUM is neither contracted to Henderson nor sub advised to Henderson.

Performance fees

Diversity of fees by strategy and product

	1H14 £m	1H13 £m	FY13 £m
SICAVs	10.7	17.9	21.6
Offshore Absolute Return funds	18.4	15.5	38.3
Institutional clients	8.4	9.0	14.8
UK OEICs	5.1	8.0	12.3
Investment trusts	1.7	3.5	7.6
Other	0.9	0.2	(0.1)
Total performance fees	45.2	54.1	94.5

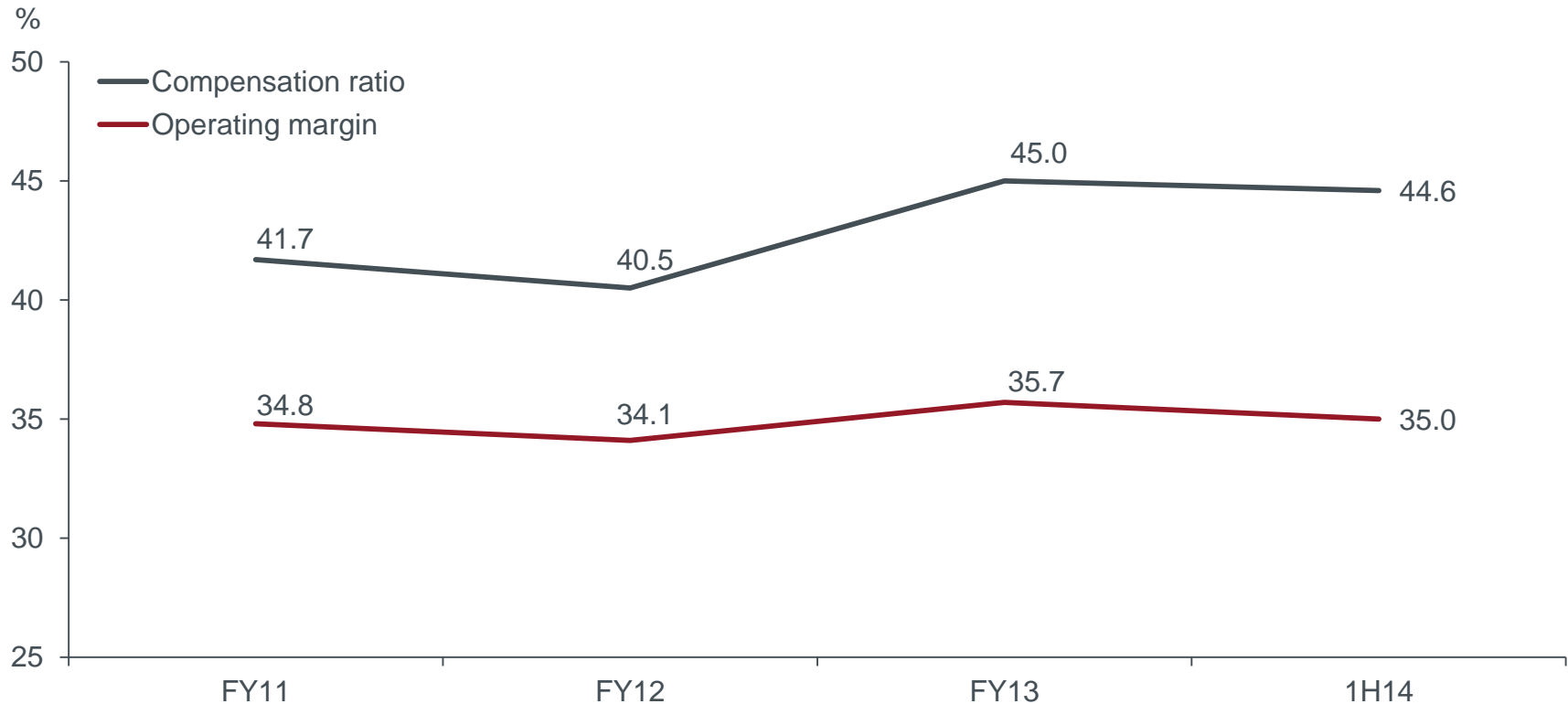
Cost drivers

Continuing investment in growth

	1H14 £m	1H13 £m	Change %	Notes
Fixed staff expenses	44.9	41.3	9	Expect 10% increase in FY14 compared to FY13.
Variable staff expenses	71.1	60.5	18	Rising with flows and performance.
Total staff expenses	116.0	101.8	14	Expect compensation ratio of 44 – 45% in FY14.
Non-staff operating expenses	49.6	40.6	22	Expect costs to be c£17m above FY13 level.
Total operating expenses	165.6	142.4	16	
Finance expenses	5.6	5.4	4	
Total expenses	171.2	147.8	16	

Operating margin and compensation ratio

Held at around FY13 levels, as investment in growth continues



Note: All amounts adjusted to reflect operations post-completion of the TIAA-CREF transactions.

EPS and dividend

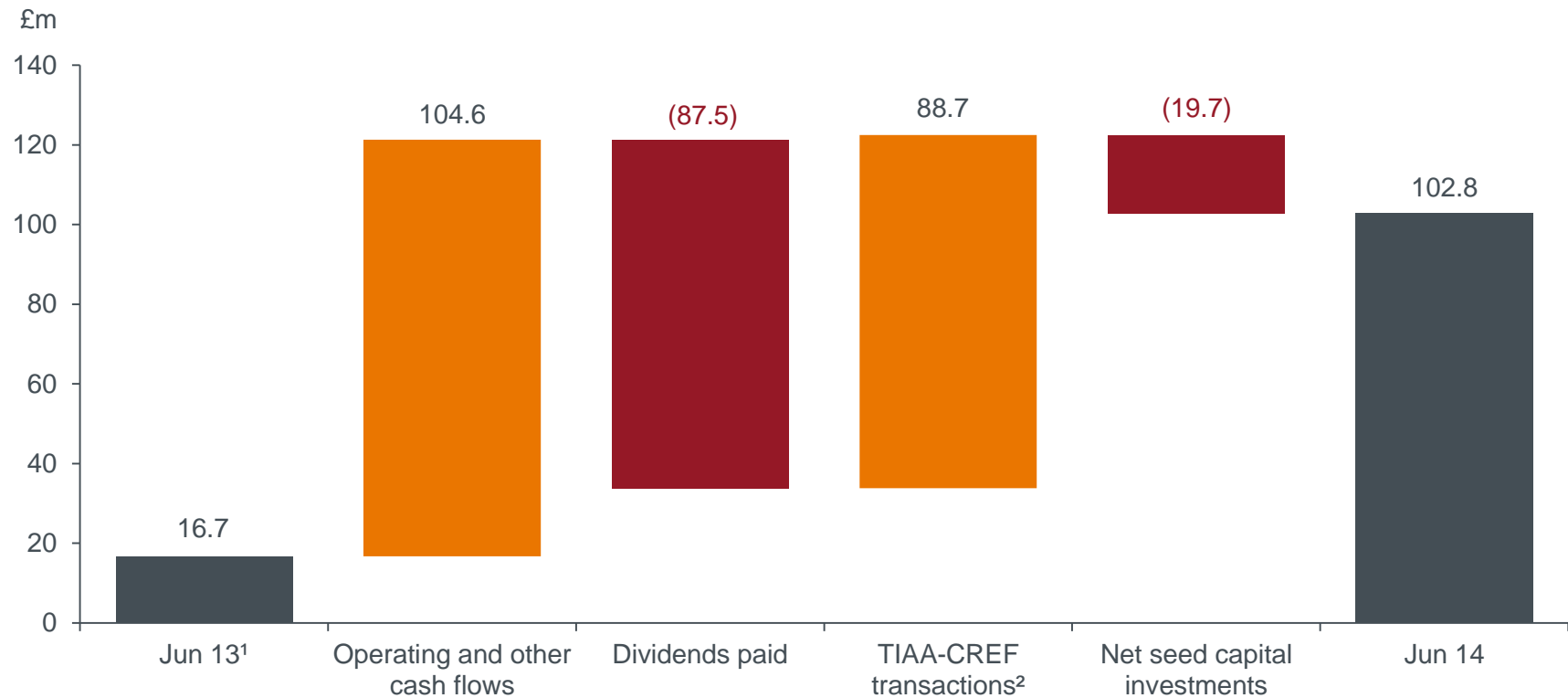
Increase in dividend

	1H14	1H13	Change %	Notes
Underlying profit before tax from continuing operations	£90.7m	£88.5m	2	
Discontinued operation profit before tax	£6.3m	£12.6m	(50)	
Total underlying profit before tax	£97.0m	£101.1m	(4)	
Taxation	(£13.7m)	(£13.1m)	(5)	
Underlying profit after tax	£83.3m	£88.0m	(5)	
Underlying ETR	14.1%	13.0%	8	Moving back towards UK tax rate.
Weighted average number of shares	1,153.4	1,103.0	5	Outstanding share scheme awards increased dilutive impact.
Underlying continuing diluted EPS	6.8p	7.0p	(3)	Impact of higher ETR and increased dilution of share schemes.
Total underlying diluted EPS	7.2p	8.0p	(10)	Impacted by the Property transactions completed with TIAA-CREF on 1 Apr 2014.
Total dividend per share	2.60p	2.15p	21	

¹ Historical financials have been restated, where necessary, upon adoption of the amended standard IFRS 10 Consolidated Financial Statements.

Net cash generation

Strong free cash flow



¹ Net cash amounts as at 30 June exclude cash held in manager dealing accounts, but includes cash held for sale.

² Includes net cash received less deal costs of £13m, and loans due to Henderson repayable in the next 12 months.

Acquisition of Geneva Capital Management

Expected to close on 1 October 2014

Acquisition update

- Strong client feedback
- Good staff response and engagement

Capital impact

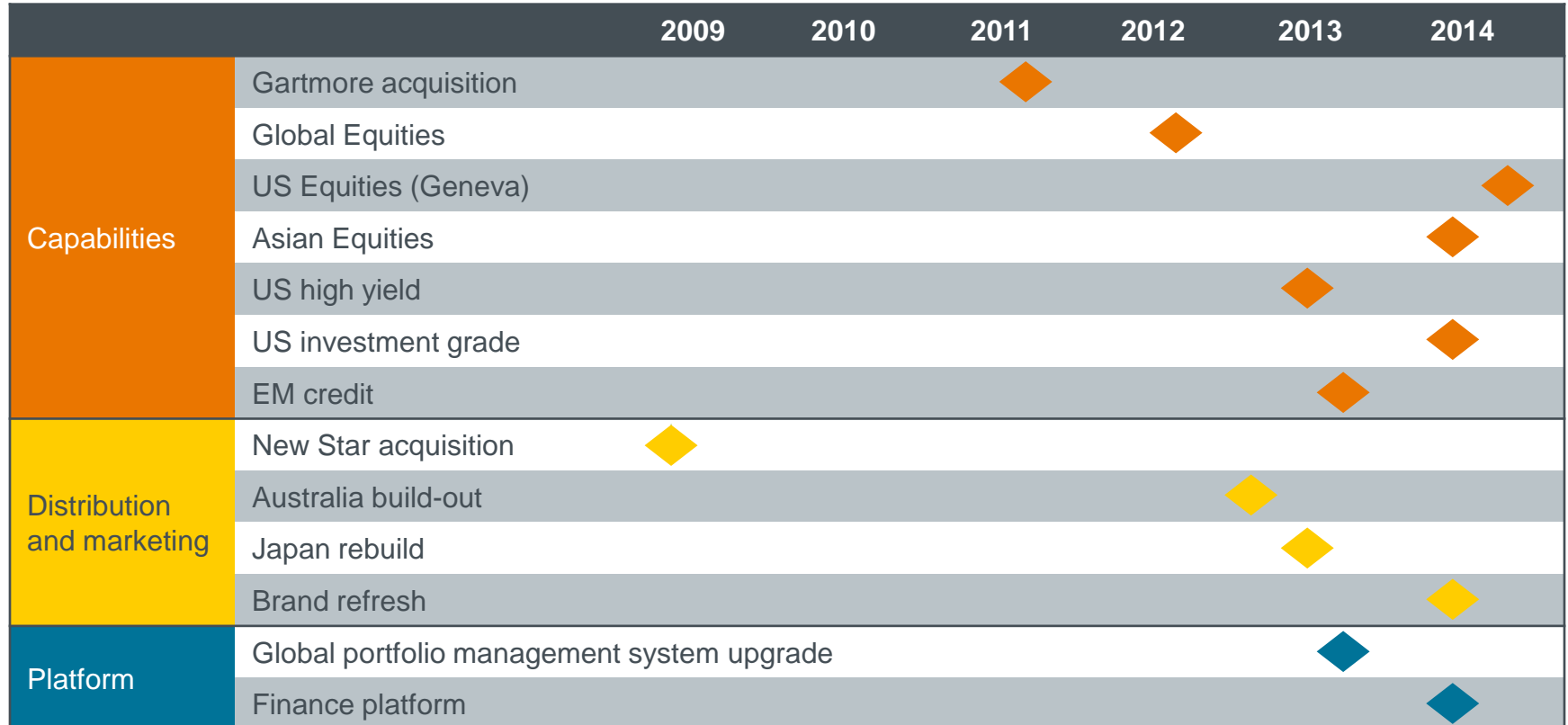
- Expect to meet our capital requirements without recourse to our capital waiver during 2015¹

AUM at 31 May 2014	US\$6.3bn
Run rate management fee margin at 31 May 2014	48bps
Run rate EBIT at 31 May 2014	US\$18m
Expected operating margin under Henderson ownership	c.50%
Transaction and integration costs	c.US\$10m
Up-front consideration	US\$130m

¹ Assuming no further M&A activities and normal trading and market conditions.

Investment in our business

Positioning for profitable growth



1H14 interim results

Summary and outlook

Andrew Formica
Chief Executive



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Summary and outlook

- Business performing strongly
- Progress this year in line with our expectations
- Markets generally supportive and client activity levels good
- 1H14 flows strong
- Rest of year remains positive

Q&A



Best Premier Group

Best UK Smaller Companies
Trust Henderson Smaller
Companies Trust



Investment Trust Group
of the Year

Best UK Growth Trust
Henderson Opportunities Fund



Best Fund Over 5 Years
(Equity Europe Sector)
Henderson Horizon Pan European
Smaller Companies Fund

Best Fund Over 1 Year
(Bonds Developed Markets Sector)
Henderson Horizon Euro High Yield
Bond Fund



Fund Manager of the Year 2014
John Bennett



Hedge Fund Europe 50 Awards
Henderson Japan Absolute Return Fund



Best Performing Fund Over 5 Years
Henderson Horizon Euroland Fund



New Fund of the Year
(Equities strategies sector)
AlphaGen's Volantis Catalyst Fund



**The Investors Choice
Hedge Fund Awards 2014**

Commodities and Currency Fund of 2013
Henderson Agricultural Fund

Best Asia Pacific Fund of 2013
Henderson Japan Absolute Return Fund

Appendix



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Profit and loss

£m	1H14	1H13	Change %	2H13	FY13
Management fees (net of commissions)	193.7	160.5	21	171.4	331.9
Performance fees	45.2	54.1	(16)	40.4	94.5
Other income	15.8	16.4	(4)	18.5	34.9
Net fee income	254.7	231.0	10	230.3	461.3
Income from associates and joint ventures	2.0	1.0	100	0.8	1.8
Finance income	5.2	4.3	21	5.9	10.2
Total income	261.9	236.3	11	237.0	473.3
Fixed employee expenses	(44.9)	(41.3)	9	(41.9)	(83.2)
Variable employee expenses	(71.1)	(60.5)	18	(68.5)	(129.0)
Non-staff operating expenses	(49.6)	(40.6)	(22)	(43.9)	(84.5)
Total operating expenses	(165.6)	(142.4)	(16)	(154.3)	(296.7)
Finance expenses	(5.6)	(5.4)	(4)	(5.7)	(11.1)
Total expenses	(171.2)	(147.8)	(16)	(160.0)	(307.8)
Continuing operations underlying profit before tax	90.7	88.5	2	77.0	165.5
Discontinued operation underlying profit before tax	6.3	12.6	(50)	12.0	24.6
Total underlying profit before tax	97.0	101.1	(4)	89.0	190.1
Tax on underlying profit from continuing operation	(12.7)	(11.8)	(8)	(6.1)	(17.9)
Tax on underlying profit from discontinued operation	(1.0)	(1.3)	23	(1.6)	(2.9)
Total underlying profit after tax	83.3	88.0	(5)	81.3	169.3
Acquisition related and non-recurring items					
Acquisition related items	(29.2)	(29.1)	-	(29.3)	(58.4)
Non-recurring items	141.9	-	-	(4.3)	(4.3)
Tax on non-operating recurring items	5.2	6.9	(25)	11.0	17.9
Tax on non-recurring items	(14.6)	-	-	0.6	0.6
Total profit after tax	186.6	65.8	184	59.3	125.1

¹ Historical financials have been restated ,where necessary, upon adoption of the amended standard IFRS 10 Consolidated Financial Statements.

Movement in continuing other costs

	1H14 £m	1H13 £m	Change £m	Change %	Notes
Investment administration	15.0	12.3	2.7	22	Growth in AUM and fund ranges
Information and communications	8.2	7.4	0.8	11	Investment in capabilities
Office expenses	7.0	6.8	0.2	3	Office expansion and upgrades
Depreciation and software amortisation	2.2	1.4	0.8	57	Investment in platform
Other expenses	17.2	12.7	4.5	35	1H13: £3.0m one off benefit 1H14: £0.9m one off cost
Other operating expenses	49.6	40.6	9.0	22	

Summary AUM and fund flows

£m	1Q14			2Q14				
	Opening AUM 1 Jan 14	Net flows	Mkt/FX	Closing AUM 31 Mar 14	Acquisitions and disposals ¹	Net flows	Mkt/FX	Closing AUM 30 Jun 14
UK OEICs/Unit Trusts/Other	18,706	646	289	19,641	-	909	106	20,656
SICAVs	10,607	1,554	196	12,357	-	591	(66)	12,882
US Mutuals	5,009	609	(17)	5,601	-	317	(10)	5,908
Investment Trusts	4,931	66	86	5,083	-	46	(12)	5,117
Total Retail	39,253	2,875	554	42,682	-	1,863	18	44,563
UK OEICs/Unit Trusts	7,736	(24)	32	7,744	-	(7)	140	7,877
SICAVs	1,341	(30)	35	1,346	-	20	(8)	1,358
Offshore Absolute Return funds	2,466	(94)	48	2,420	17	38	(37)	2,438
Managed CDOs	387	(26)	(3)	358	-	(43)	(10)	305
Segregated Mandates, Property	23,158	291	215	23,664	(11,752)	67	42	12,021
TH Real Estate (40% share)	-	-	-	-	5,056	123	7	5,186
Private Equity funds ²	869	(5)	95	959	-	(19)	(6)	934
Other ³	26	1	1	28	-	-	-	28
Total Institutional	35,983	113	423	36,519	(6,679)	179	128	30,147
Total Group	75,236	2,988	977	79,201	(6,679)	2,042	146	74,710

¹ Acquisitions and disposal reflect the TIAA-CREF transactions and the additional stake in 90 West.

² Private Equity funds' AUM is based on 31 Mar 2014 valuations.

³ Other includes US Mutuals, Investment Trusts, Liquidity funds and Property allocations.

Summary AUM and fund flows

By capability

£m	1Q14				2Q14			
	Opening AUM 1 Jan 14	Net flows	Mkt/FX	Closing AUM 31 Mar 14	Acquisitions and disposals ¹	Net flows	Mkt/FX	Closing AUM 30 Jun 14
European Equities	13,299	1,255	418	14,972	-	700	(243)	15,429
Global Equities	19,810	863	(46)	20,627	-	184	289	21,100
Global Fixed Income	17,275	(200)	91	17,166	(106)	236	134	17,430
Multi-Asset	6,430	4	(1)	6,433	-	104	82	6,619
Alternatives ²	18,422	1,066	515	20,003	(6,573)	818	(116)	14,132
Total Group	75,236	2988	977	79,201	(6,679)	2,042	146	74,710

¹ Acquisitions and disposal reflects the TIAA-CREF transactions and the additional stake in 90 West.

² Includes Henderson UK Property Unit Trust and Private Equity AUM and reflects Henderson's share of the TH Real Estate AUM.

Summary AUM and fund flows

By asset class

£m	1Q14				2Q14			
	Opening AUM 1 Jan 14	Net flows	Mkt/FX	Closing AUM 31 Mar 14	Acquisitions and disposals ¹	Net flows	Mkt/FX	Closing AUM 30 Jun 14
Equities	42,204	2,808	409	45,421	17	1,356	40	46,834
Fixed Income	19,090	(174)	406	19,322	(106)	419	129	19,764
Property ²	13,055	363	66	13,484	(6,590)	292	(17)	7,169
Private Equity ³	887	(9)	96	974	-	(25)	(6)	943
Total continuing	75,236	2,988	977	79,201	(6,679)	2,042	146	74,710

Absolute return sub analysis

£m	1Q14				2Q14			
	Opening AUM 1 Jan 14	Net flows	Mkt/FX	Closing AUM 31 Mar 14	Acquisitions and disposals ¹	Net flows	Mkt/FX	Closing AUM 30 Jun 14
Retail	1,924	745	45	2,714	-	425	(62)	3,077
Institutional	3,084	39	1	3,124	17	24	(33)	3,132
Total Group	5,008	784	46	5,838	17	449	(95)	6,209

¹ Acquisitions and disposal reflect the TIAA-CREF transactions and the additional stake in 90 West.

² Includes the Group's share of TH Real Estate JV AUM and 100% of AUM invested in the Henderson UK Property Unit Trust and other Henderson funds invested into Property which will remain with the Group following the TIAA-CREF transactions.

³ Private Equity AUM based on 31 Mar 2014 valuations.

Performance fees

	UK OEICs	SICAVs	Investment trusts	Offshore absolute return ¹	Institutional/ Secured Credit/ Private Equity	Non Performance Fee fund ranges ²	Total (excluding THRE)
AUM June 2014 excluding THRE (£bn)	28.4	14.2	5.1	2.4	13.4	6.0	69.5
Number of funds with performance fee potential	5	22	8	30	59	-	124
AUM with performance fee potential (£bn)	1.2	10.4	1.9	2.0	9.9	-	25.4
Performance fee 1H14 (£m)	5.1	10.7	1.7	18.4	9.3	-	45.2
Number of funds generating performance fees in 1H14 ³	5	15	2	6	11	-	39
AUM 30 June 2014 generating 1H14 performance fee (£bn) ³	1.2	4.7	0.8	0.5	3.8	-	11.0
AUM with performance fee crystallisation date in 2H14 (£bn)	1.2	0.8	1.1	1.1	6.5	-	10.7
Number of funds with a 2H14 performance fee crystallisation date	5	2	6	20	38	-	71
AUM with an uncrystallised performance fee at 30 June 2014 vesting in 2H14 (£bn) ⁴	0.8	0.8	1.1	0.2	N/A	-	N/A
AUM within 5% of an uncrystallised performance fee at 30 June 2014 vesting in 2H14 £bn ⁴	0.4	0.0	-	0.3	N/A	-	N/A
Performance fee range (%) of outperformance	15-20%	10-20%	15%	10-20%	4-28%		
Performance fee frequency	Quarterly	20 Annually, 2 Quarterly	Annually	Annually	Quarterly and Annually		
Performance fee timing	Various	20 at June, 2 on Quarters	Various	Various	Various		
Performance fee methodology	Relative/Absolute plus HWM	Relative plus HWM	Relative plus HWM	Absolute plus HWM	Bespoke		

n/a – not available

¹ Includes Offshore Managed Accounts.

² Predominantly US Mutuals funds.

³ For Offshore Absolute Return funds, this analysis excludes funds earning performance fees on redemption and only includes those with a period end crystallisation date.

⁴ This excludes Offshore Absolute Return funds of c£0.5bn of AUM that has a performance fee, but the 30 June 2014 position is unavailable. In addition, this excludes c£0.1bn of Offshore Absolute Return AUM that earns a performance fee only on redemption.

Investment performance

Asset-weighted of funds measured

Funds at/above benchmark (%)¹	1 year 1H14	3 years 1H14
UK OEICs/Unit Trusts/Other	70	83
SICAVs	55	91
US Mutuals	65	96
Investment Trusts	50	58
Offshore Absolute Return funds	100	100
Segregated Institutional Mandates	75	95
Total²	69	86

Asset class (%)	1 year 1H14	3 years 1H14
Equities	65	83
Fixed Income	80	95
Property ³	-	100
Total²	69	86

¹ Asset-weighted, percentage of funds achieving or beating benchmark/percentile ranking over 3 years.

² Excludes liquidity funds and Private Equity. Total performance based upon asset capability.

³ Includes only Henderson UK Property Unit Trust AUM.

Financial position

Debt, equity and ratios

	30 Jun 14 £m	31 Dec 2013 ¹ £m
2016 notes	149.2	148.9
Gross debt at par	150.0	150.0
Unrestricted cash and cash equivalents	252.8	206.3
Net cash ²	102.8	56.3
Total equity	952.4	836.3

Gearing ratios and interest cover	30 Jun 14	31 Dec 2013 ¹
Gross debt/total equity	0.2x	0.2x
Gross debt/EBITDA ³	0.8x	0.9x
Interest cover ³	17.1x	15.3x

¹ Historical financials have been restated, where necessary, upon adoption of the amended standard IFRS 10 Consolidated Financial Statements.

² Based on outstanding debt at par.

³ Based on results from continuing operations.

EPS calculation

	1H14 £m	1H13 £m	2H13 £m	FY13 £m
Continuing underlying profit before tax	90.7	88.5	77.0	165.5
Discontinued operation underlying profit before tax	6.3	12.6	12.0	24.6
Less: tax on continuing underlying profit	(12.7)	(11.8)	(6.1)	(17.9)
Less: tax on discontinued underlying profit	(1.0)	(1.3)	(1.6)	(2.9)
Underlying profit after tax	83.3	88.0	81.3	169.3
Less: non-controlling interests after tax	-	-	-	-
Total underlying profit after tax attributable to equity holders of the parent	83.3	88.0	81.3	169.3
Acquisition related items post tax	(24.0)	(22.2)	(18.3)	(40.5)
Non-recurring items post tax	127.3	-	(3.7)	(3.7)
Profit after tax attributable to equity holders of the parent	186.6	65.8	59.3	125.1
Weighted average number of ordinary shares for the purpose of basic EPS (m)	1,080.4	1,050.8	n/a	1,058.8
Weighted average number of ordinary shares for the purpose of diluted EPS (m)	1,153.4	1,103.0	n/a	1,137.0
Basic EPS based on total underlying profit after tax	7.7	8.4	7.6	16.0
Basic EPS based on continuing underlying profit after tax	7.2	7.3	6.6	13.9
Diluted EPS based on total underlying profit after tax	7.2	8.0	6.9	14.9
Diluted EPS based on continuing underlying profit after tax	6.8	7.0	6.0	13.0

¹ Historical financials have been restated, where necessary, upon adoption of the amended standard IFRS 10 Consolidated Financial Statements.

EPS calculation

Number of shares

	1H14 Shares (m)
Issued share capital	1,126.0
Less: own shares held	(45.6)
Weighted average number of ordinary shares for basic EPS calculation	1,080.4
Add: dilutive impact of share options and unconditional awards ¹	73.0
Weighted average number of ordinary shares for diluted EPS calculation	1,153.4

¹ Based upon vesting conditions as at 30 June 2014.

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