

# 2015 full year results

Thursday 11 February 2016

**Andrew Formica**  
Chief Executive

**Roger Thompson**  
Chief Financial Officer

**Jim O'Brien**  
Managing Director, North America



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# Agenda

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- 2015 highlights Andrew Formica
- 2015 financial results Roger Thompson
- Strategy update Andrew Formica
- US case study Jim O'Brien
- Outlook Andrew Formica

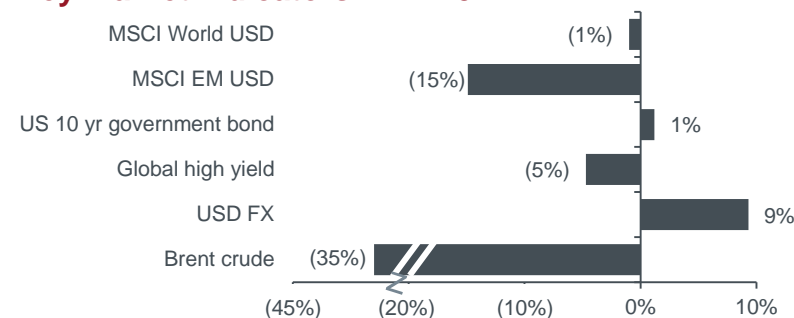
# Market backdrop

Challenging market for investors; value of active management reinforced

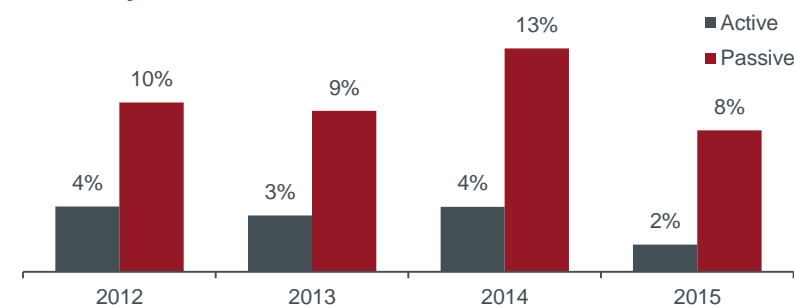
## MSCI World (USD) – FY15<sup>1</sup>



## Key market indicators<sup>2</sup> – FY15



## Industry net fund flows<sup>3</sup> – FY15 +2%



<sup>1</sup> Source: Bloomberg, NDDUWI Index (MSCI Daily Total Return Net World USD). Rebased to 100.

<sup>2</sup> Source: Bloomberg, NDDUWI Index (MSCI World USD), NDUEEGF Index (MSCI EM USD), TYA Comdty (US 10 yr government bond), BHYC Index (Global high yield), DXY Index (USD FX), CO1 Comdty (Brent crude).

<sup>3</sup> Source: Morningstar, Worldwide OE & money market excluding fund of funds and feeder funds. Net new money growth represents annualised net flows as a percentage of the opening AUM for the relevant period.

# Henderson 2015 highlights

## Continued to deliver on our strategic priorities

- ✓ Consistently strong investment performance
- ✓ Above industry net client inflows in all major Retail markets
- ✓ Progress with:
  - Diversifying investment capabilities
  - Broadening and deepening client relationships
  - Extending global infrastructure
  - Building our brand
- ✓ Disciplined use of capital resources
  - £25m buyback completed in 2H15

	FY15	FY14	Change
3 year investment performance <sup>1</sup>	81%	83%	
Net flows	£8.5bn	£7.1bn	+20%
Total AUM	£92.0bn	£81.2bn	+13%
Underlying PBT <sup>2</sup>	£220.0m	£187.8m	+17%
Underlying diluted EPS <sup>2</sup>	17.2p	14.7p	+17%
Total dividend per share	10.3p	9.0p	+14%

<sup>1</sup> Percentage of funds, asset-weighted, that are outperforming based on the relevant metric: peer percentile ranking for Retail, positive for absolute return, positive versus benchmark for Institutional.

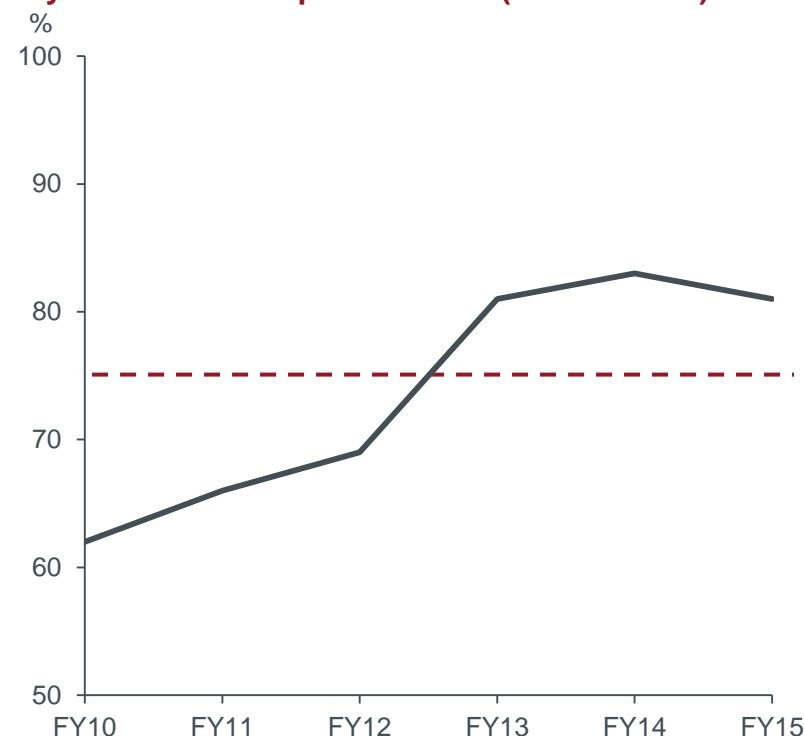
<sup>2</sup> Based on continuing operations.

# Consistently strong investment performance

81% of funds outperformed over three years

Core capabilities	Closing AUM 31 Dec 2015	1 year <sup>1</sup>	3 years <sup>1</sup>
European Equities	£20.4bn	80%	92%
Global Equities	£28.2bn	77%	81%
Global Fixed Income	£24.8bn	63%	77%
Multi-Asset	£4.9bn	83%	98%
Alternatives	£13.7bn	98%	66%
<b>Total</b>	<b>£92.0bn</b>	<b>78%</b>	<b>81%</b>

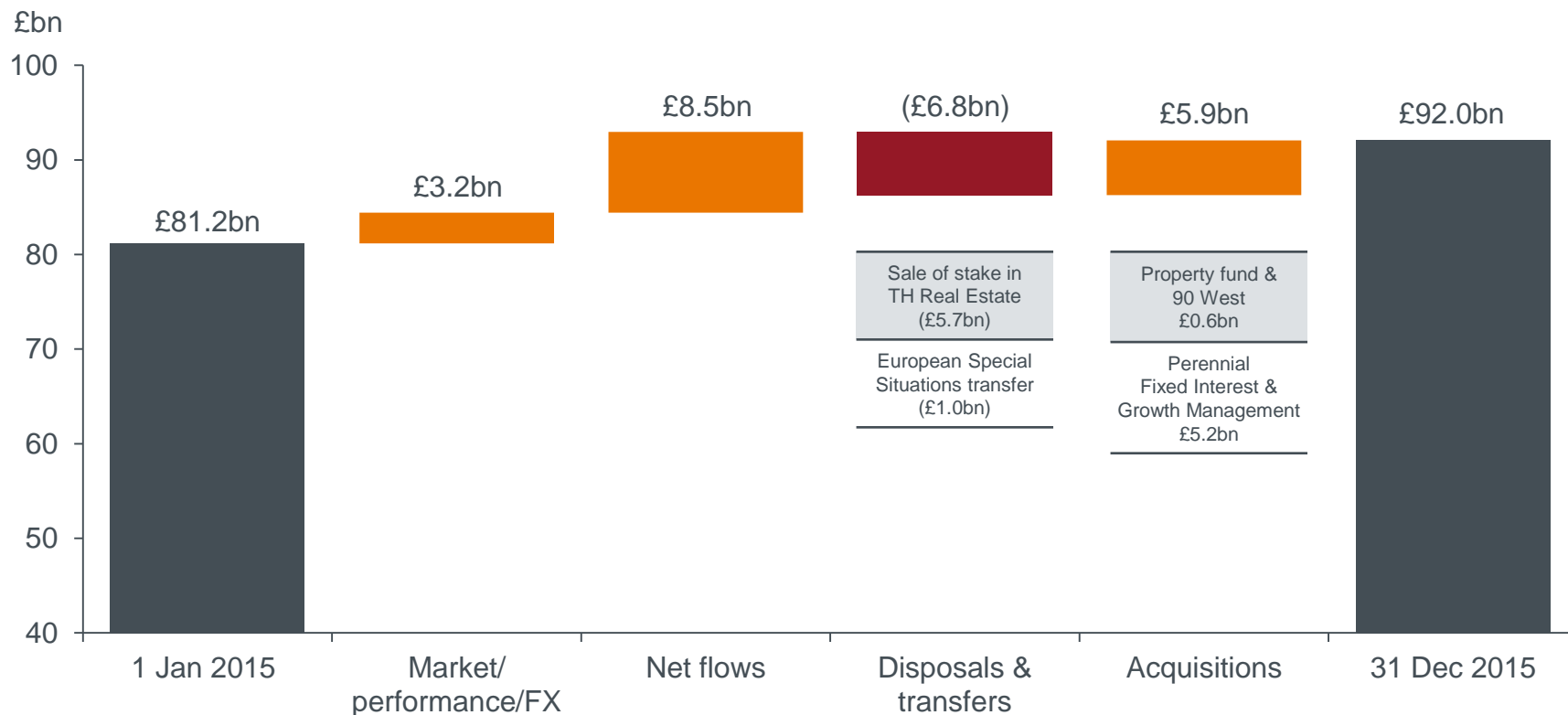
3 year investment performance (FY10 – FY15)



<sup>1</sup> Percentage of funds, asset-weighted, that are outperforming based on the relevant metric: peer percentile ranking for Retail, positive for absolute return, positive versus benchmark for Institutional.

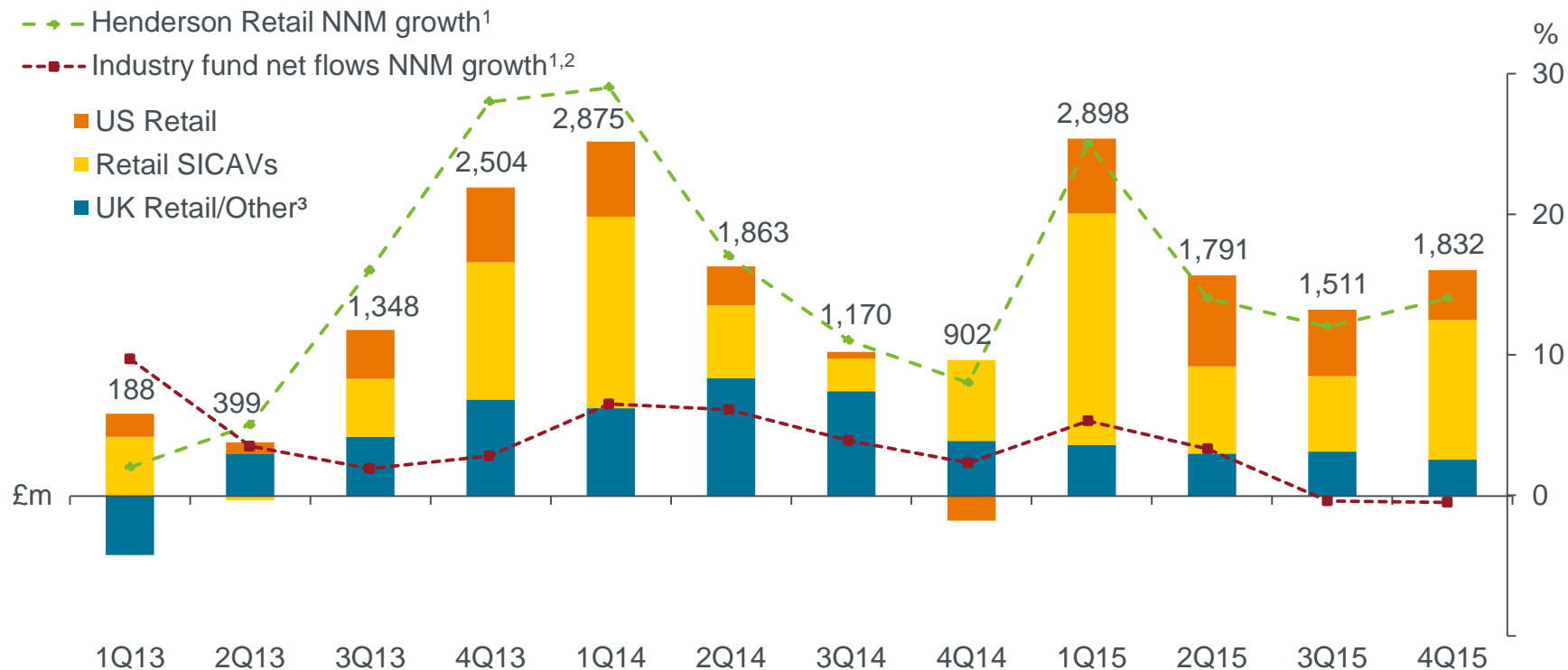
# 2015 AUM movements

Strong flows; volatile markets; proactive deployment of capital



# Retail net flows

Net new money growth significantly ahead of industry peers



<sup>1</sup> Net new money (NNM) growth represents annualised net flows as a percentage of the opening AUM for the relevant period.

<sup>2</sup> Source: Morningstar, Worldwide OE & money market excluding fund of funds and feeder funds.

<sup>3</sup> Includes flows from UK OEICs, Unit Trusts, Investment Trusts, Australian MIS (Managed Investment Schemes), Singapore Mutuals and Retail Segregated Mandates.

# Institutional net flows

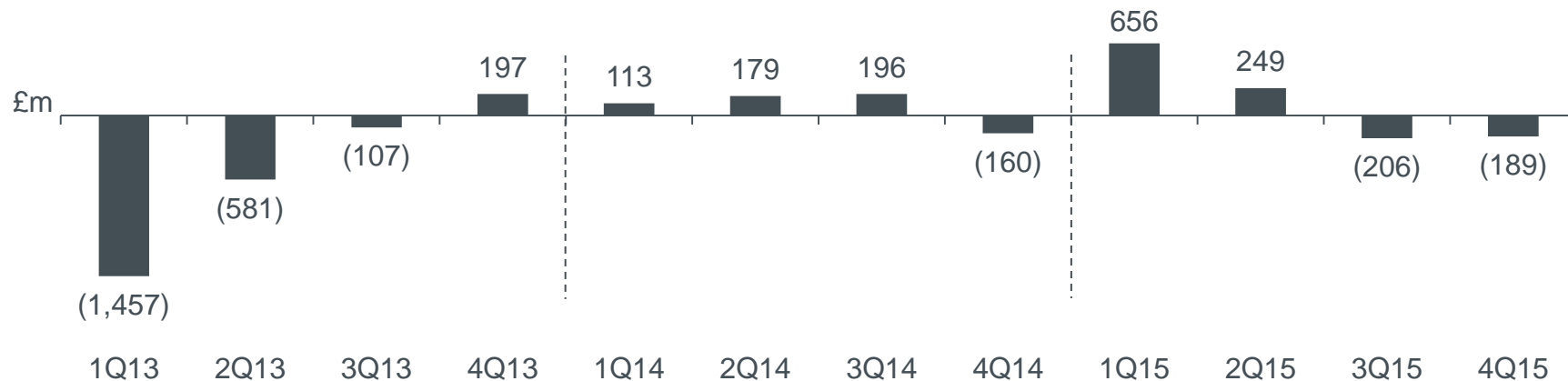
## Business re-shaped; change in fixed income client demand

### Flow drivers

Private equity exit c£420m in 4Q15

Fixed income client rotation into multi-asset credit, absolute return and buy and maintain

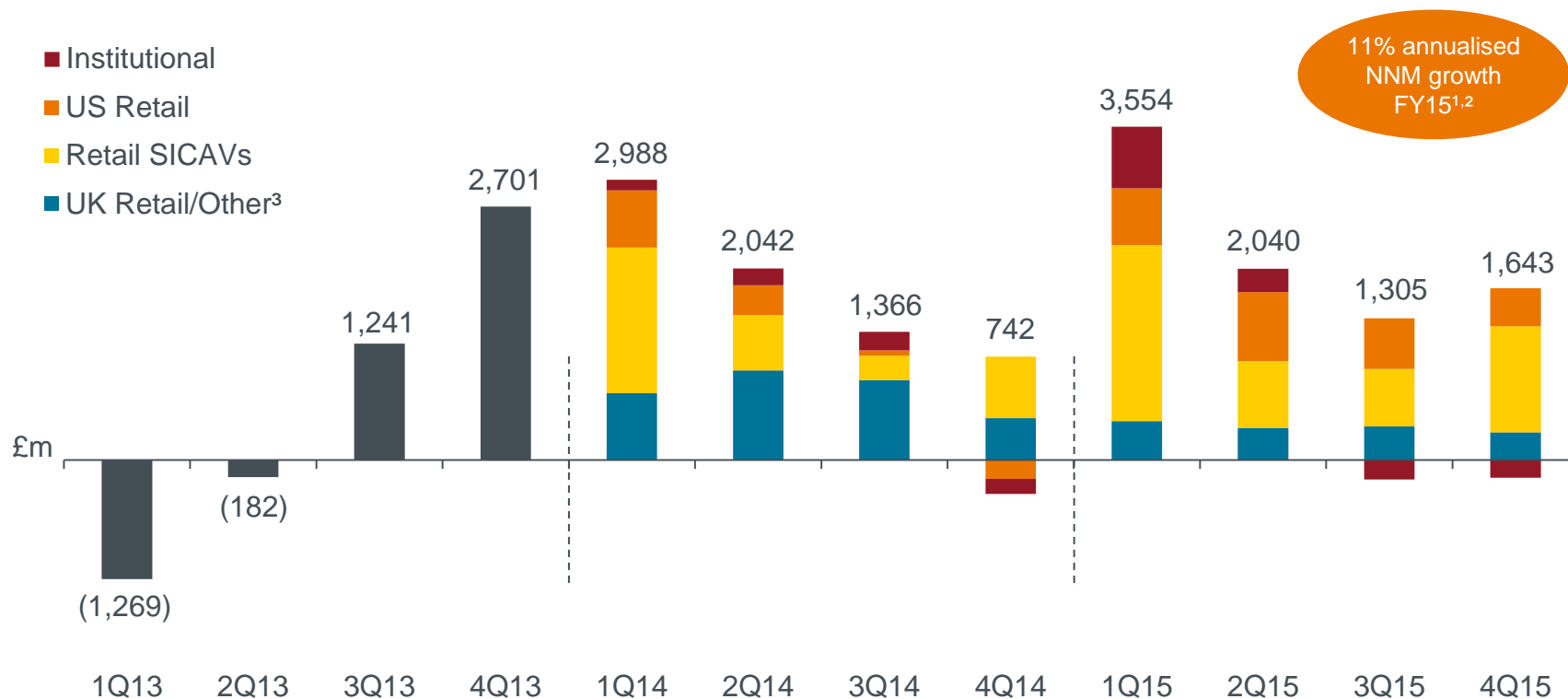
Mandate losses expected in 4Q15 redeemed in 1Q16





# Henderson net client flows

Annualised net new money growth ahead of 6-8% target



<sup>1</sup> Net new money (NNM) growth represents annualised net flows as a percentage of the opening AUM for the relevant period.

<sup>2</sup> Excludes AUM subject to Property transactions with TIAA-CREF and resultant TH Real Estate JV AUM but includes Henderson UK Property OEIC.

<sup>3</sup> Includes flows from UK OEICs, Unit Trusts, Investment Trusts, Australian Managed Investment Schemes, Singapore Mutuals and Retail Segregated Mandates.

# 2015 full year results

## Financial results

**Roger Thompson**  
Chief Financial Officer

# Financial highlights

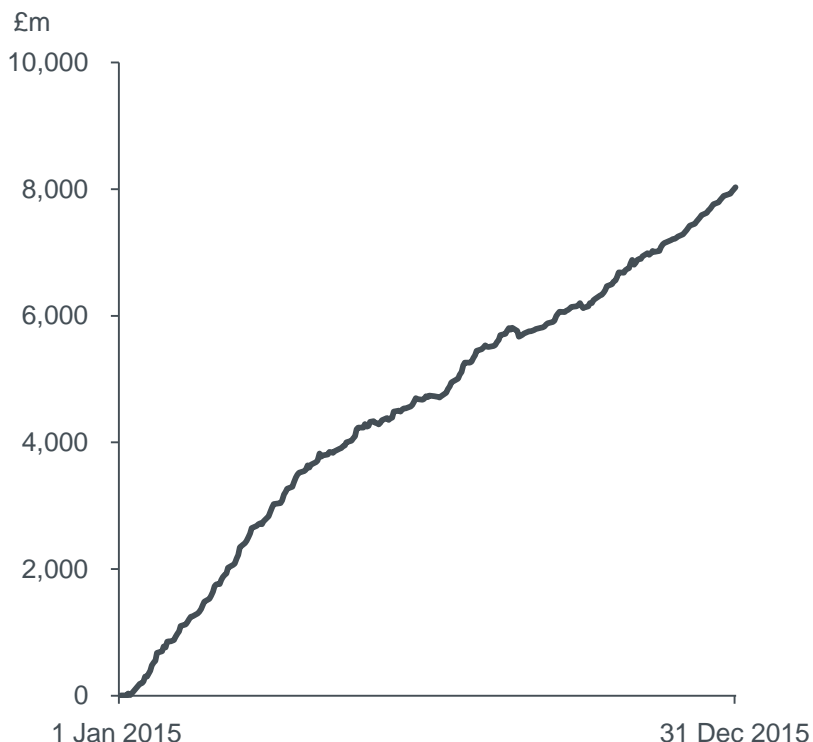
## Strong income and profit growth

	FY15 £m	FY14 £m	Change
Management fees (net of commissions)	468.3	403.5	16%
Performance fees	98.7	82.8	19%
Other income	34.8	32.5	7%
<b>Net fee income</b>	<b>601.8</b>	<b>518.8</b>	<b>16%</b>
(Loss)/income from associates and joint ventures	(0.2)	5.1	(104%)
Finance income	17.3	10.1	71%
<b>Total income</b>	<b>618.9</b>	<b>534.0</b>	<b>16%</b>
<b>Total expenses</b>	<b>(398.9)</b>	<b>(346.2)</b>	<b>15%</b>
<b>Underlying profit before tax from continuing operations</b>	<b>220.0</b>	<b>187.8</b>	<b>17%</b>

# Consistency, breadth and quality of our Retail flows

Average holding period<sup>1</sup>: 3.4 years

## Cumulative Retail net flows – FY15



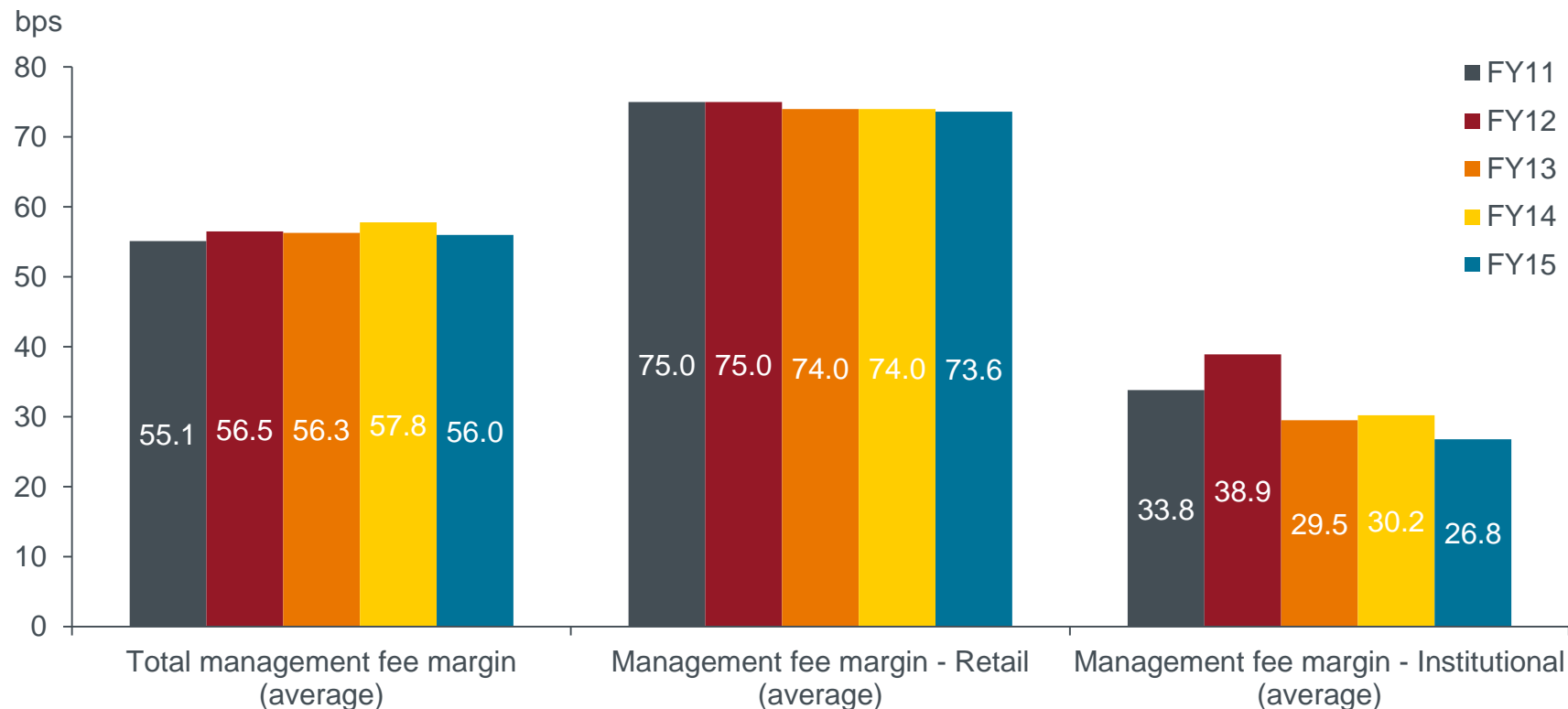
<sup>1</sup> Average AUM for the relevant period divided by outflows.

## Diverse range of 17 Retail funds with total net flows of £100m+

Fund	FY15 net flows
Henderson Gartmore Continental European	£1,605m
Henderson Gartmore UK Absolute Return	£1,438m
Henderson European Focus (US Mutual)	£1,103m
Henderson UK Property OEIC	£822m
Henderson Horizon Pan European Equity	£690m
Henderson International Opportunities (US Mutual)	£655m
Henderson Gartmore Pan European	£484m
Henderson UK Absolute Return	£479m
Henderson Global Equity Income (US Mutual)	£430m
Henderson Horizon Euroland	£307m
Henderson Horizon Pan European Alpha	£300m
Henderson Horizon Euro Corporate Bond	£286m
Henderson Strategic Bond	£233m
Henderson European Focus	£144m
Henderson Strategic Income (US Mutual)	£138m
Henderson European Selected Opportunities	£111m
Henderson Horizon Pan European Property Equities	£103m

# Management fee margins

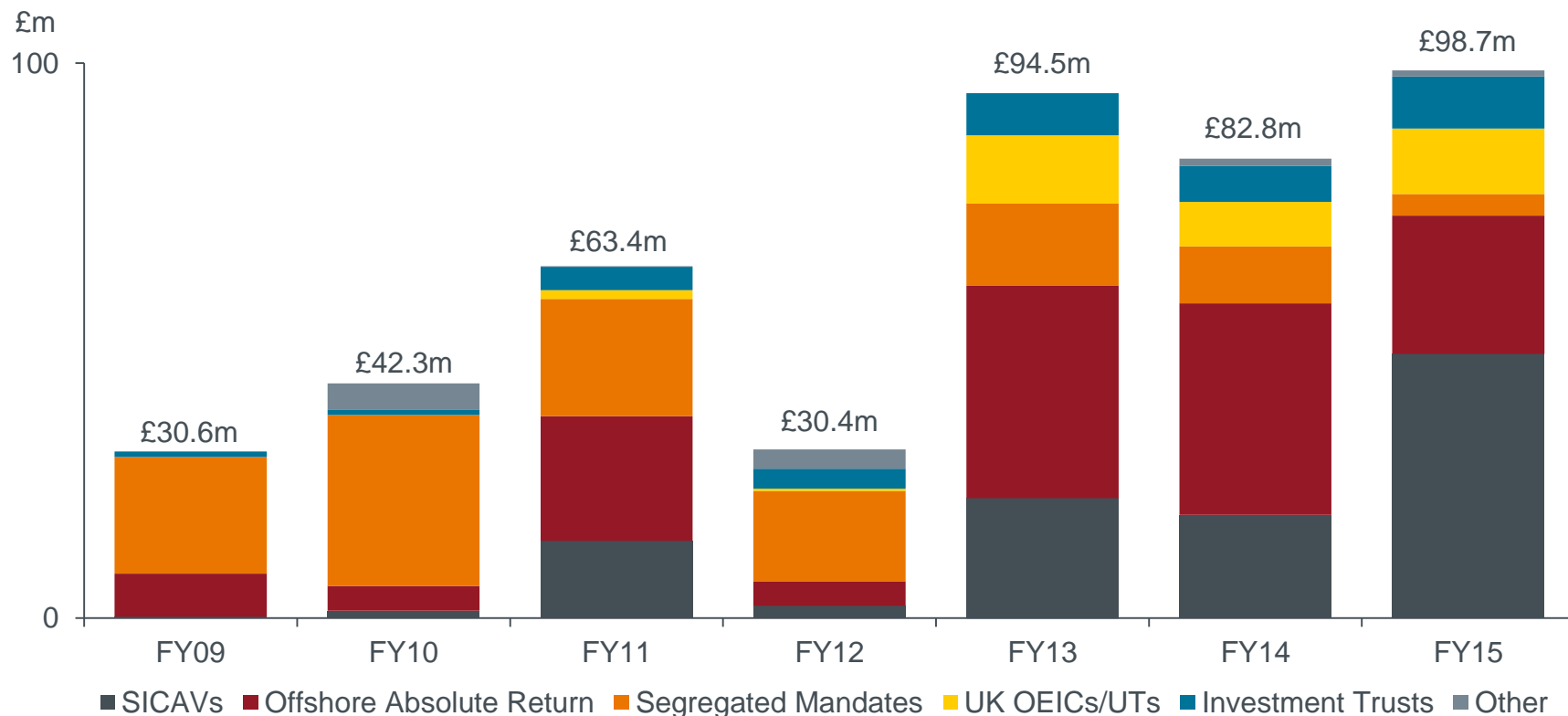
2015 total management fee exit margin: 55bps (Retail 73bps; Instl 26bps)



Note: Management fee margins are calculated on average AUM, excluding JV AUM.

# Performance fees

Over 120 funds with performance fee potential; 78 delivered in FY15



# Cost drivers

Increases driven by acquisitions, wage inflation and regulatory projects

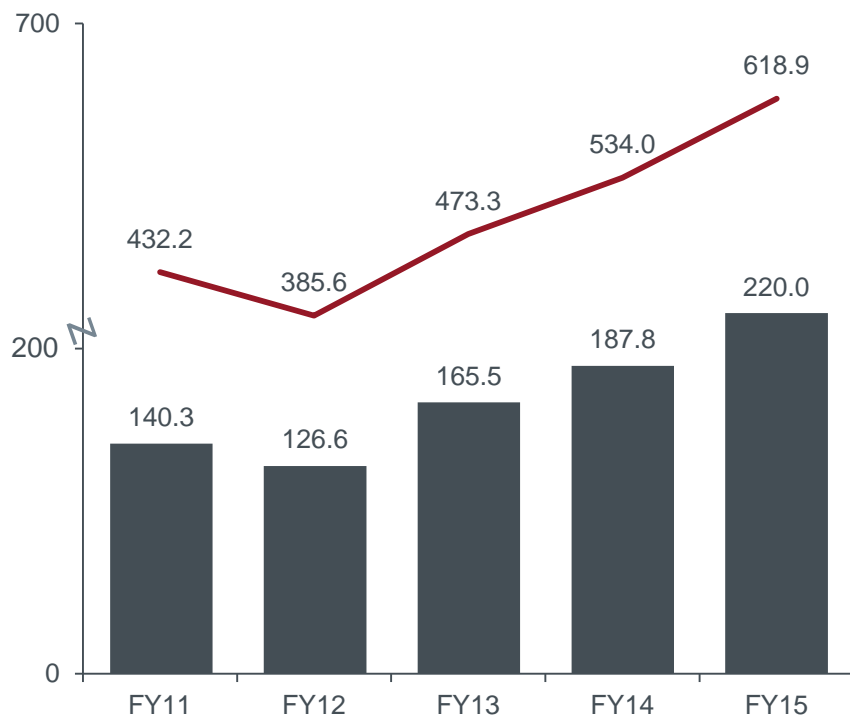
	FY15 £m	FY14 £m	Change
Fixed staff expenses	99.9	88.4	13%
Variable staff expenses	168.7	143.6	17%
<b>Total staff expenses</b>	<b>268.6</b>	<b>232.0</b>	<b>16%</b>
Non-staff operating expenses	118.2	102.6	15%
<b>Total operating expenses</b>	<b>386.8</b>	<b>334.6</b>	<b>16%</b>
Finance expenses	12.1	11.6	4%
<b>Total expenses</b>	<b>398.9</b>	<b>346.2</b>	<b>15%</b>

Note: All from continuing operations.

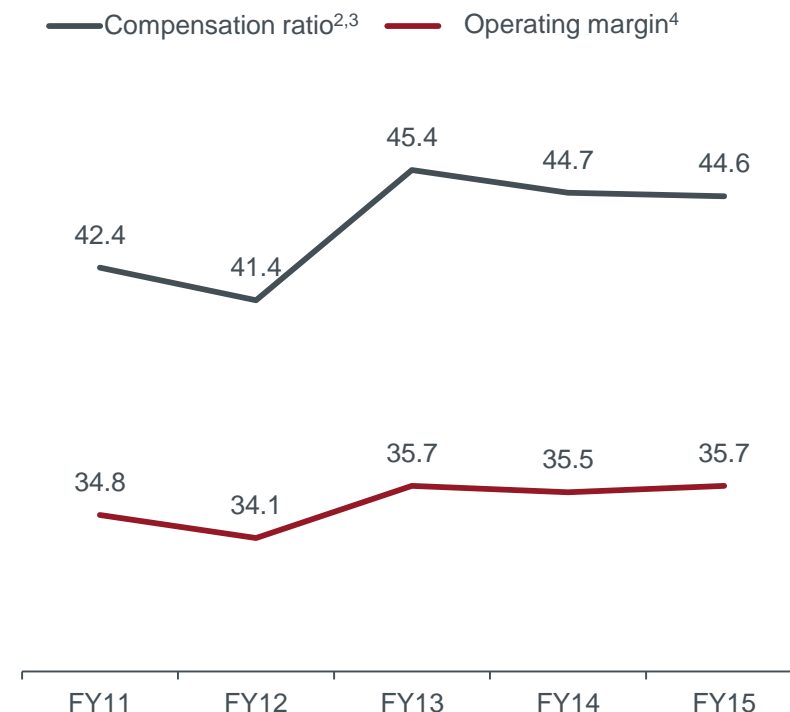
# Operating margin and compensation ratio

Profit growth driven primarily by increased revenue

Total income and underlying profit before tax<sup>1</sup> (£m)



Operating margin and compensation ratio (%)



<sup>1</sup> All from continuing operations.

<sup>2</sup> FY11 to FY13 periods restated to reflect the exclusion of finance income from the denominator and certain costs such as training and recruitment costs from staff expenses.

<sup>3</sup> Total staff compensation and benefits from continuing operations, divided by net fee income from continuing operations.

<sup>4</sup> Net fee income from continuing operations less total operating expenses from continuing operations, divided by net fee income from continuing operations.



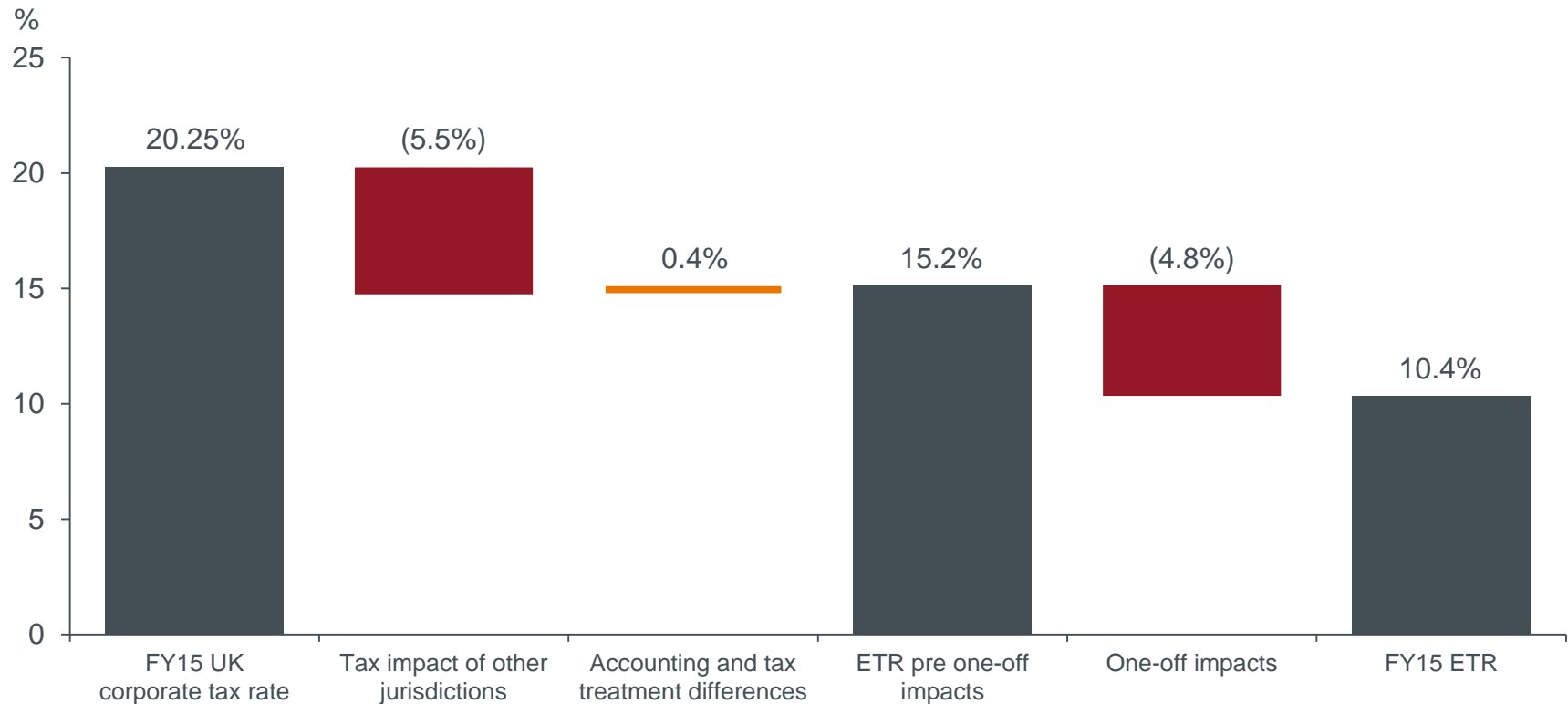
# EPS and dividend

	FY15	FY14	Change
Underlying profit before tax from continuing operations	£220.0m	£187.8m	17%
Underlying profit before tax from discontinued operation	–	£7.6m	(100%)
<b>Total underlying profit before tax</b>	<b>£220.0m</b>	<b>£195.4m</b>	<b>13%</b>
Tax on underlying profit from continuing operations	(£22.9m)	(£20.6m)	11%
Tax on underlying profit from discontinued operation	–	(£1.3m)	(100%)
<b>Total underlying profit after tax</b>	<b>£197.1m</b>	<b>£173.5m</b>	<b>14%</b>
<b>Underlying effective tax rate on continuing operations</b>	<b>10.4%</b>	<b>11.0%</b>	<b>(5%)</b>
Weighted average number of ordinary shares for diluted EPS	1,143.0m	1,139.8m	–
<b>Underlying continuing diluted EPS</b>	<b>17.2p</b>	<b>14.7p</b>	<b>17%</b>
<b>Total dividend per share</b>	<b>10.3p</b>	<b>9.0p</b>	<b>14%</b>

## Dividend policy

Henderson will maintain its progressive dividend policy, and expects to grow ordinary dividends broadly in line with underlying earnings over the medium term

# Effective tax rate (ETR) movements



**In 2016, Henderson expects its tax rate to rise to very close to the UK corporate tax rate of 20%, reflecting changes in its global tax profile**

# Capital management

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## Active management of capital resources

	31 Dec 2015 £m	31 Dec 2014 £m
Unrestricted cash	352.6	227.7
Net cash	202.6	77.7

Total capital	238	208
Group capital requirement <sup>1</sup>	(138)	(164)
Capital above regulatory requirement	100	44

## Capital and cash management

- £150m senior notes maturing March 2016 will be repaid from cash resources
- FCA capital review in mid 2016, following expiry of consolidation waiver in April 2016
- Further share buyback anticipated in 2016, weighted towards 2H16

<sup>1</sup> Based upon internal calculations.

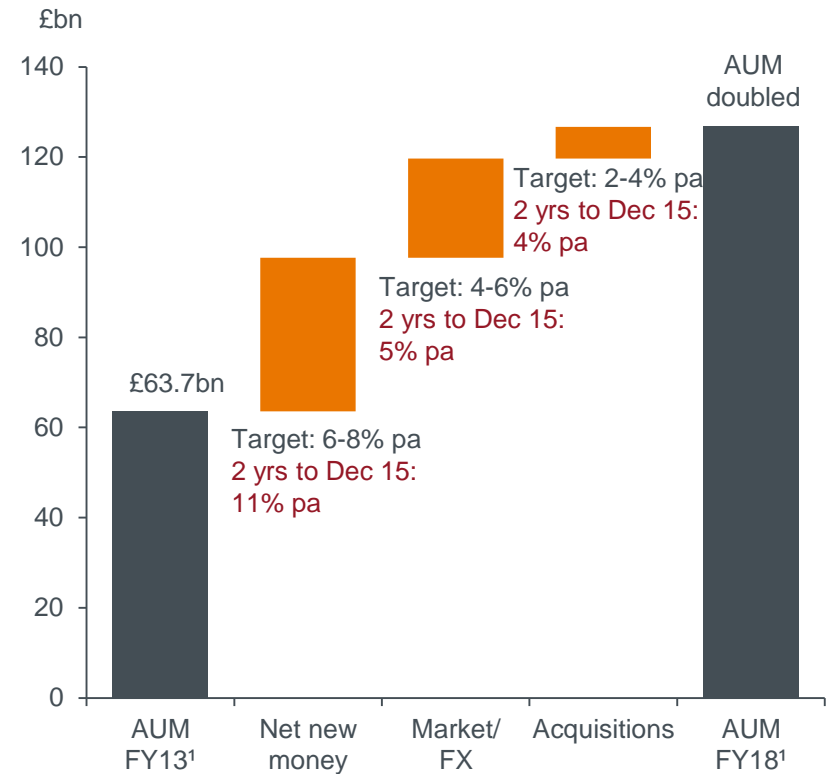
# 2015 full year results **Strategy update**

**Andrew Formica**  
Chief Executive

# Growth and globalisation

To deliver growth in assets under management and profit

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



<sup>1</sup> Excludes AUM subject to Property transactions with TIAA-CREF and resultant TH Real Estate JV AUM but includes Henderson UK Property OEIC.

# Sustaining growth – investment team development

	Team	Inception	Acquisition	Relative performance as at 31 Dec 2015 <sup>1</sup>		
				Since inception	1 yr	3 yr
<b>Equities</b>	Global Equities <sup>3</sup>	2012		0.9%	1.1%	1.0%
	Asia Growth <sup>2</sup>	2014		0.3%	(1.0%)	–
	Global Emerging Markets <sup>3</sup>	2015		2.0%	–	–
	Henderson Geneva					
	US Mid-Cap Growth <sup>4</sup>	1999	2014	3.8%	4.3%	(1.7%)
	US Small-Cap Growth <sup>4</sup>	2009	2014	2.9%	12.5%	1.6%
	Australian Growth Equities <sup>3</sup>	2001	2015	0.6%	8.7%	2.4%
	Global Natural Resources <sup>2</sup>	2012	2013 <sup>5</sup>	2.9%	1.9%	2.9%
<b>Fixed Income</b>	US High Yield <sup>2</sup>	2013		3.1%	2.3%	–
	Emerging Markets Credit <sup>2</sup>	2014		7.1%	5.4%	–
	Australian Fixed Interest					
	Henderson Tactical Income <sup>2</sup>	2009	2015	1.8%	0.6%	0.8%
	Australian Fixed Income <sup>3</sup>	1994	2015	0.8%	0.5%	0.6%
<b>Alternatives</b>	Agriculture <sup>2</sup>	2010	2011	7.9%	4.7%	6.4%
	Global Commodities <sup>3</sup>	2009	2013	1.7%	1.4%	1.6%

<sup>1</sup> All returns quoted net of fees, with the exception of Australian Growth Equities, Australian Fixed Income, Henderson Tactical Income and Global Commodities which are quoted on a gross basis.

<sup>2</sup> Relative performance of a single representative fund.

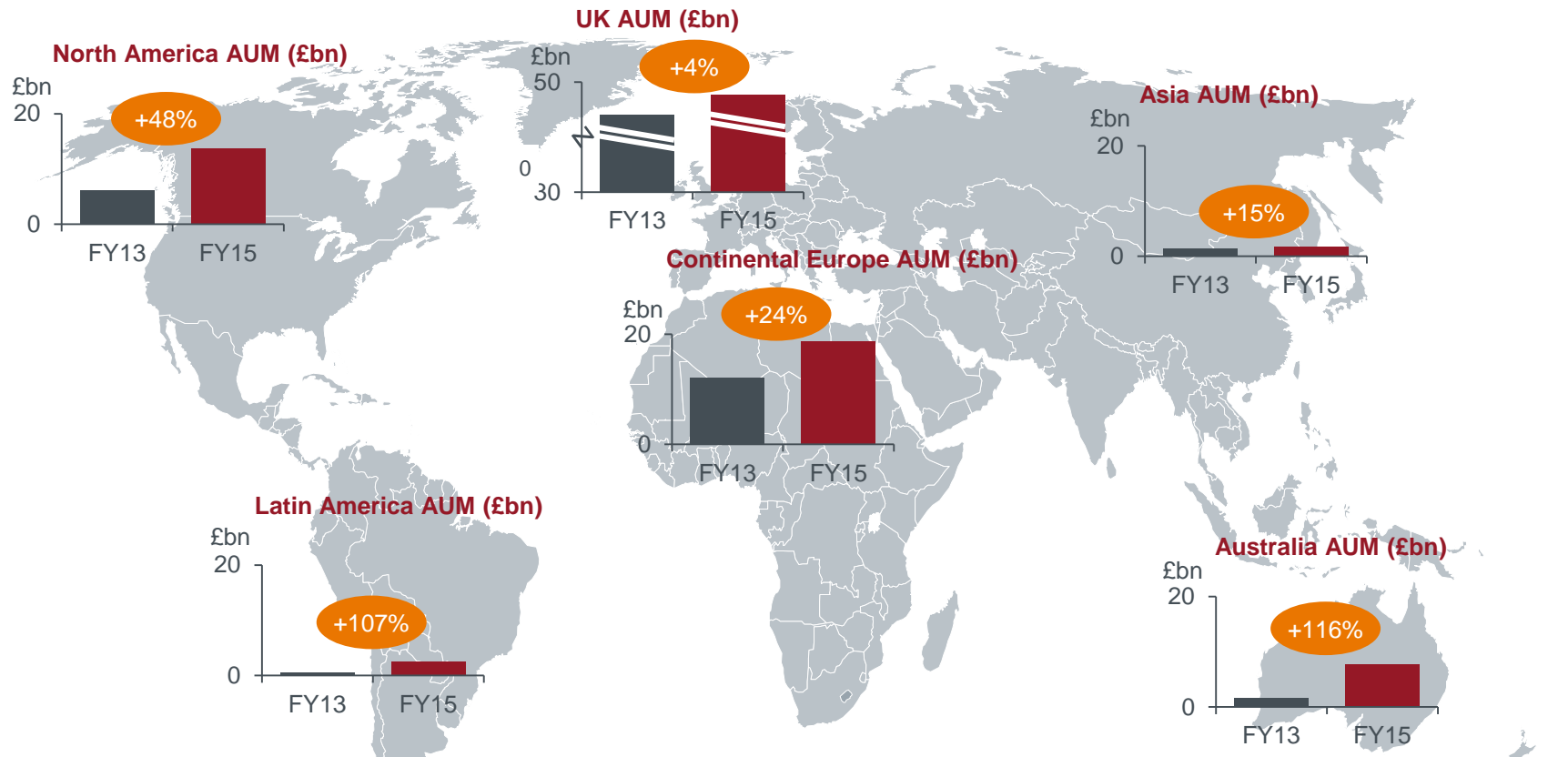
<sup>3</sup> 31 Dec 2015 asset weighted relative return of funds following the main marketed strategy for the desk.

<sup>4</sup> GIPS (Global Investment Performance Standards) compliant composite figures quoted.

<sup>5</sup> Acquisition of 33% of 90 West Asset Management in 2013. The Group increased its holding to 41% in 2014 and acquired the remaining interest in 2015.

# Sustaining growth – geographic perspective

## Global diversification

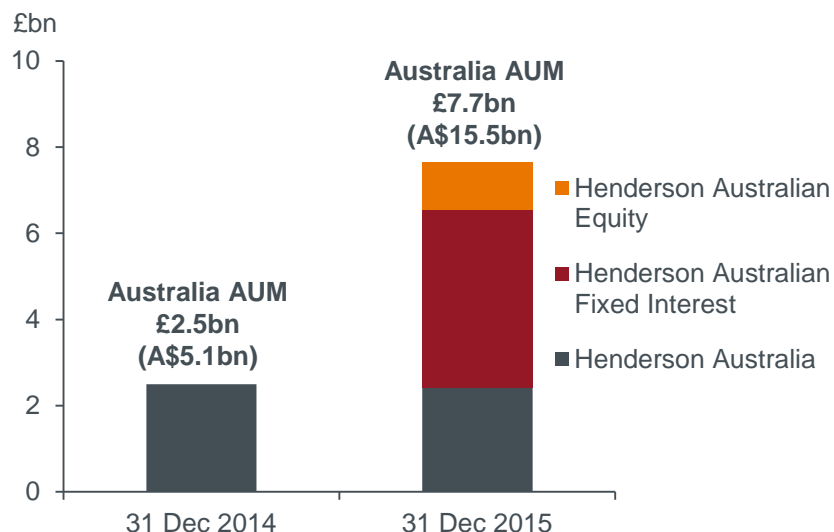


**Differentiated service model based on *Knowledge. Shared***

Note: Percentage represents 2013 to 2015 CAGR. FY13 AUM excludes Property AUM impacted by the TIAA-CREF transactions.

# Sustaining growth – support from acquisitions

## Australia/Perennial update



### Operating highlights

- Australian offices now fully operational with a team of 49 people including 19 investment professionals
- Relationships in place with all major distribution platforms
- Reassuring flows and investment performance in 2H15

Note: Converted at an exchange rate of £1: A\$2.0258 as at 31 Dec 2015.

<sup>1</sup> All returns quoted net of fees, with the exception of Australian Growth Equities, Australian Fixed Income and Henderson Tactical Income which are quoted on a gross basis.

<sup>2</sup> 31 Dec 2015 asset weighted relative return of funds following the main marketed strategy for the desk.

### Annualised performance 31 Dec 2015 – excess return<sup>1</sup>

	1 yr	3 yr
<b>Henderson Australian Fixed Interest</b>		
Henderson Tactical Income	0.6%	0.8%
Australian Fixed Income <sup>2</sup>	0.5%	0.6%
<b>Henderson Australian Equity</b>		
Australian Growth Equities <sup>2</sup>	8.7%	2.4%
<b>Henderson Global Natural Resources</b>		
Global Natural Resources	1.9%	2.9%
<b>Henderson Global Commodities and Managed Futures</b>		
Henderson Global Commodities Enhanced Index	1.0%	–



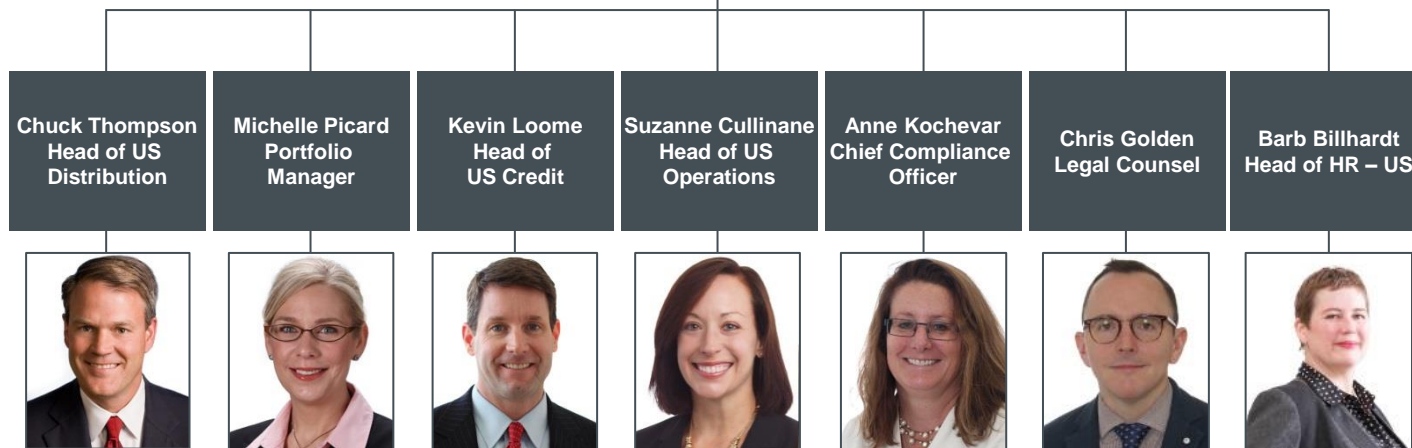
# US case study

**Jim O'Brien**  
Managing Director, North America

# US management team

Joined Henderson	2001
Yrs in financial services	21

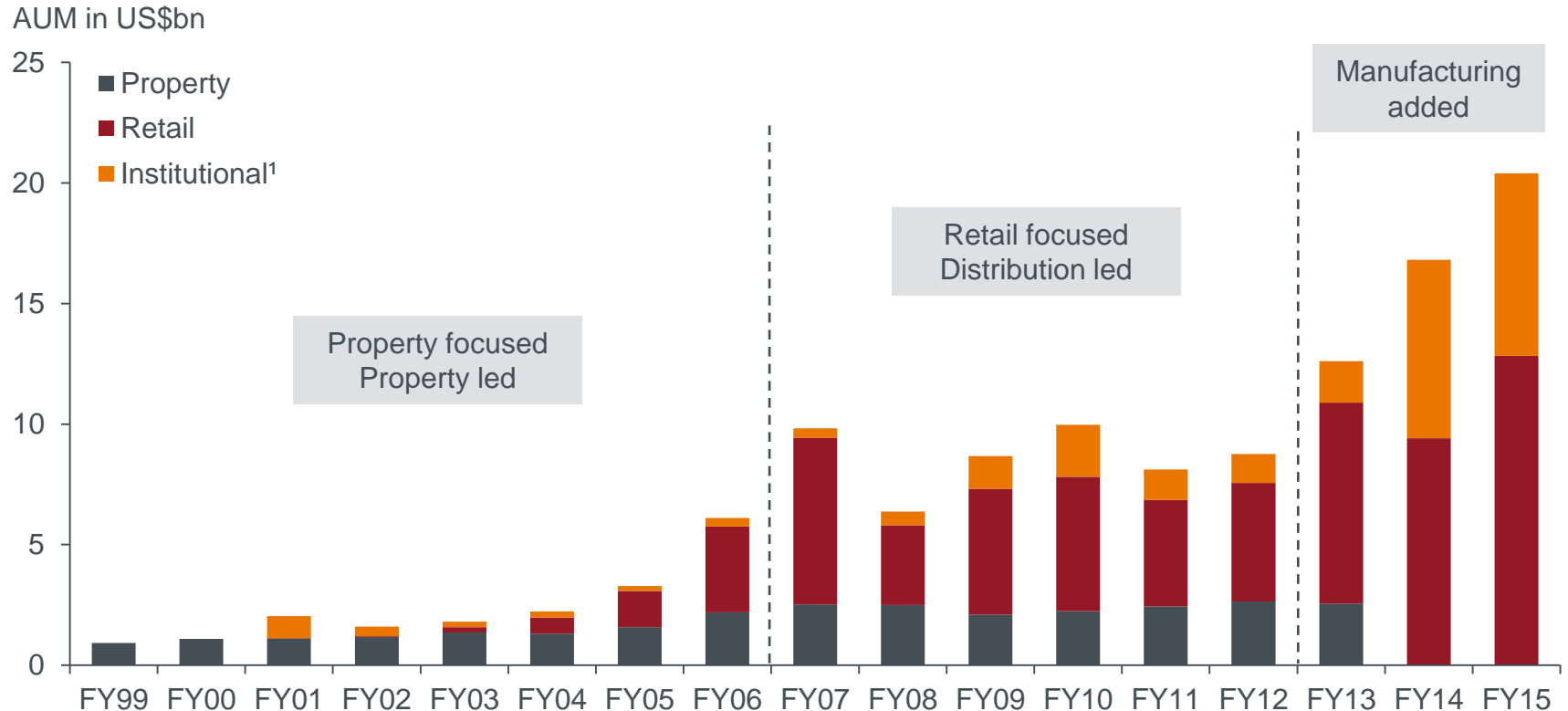
**Jim O'Brien**  
Managing Director,  
North America



Joined Henderson	2002	2014	2013	2002	2014	2011	2009
Yrs in financial services	23	20	24	23	24	10	15

# Where have we come from?

Starting today, it would be difficult to build what we have

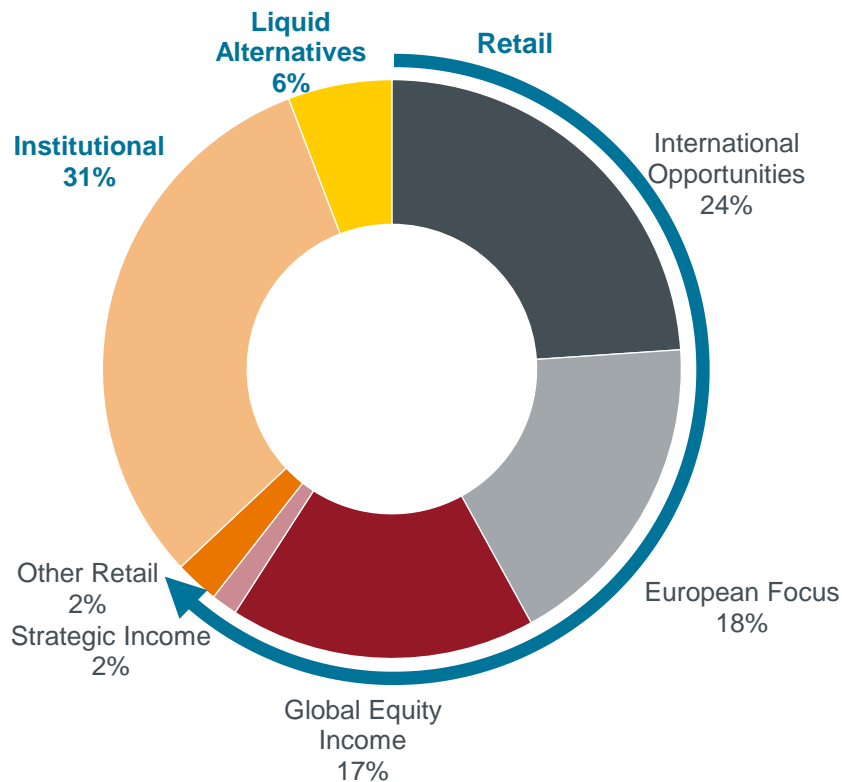


<sup>1</sup> Institutional includes US client holdings in Offshore Absolute Return funds.

# Today: building a better balanced business

## Decision to invest in on-the-ground investment management

**AUM 31 December 2015: US\$20.4bn**



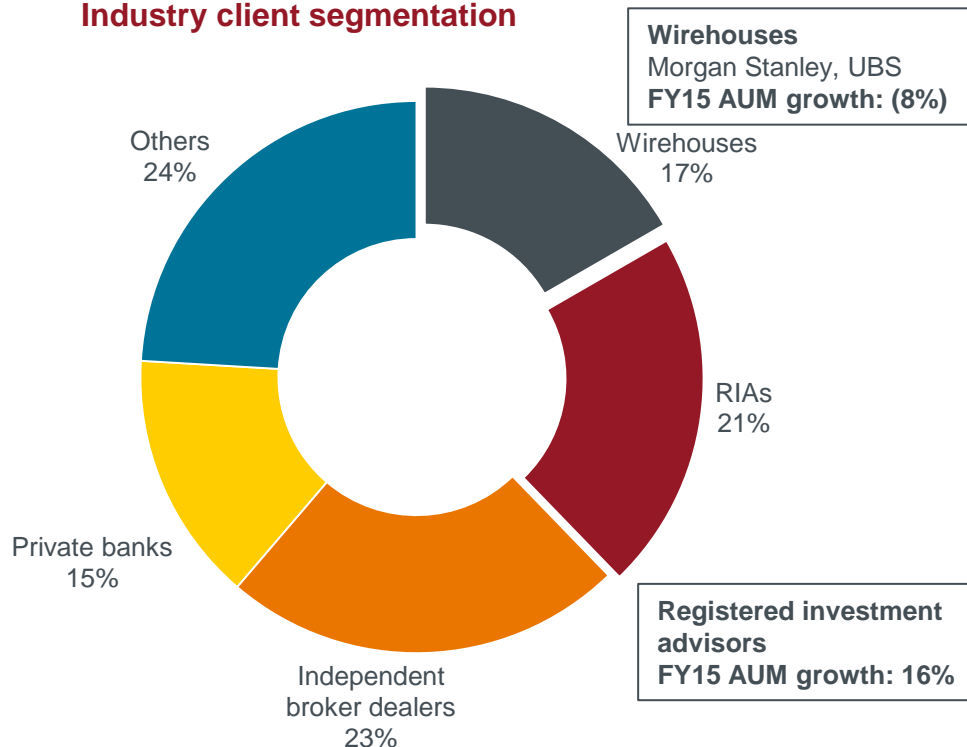
- 2013: Recruited Fixed Income team, opened Philadelphia office
- 2014: Sold Property business; acquired Geneva Capital Management
- 2015: Hired US property securities team

	2011	2015	Change
Full time employees	97	111	14%
AUM (US\$bn)	8.1	20.4	152%

# US Retail market client base

Ranked in the Top 5 for net sales in the Top 3 wirehouses

## Industry client segmentation



## Opportunities

- Grow distribution in high net worth/registered investment advisor (RIA) channel
- Continue to expand relationships with leading broker/dealer networks
- Diversify mutual fund flows from 3 to 13 funds
- New distribution channel: closed-ended fund launch in 3Q15 raised US\$315m

Source: Broadridge Financial Solutions, Inc. Data as at 31 Dec 2015. The data referenced includes open end mutual funds and excludes money market and closed-ended funds. "Others" includes trust companies, banks, and discount brokers.

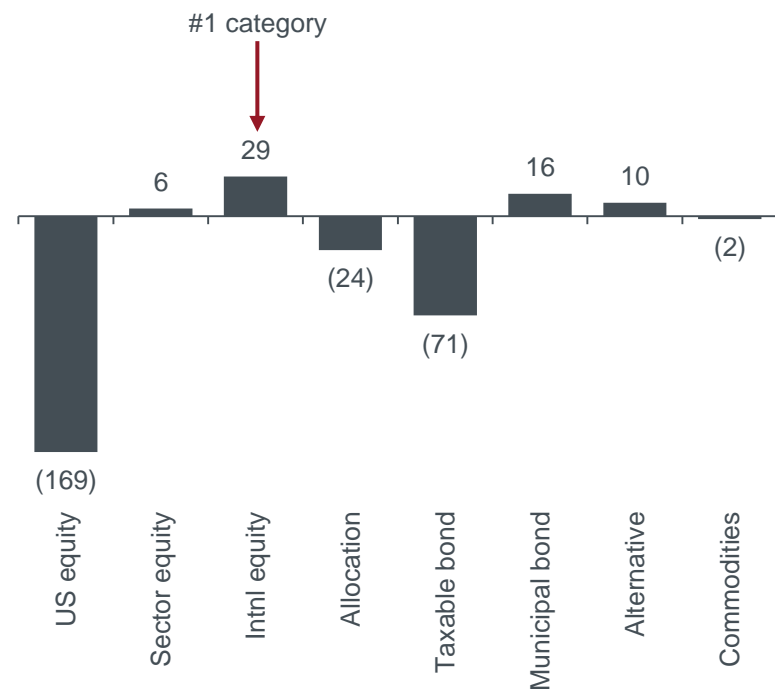
# US distribution – a hidden gem

## Top 10 among similar sized fund families by AUM growth in 2015

### The Henderson difference

- Experienced external Retail sales team
  - Average experience of 18 years
  - Low turnover (<10%)
  - Entrepreneurial culture
- Differentiated product offering and performance profile
- *Knowledge. Shared* delivered through timely market commentaries has proved valuable to US clients

### 2015 played to our strengths Industry active net flows – FY15 (US\$bn)

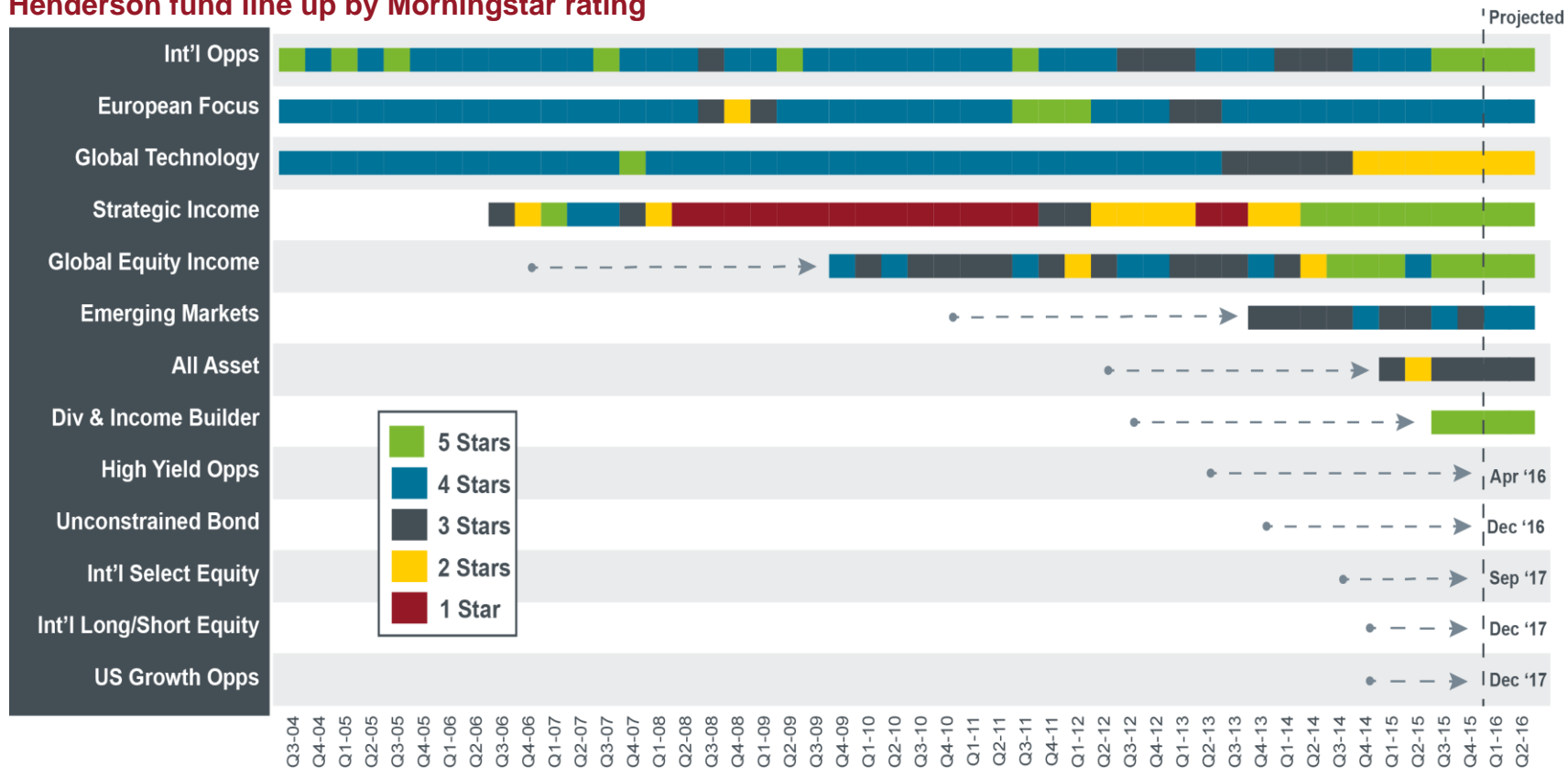


Source: Morningstar Direct Asset Flows.

# Product pipeline

4 out of 8 funds ranked 5 stars

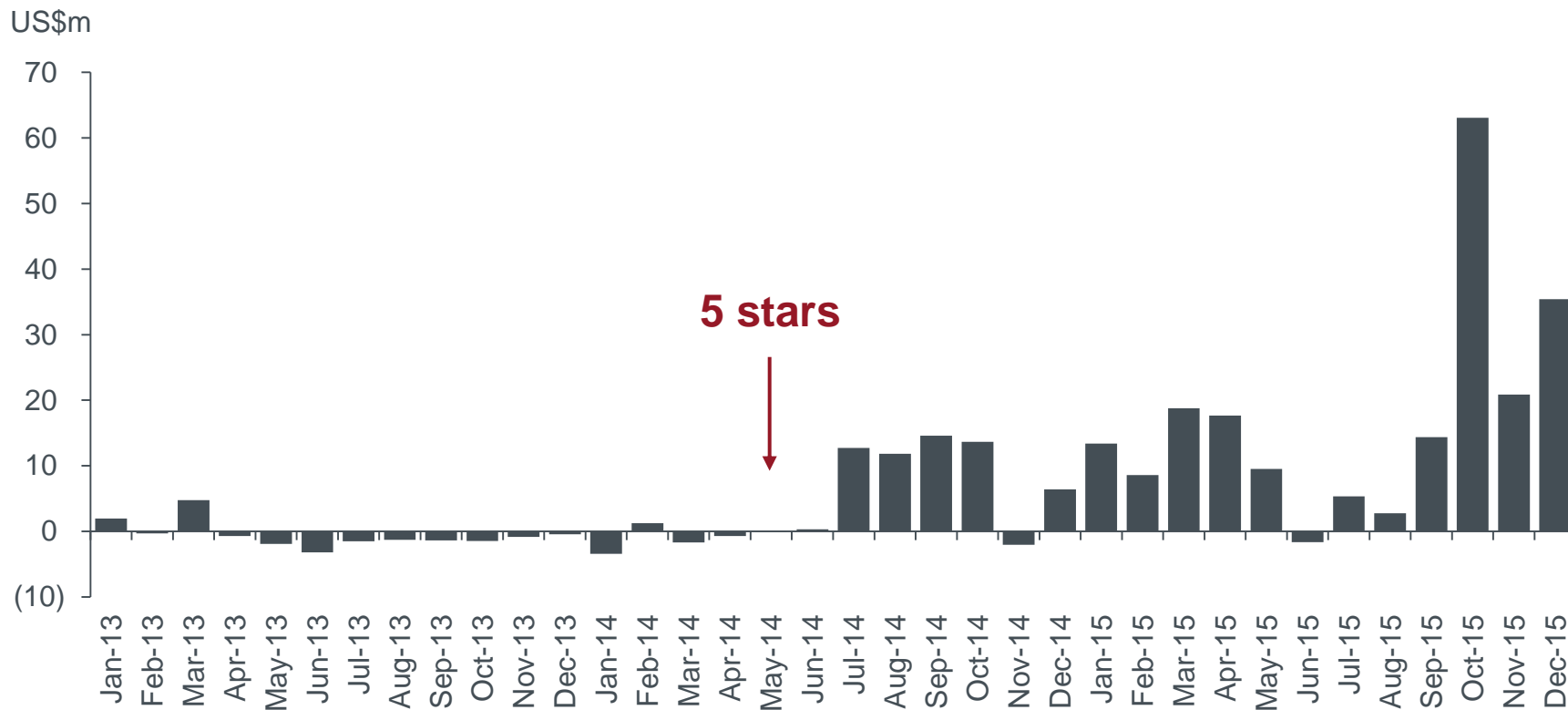
## Henderson fund line up by Morningstar rating



Source: Henderson, Morningstar as at 31 Dec 2015.

# Case study: impact of Morningstar rating

## Henderson Strategic Income Fund

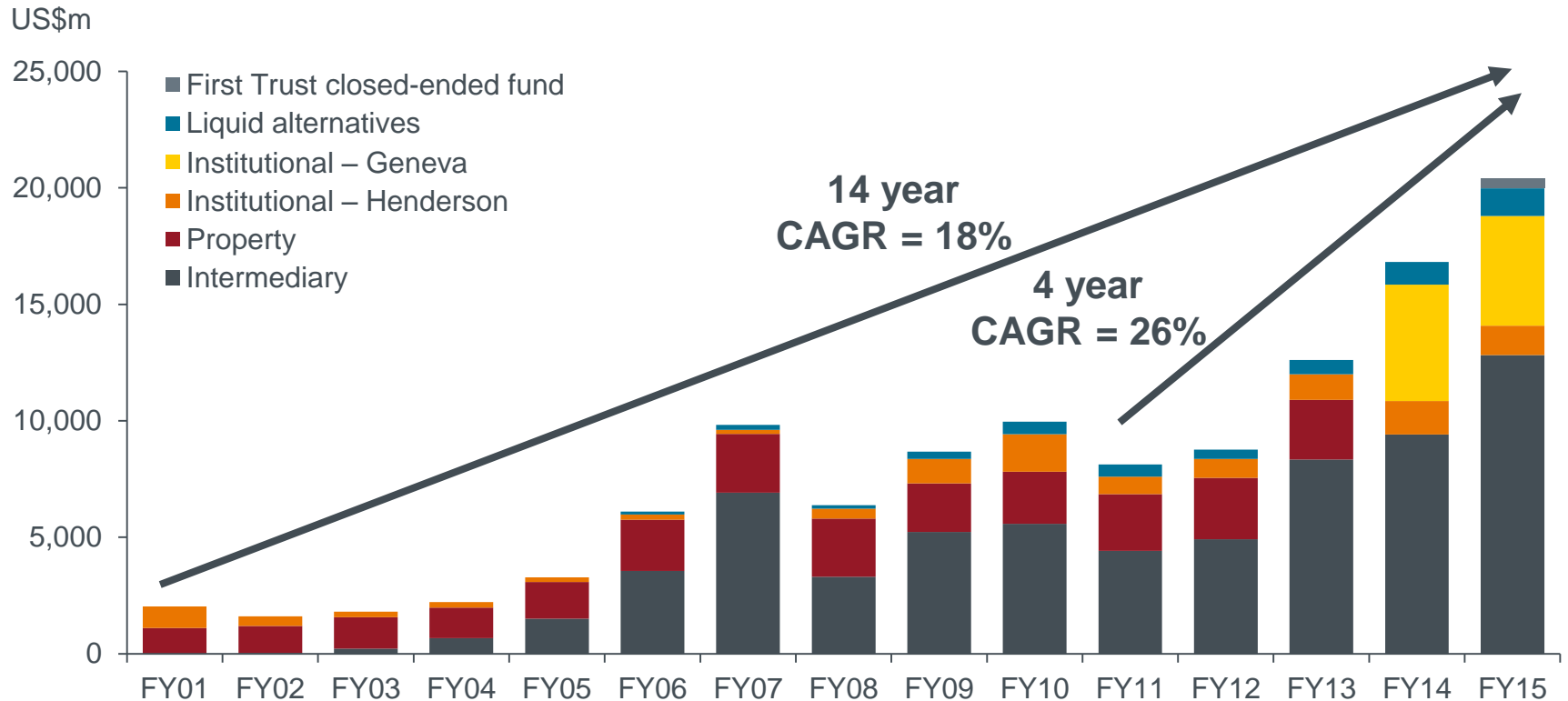


Source: Morningstar, Henderson data as at 31 Dec 2015.



# Increasingly diversified business

## AUM growth FY01-FY15 (US\$m)



# Institutional building blocks

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- Hired an experienced team
- Focused on introducing the full range of Henderson's capabilities to consultants, building on strong Geneva relationships
- Database presence to ensure that the market knows what we have
- Expanding opportunity set
  - Global Fixed Income including Unconstrained Bond, US High Yield
  - Emerging Market equity and debt
  - International Select Equity

# Successful integration of Henderson Geneva

2015 performance: Small-Cap +12%; Mid-Cap +4%; All-Cap +2%

## Performance rankings versus peer groups – 31 December 2015

	Since acquisition	1 yr	3 yr	5 yr
Nationwide Geneva Small-Cap Growth	2 <sup>nd</sup>	1 <sup>st</sup>	13 <sup>th</sup>	11 <sup>th</sup>
Nationwide Geneva Mid-Cap Growth	8 <sup>th</sup>	12 <sup>th</sup>	55 <sup>th</sup>	46 <sup>th</sup>
	Since inception	1 yr	3 yr	5 yr
US Growth Opportunities	14 <sup>th</sup>	19 <sup>th</sup>	–	–

## Morningstar ratings – 31 December 2015



Small-Cap Growth (Instl Share Class)



Mid-Cap Growth (Instl Share Class)

**First institutional mandate win post acquisition for US Small-Cap Growth**

Source: Henderson, Morningstar as at 31 December 2015.

# Where are we going?

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## US has a clear strategy for continued growth

US team has ambitions to double AUM from US\$20bn to US\$40bn by 2018

### Organic:

- Grow sub-scale mutual funds
- Grow Institutional – Henderson and Henderson Geneva Capital Management

### Opportunities:

- Increase channel diversification
- Unlock new sub-advisory relationships

# 2015 full year results **Outlook**

**Andrew Formica**  
Chief Executive



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# Market backdrop and regulatory environment

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## Market backdrop

- Challenging start to 2016 for investors and our clients
- Numerous areas of economic, geopolitical and market risk
- Opportunities for active managers to add value

## Regulatory environment

- MiFID II implementation more realistic with 12 month delay
- FCA Asset Management Review is a significant regulatory and commercial development

# 2016

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## **2016 flows to date**

- Institutional: £500m outflows expected in 4Q redeemed in January
- Retail: outflows in Europe and to a lesser extent in the UK, positive in the US

## **2016: build on strong 2015**

- Continue to deliver strong investment performance, deeper client relationships and global growth

# Q&A

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**WINNER**

**Global Group**





# Appendix



# AUM and fund flows

£m	1H15					2H15				
	Opening AUM 1 Jan 15	Net flows	Market/ FX	Acqns & disposals <sup>1</sup>	Closing AUM 30 Jun 15	Net flows	Market/ FX	Acqns & disposals	Closing AUM 31 Dec 15	Closing AUM net mgmt fee <sup>2</sup> (exit bps)
UK OEICs/Unit Trusts/Other <sup>3</sup>	20,615	703	736	(571)	21,483	558	155	1,162	23,358	
SICAVs	14,171	2,585	43	–	16,799	1,743	786	–	19,328	
US Mutuals	6,005	1,346	301	–	7,652	945	50	–	8,647	
Investment Trusts	5,216	55	296	–	5,567	97	(82)	–	5,582	
<b>Total Retail</b>	<b>46,007</b>	<b>4,689</b>	<b>1,376</b>	<b>(571)</b>	<b>51,501</b>	<b>3,343</b>	<b>909</b>	<b>1,162</b>	<b>56,915</b>	<b>73</b>
UK OEICs/Unit Trusts	9,093	(114)	90	–	9,069	611	62	–	9,742	
SICAVs	1,266	334	(14)	–	1,586	(58)	37	–	1,565	
Australian MIS	–	–	–	–	–	(3)	38	1,464	1,499	
Offshore Absolute Return Funds	2,513	(29)	66	(249)	2,301	(100)	196	–	2,397	
Managed CDOs	251	(79)	3	–	175	(80)	7	–	102	
Segregated Mandates	15,530	767	281	340	16,918	(371)	502	2,604	19,653	
TH Real Estate (40% share)	5,650	154	(87)	(5,717)	–	–	–	–	–	
Private Equity Funds	823	(128)	(179)	–	516	(417)	(41)	–	58	
Other <sup>4</sup>	29	–	1	–	30	23	1	–	54	
<b>Total Institutional</b>	<b>35,155</b>	<b>905</b>	<b>161</b>	<b>(5,626)</b>	<b>30,595</b>	<b>(395)</b>	<b>802</b>	<b>4,068</b>	<b>35,070</b>	<b>26</b>
<b>Total Group</b>	<b>81,162</b>	<b>5,594</b>	<b>1,537</b>	<b>(6,197)</b>	<b>82,096</b>	<b>2,948</b>	<b>1,711</b>	<b>5,230</b>	<b>91,985</b>	<b>55</b>

<sup>1</sup> Includes a reclassification from Offshore Absolute Return funds to Segregated Mandates of £249m.

<sup>2</sup> Closing net management fee bps excluding joint ventures.

<sup>3</sup> Includes Australian MIS (Managed Investment Schemes), Singapore Mutuals and Retail Segregated Mandates.

<sup>4</sup> Includes US Mutual funds.

# AUM and fund flows

## By asset class

£m	1H15					2H15				
	Opening AUM 1 Jan 15	Net flows	Market/ FX	Acqns & disposals	Closing AUM 30 Jun 15	Net flows	Market/ FX	Acqns & disposals	Closing AUM 31 Dec 15	Closing AUM net mgmt fee <sup>1</sup> (exit bps)
Equity	50,706	3,049	2,187	(950)	54,992	3,623	1,182	1,094	60,891	67
Fixed Income	21,322	2,035	(484)	–	22,873	(601)	433	4,136	26,841	28
Property	8,295	637	14	(5,247)	3,699	338	134	–	4,171	n/a
Private Equity	839	(127)	(180)	–	532	(412)	(38)	–	82	n/a
<b>Total Group</b>	<b>81,162</b>	<b>5,594</b>	<b>1,537</b>	<b>(6,197)</b>	<b>82,096</b>	<b>2,948</b>	<b>1,711</b>	<b>5,230</b>	<b>91,985</b>	<b>55</b>

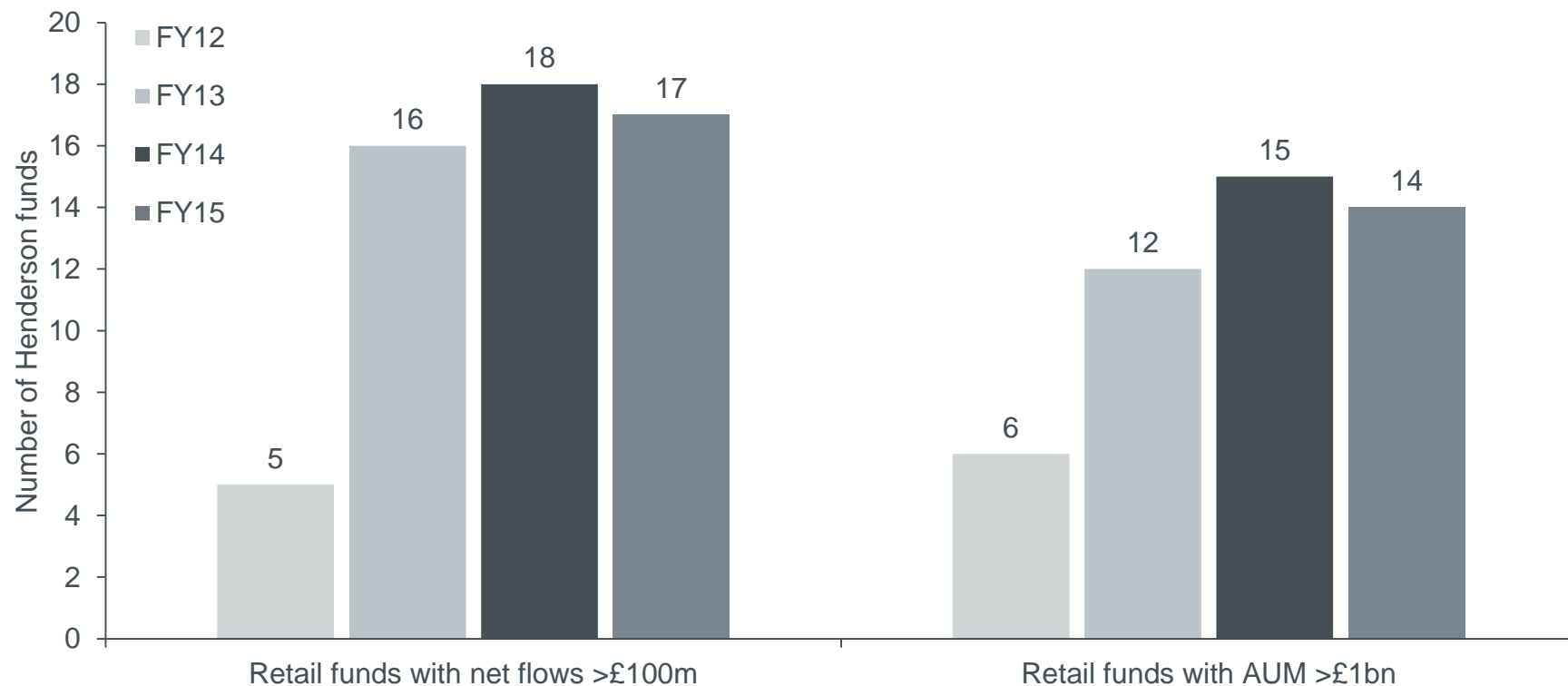
## By capability

£m	1H15					2H15				
	Opening AUM 1 Jan 15	Net flows	Market/ FX	Acqns & disposals	Closing AUM 30 Jun 15	Net flows	Market/ FX	Acqns & disposals	Closing AUM 31 Dec 15	
European Equities	15,265	2,748	1,193	(1,041)	18,165	1,923	354	–	20,442	
Global Equities	25,731	(782)	934	91	25,974	641	515	1,082	28,212	
Global Fixed Income	19,196	1,861	(476)	–	20,581	(309)	389	4,136	24,797	
Multi-Asset	5,211	(191)	98	–	5,118	(209)	(19)	–	4,890	
Alternatives <sup>2</sup>	15,759	1,958	(212)	(5,247)	12,258	902	472	12	13,644	
<b>Total Group</b>	<b>81,162</b>	<b>5,594</b>	<b>1,537</b>	<b>(6,197)</b>	<b>82,096</b>	<b>2,948</b>	<b>1,711</b>	<b>5,230</b>	<b>91,985</b>	

<sup>1</sup> Based on closing net management fee bps excluding joint ventures.

<sup>2</sup> Alternatives includes Property and Private Equity.

# Diversification and scale



Note: Excludes Cirilium funds for all periods.

The FY15 figure for Retail funds with AUM >£1bn reflects the transfer of the European Special Situations fund.

# 17 Retail funds with net flows of £100m+ in FY15

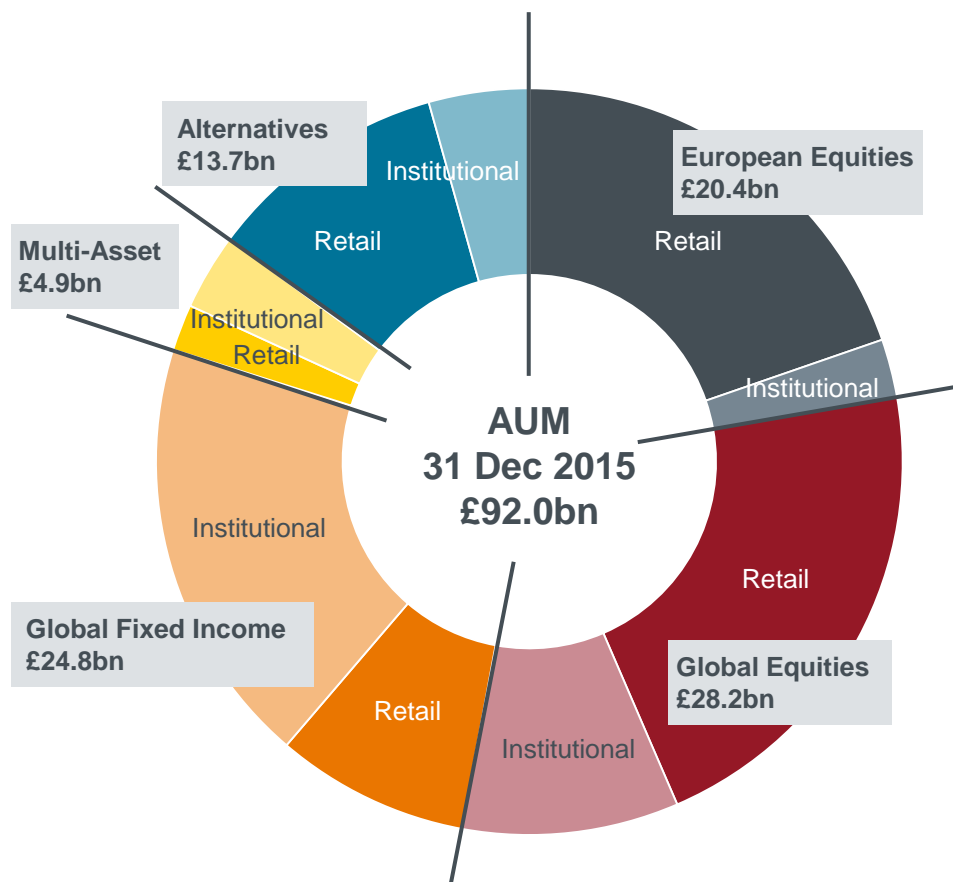
Fund	Fund range	Capability	FY15 net flows	AUM 31 Dec 2015
Henderson Gartmore Continental European	SICAVs	European Equities	£1,605m	£3.7bn
Henderson Gartmore UK Absolute Return	SICAVs	Alternatives	£1,438m	£2.6bn
European Focus	US Mutuals	European Equities	£1,103m	£2.5bn
Henderson UK Property OEIC	UK OEICs/UTs	Alternatives	£822m	£4.2bn
Henderson Horizon Pan European Equity	SICAVs	European Equities	£690m	£3.6bn
International Opportunities	US Mutuals	Global Equities	£655m	£3.3bn
Henderson Gartmore Pan European	SICAVs	European Equities	£484m	£0.9bn
Henderson UK Absolute Return	UK OEICs/UTs	Alternatives	£479m	£1.0bn
Global Equity Income	US Mutuals	Global Equities	£430m	£2.4bn
Henderson Horizon Euroland	SICAVs	European Equities	£307m	£0.8bn
Henderson Horizon Pan European Alpha	SICAVs	Alternatives	£300m	£1.4bn
Henderson Horizon Euro Corporate Bond	SICAVs	Global Fixed Income	£286m	£2.4bn
Henderson Strategic Bond	UK OEICs/UTs	Global Fixed Income	£233m	£1.4bn
Henderson European Focus	UK OEICs/UTs	European Equities	£144m	£0.5bn
Strategic Income	US Mutuals	Global Fixed Income	£138m	£0.2bn
Henderson European Selected Opportunities	UK OEICs/UTs	European Equities	£111m	£2.2bn
Henderson Horizon Pan European Property Equities	SICAVs	Global Equities	£103m	£0.4bn
<b>Total</b>			<b>£9,328m</b>	<b>£33.5bn</b>

# 14 Retail funds with AUM of £1bn+ at 31 Dec 15

Fund	Fund range	Capability	FY15 net flows	AUM 31 Dec 2015
Henderson UK Property OEIC	UK OEICs/UTs	Alternatives	£822m	£4.2bn
Henderson Gartmore Continental European	SICAVs	European Equities	£1,605m	£3.7bn
Henderson Horizon Pan European Equity	SICAVs	European Equities	£690m	£3.6bn
International Opportunities	US Mutuals	Global Equities	£655m	£3.3bn
Henderson Gartmore UK Absolute Return	SICAVs	Alternatives	£1,438m	£2.6bn
European Focus	US Mutuals	European Equities	£1,103m	£2.5bn
Global Equity Income	US Mutuals	Global Equities	£430m	£2.4bn
Henderson Horizon Euro Corporate Bond	SICAVs	Global Fixed Income	£286m	£2.4bn
Henderson European Selected Opportunities	UK OEICs/UTs	European Equities	£111m	£2.2bn
Henderson Cautious Managed	UK OEICs/UTs	Global Equities	£96m	£2.1bn
Henderson Horizon Global Technology	SICAVs	Global Equities	(£525m)	£1.7bn
Henderson Strategic Bond	UK OEICs/UTs	Global Fixed Income	£233m	£1.4bn
Henderson Horizon Pan European Alpha	SICAVs	Alternatives	£300m	£1.4bn
The City of London Investment Trust	Investment Trusts	Global Equities	£77m	£1.3bn
<b>Total</b>			<b>£7,321m</b>	<b>£34.8bn</b>

# Investment management capabilities

## Increasingly diverse capability set



### European Equities

- Diverse, high performance business

### Global Equities

- Strong specialist franchises, building high capacity global products

### Global Fixed Income

- Regional franchises, with increasing global exposure

### Multi-Asset

- Dual track approach to serve retail and institutional markets

### Alternatives









- Expanding in liquid alternatives alongside traditional hedge funds

# European Equities

Diverse, high performance business

**AUM: £20.4bn (Retail £18.1bn; Institutional £2.3bn)**  
**FY15 net flows: £4.7bn**

**1 year outperformance: 80%**  
**3 years outperformance: 92%**

Key funds	Product	Investment performance		Fund AUM	FY15 net flows
		1 year	3 years		
Henderson Gartmore Continental European	SICAV			£3.7bn	£1.6bn
Henderson Horizon Pan European Equity	SICAV			£3.6bn	£0.7bn
European Focus	US Mutual			£2.5bn	£1.1bn
Henderson European Selected Opportunities	OEIC			£2.2bn	£0.1bn

Note: All AUM figures as at 31 December 2015.

















# Global Equities

Strong specialist franchises, building high capacity global products

**AUM: £28.2bn (Retail £19.6bn; Institutional £8.6bn)**  
**FY15 net flows: (£0.1bn)**

**1 year outperformance: 77%**  
**3 years outperformance: 81%**

Selected key desks	Desk AUM	Key funds	Product	Investment performance		Fund AUM	FY15 net flows
				1 year	3 years		
Global Equity Income	£8.9bn	Global Equity Income	US Mutual			£2.4bn	£0.4bn
		The City of London Investment Trust	Inv. Trust			£1.3bn	£0.08bn
Global Technology	£2.5bn	Henderson Horizon Global Technology	SICAV			£1.7bn	(£0.5bn)
Asia <sup>1</sup> & GEMs	£2.3bn	Henderson China Opportunities	OEIC			£0.5bn	(£0.08bn)
Global Equity	£1.8bn	Henderson World Select	OEIC			£0.1bn	(£0.01bn)
Multiple desks <sup>2</sup>		International Opportunities	US Mutual			£3.3bn	£0.7bn
Multiple desks <sup>2</sup>		Henderson Cautious Managed	OEIC			£2.1bn	£0.1bn

Note: All AUM figures as at 31 December 2015.

<sup>1</sup> Excludes Japan.

<sup>2</sup> AUM is managed across multiple desks.

# Global Fixed Income













Regional franchises, with increasing global exposure

**AUM: £24.8bn (Retail £7.7bn; Institutional £17.1bn)**

**FY15 net flows: £1.6bn**

**1 year outperformance: 63%**

**3 years outperformance: 77%**

Selected key desks	Desk AUM	FY15 net flows	Key funds	Product	Investment performance	
					1 year	3 years
Credit	£12.2bn	£0.8bn	Henderson Horizon Euro Corporate Bond	SICAV		
			All Stocks Credit Fund	OEIC		
Australian Fixed Income	£4.2bn	-	Henderson Tactical Income Fund	Aus. MIS		
UK Retail Fixed Income	£3.0bn	£0.4bn	Henderson Strategic Bond	OEIC		
Secured Credit	£2.8bn	£0.8bn	Henderson Multi-Asset Credit Fund	Unit Trust		
Diversified Fixed Income & Rates	£2.2bn	(£0.5bn)	Various benchmark and total return institutional mandates	n/a		

Note: All AUM figures as at 31 December 2015.

# Multi-Asset

## Dual track approach to serve retail and institutional markets

**AUM: £4.9bn (Retail £1.8bn; Institutional £3.1bn)**  
**FY15 net flows: (£0.4bn)**

**1 year outperformance: 83%**  
**3 years outperformance: 98%**

Selected key funds	Product	Investment performance		Fund AUM	FY15 net flows
		1 year	3 years		
Institutional					
Henderson Diversified Growth Fund	OEIC	<div></div>	<div></div>	£0.2bn	(£0.01bn)
Henderson Diversified Alternatives	OEIC	<div></div>	n/a	£0.06bn	£0.01bn
Retail					
Henderson Multi-Manager Active	OEIC	<div></div>	<div></div>	£0.2bn	(£0.02bn)
Henderson Multi-Manager Income & Growth	OEIC	<div></div>	<div></div>	£0.5bn	(£0.03bn)

Note: All AUM figures as at 31 December 2015.

# Alternatives

## Expanding in liquid alternatives alongside traditional hedge funds

**AUM<sup>1</sup>: £13.7bn (Retail £9.7bn; Institutional £4.0bn)**  
**FY15 net flows: £2.9bn**

**1 year outperformance: 98%**  
**3 years outperformance: 66%**

Selected key desks	Desk AUM	Key funds	Product	Investment performance		Fund AUM	FY15 net flows
				1 year	3 years		
Equities	£6.8bn	Henderson Gartmore UK Absolute Return	SICAV	●	●	£2.6bn	£1.4bn
		Henderson Horizon Pan European Alpha	SICAV	●	●	£1.4bn	£0.3bn
Property	£4.2bn	Henderson UK Property OEIC	OEIC	●	●	£4.2bn	£0.8bn
Fixed Income	£1.0bn	Henderson Instl Absolute Return Bond	Unit Trust	●	●	£0.3bn <sup>2</sup>	£0.1bn <sup>2</sup>
Commodities and Agriculture	£0.8bn	Various absolute return institutional mandates					

Note: All AUM figures as at 31 December 2015.

<sup>1</sup> Alternatives includes Property and Private Equity.

<sup>2</sup> The Henderson Institutional Absolute Return Bond fund AUM and net flows excludes cross holdings in other Henderson fixed income funds. This fund had gross AUM of £0.9bn at 31 Dec 2015.

# Profit and loss

	FY14 £m	1H15 £m	2H15 £m	FY15 £m	Change
Management fees (net of commissions)	403.5	230.4	237.9	468.3	16%
Performance fees	82.8	48.8	49.9	98.7	19%
Other income	32.5	16.9	17.9	34.8	7%
<b>Net fee income</b>	<b>518.8</b>	<b>296.1</b>	<b>305.7</b>	<b>601.8</b>	<b>16%</b>
(Loss)/income from associates and joint ventures	5.1	0.4	(0.6)	(0.2)	(104%)
Finance income	10.1	15.3	2.0	17.3	71%
<b>Total income</b>	<b>534.0</b>	<b>311.8</b>	<b>307.1</b>	<b>618.9</b>	<b>16%</b>
Fixed employee expenses	(88.4)	(47.6)	(52.3)	(99.9)	13%
Variable employee expenses	(143.6)	(84.3)	(84.4)	(168.7)	17%
Non-staff operating expenses	(102.6)	(56.7)	(61.5)	(118.2)	15%
<b>Total operating expenses</b>	<b>(334.6)</b>	<b>(188.6)</b>	<b>(198.2)</b>	<b>(386.8)</b>	<b>16%</b>
Finance expenses	(11.6)	(5.8)	(6.3)	(12.1)	4%
<b>Total expenses</b>	<b>(346.2)</b>	<b>(194.4)</b>	<b>(204.5)</b>	<b>(398.9)</b>	<b>15%</b>
<b>Continuing operations underlying profit before tax</b>	<b>187.8</b>	<b>117.4</b>	<b>102.6</b>	<b>220.0</b>	<b>17%</b>
<b>Discontinued operation underlying profit before tax</b>	<b>7.6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(100%)</b>
<b>Total underlying profit before tax</b>	<b>195.4</b>	<b>117.4</b>	<b>102.6</b>	<b>220.0</b>	<b>13%</b>
Tax on underlying profit from continuing operations	(20.6)	(15.6)	(7.3)	(22.9)	11%
Tax on underlying profit from discontinued operation	(1.3)	–	–	–	(100%)
<b>Total underlying profit after tax</b>	<b>173.5</b>	<b>101.8</b>	<b>95.3</b>	<b>197.1</b>	<b>14%</b>
<b>Acquisition related and non-recurring items</b>					
Acquisition related items	(57.0)	(30.3)	(29.3)	(59.6)	5%
Non-recurring items	145.0	11.0	(3.5)	7.5	(95%)
Tax on acquisition related items	11.2	6.7	6.0	12.7	13%
Tax on non-recurring items	(14.2)	1.4	2.1	3.5	125%
<b>Total profit after tax</b>	<b>258.5</b>	<b>90.6</b>	<b>70.6</b>	<b>161.2</b>	<b>(38%)</b>

# Performance fees

	UK OEICs & Unit Trusts	SICAVs	Investment Trusts	Offshore Abs. Return Funds <sup>1</sup>	Seg. Mandates/ Mgd CDOs/PE	Non Perf. Fee ranges/Other <sup>2</sup>	Total
AUM 31 December 2015 (£bn)	31.6	20.9	5.6	2.4	20.1	11.4	92.0
Performance fees gross FY15 (£m)	11.8	47.6	9.4	24.9	5.0	–	98.7
Number of funds generating performance fees in FY15 <sup>4</sup>	5	13	8	22	30	–	78
AUM 31 December 2015 generating FY15 performance fees (£bn) <sup>4</sup>	1.3	8.4	2.1	1.5	3.9	–	17.2
Number of funds with a 1H16 performance fee crystallisation date	5	26	2	14	12	–	59
AUM with performance fee crystallisation date in 1H16 (£bn) <sup>3</sup>	1.3	14.4	0.9	0.6	3.7	–	20.9
AUM with an uncrystallised performance fee (including at HWM) at 31 December 2015 vesting in 1H16 (£bn) <sup>4</sup>	1.0	5.2	0.4	0.2	n/a	–	n/a
AUM within 5% of an uncrystallised performance fee at 31 December 2015 vesting in 1H16 (£bn) <sup>4</sup>	0.3	6.7	0.6	–	n/a	–	n/a
Number of funds with a 2H16 performance fee crystallisation date	5	2	6	18	41	–	72
AUM with performance fee crystallisation date in 2H16 (£bn) <sup>3</sup>	1.3	2.6	1.2	1.2	6.4	–	12.7
AUM with an uncrystallised performance fee (including at HWM) at 31 December 2015 vesting in 2H16 (£bn) <sup>3,4,5</sup>	–	–	0.7	1.1	n/a	–	n/a
AUM within 5% of an uncrystallised performance fee at 31 December 2015 vesting in 2H16 (£bn) <sup>3,4,5</sup>	–	–	0.4	0.1	n/a	–	n/a
Performance fee range (%) of outperformance	15-20%	10-20%	15%	10-20%	5-28%	–	
Performance fee frequency	Quarterly	24 Annually, 2 Quarterly	Annually	Annually	Quarterly and Annually	–	
Performance fee timing	Various	24 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; HWM – High Water Mark; PE – Private Equity

<sup>1</sup> Includes Hedge Managed Accounts.

<sup>2</sup> Predominantly US Mutuals and Australian MIS (Managed Investment Schemes).

<sup>3</sup> This excludes Offshore Absolute Return AUM of c£0.1bn that earns a performance fee only on redemption.

<sup>4</sup> For Offshore Absolute Return Funds, this excludes funds earning performance fees on redemption and only includes those with a period end crystallisation date.

<sup>5</sup> Excludes AUM of funds that still have to crystallise in 1H16.

# Non-staff operating expenses

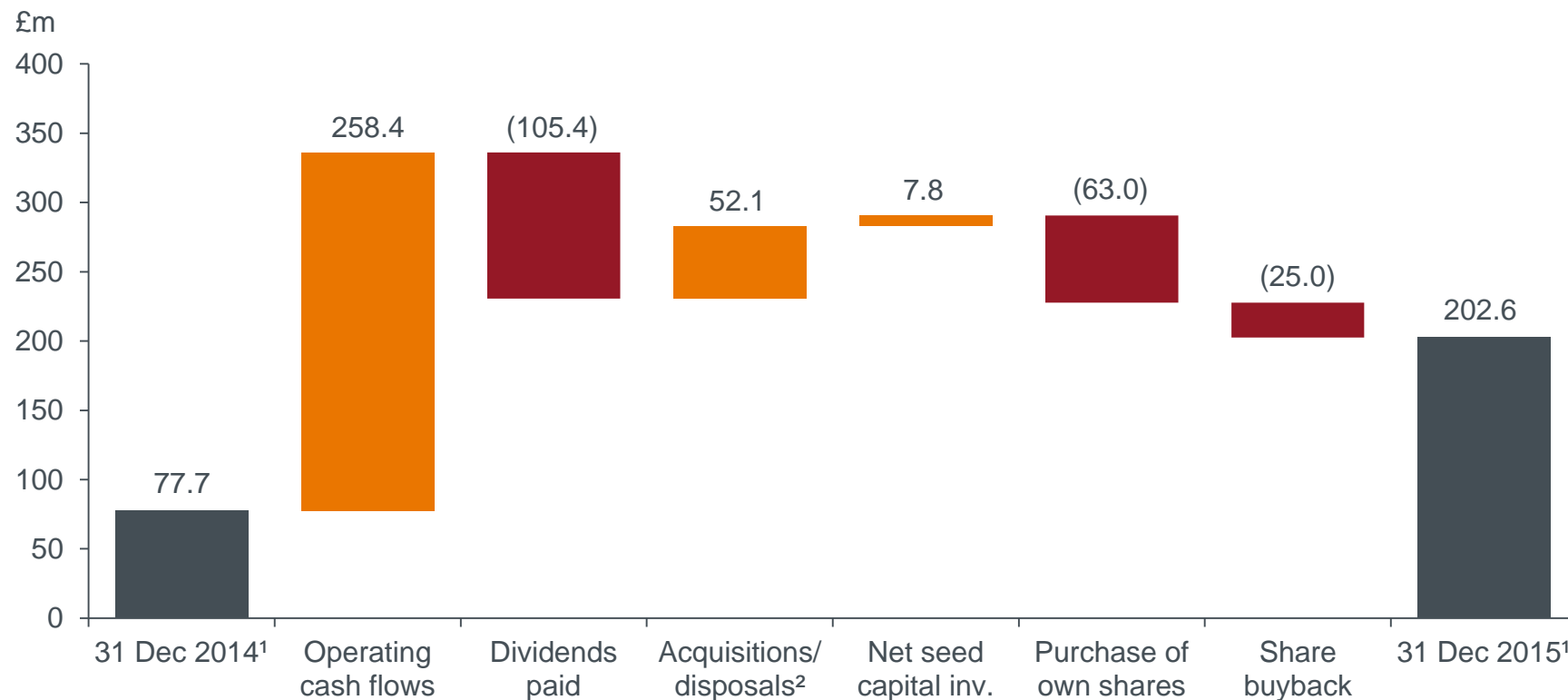
	FY15 £m	FY14 £m	Change £m	Change
Investment administration	31.6	30.2	1.4	5%
Information technology	20.0	17.1	2.9	17%
Office expenses	16.9	15.0	1.9	13%
Depreciation	5.2	4.7	0.5	11%
Other expenses	44.5	35.6	8.9	25%
<b>Non-staff operating expenses</b>	<b>118.2</b>	<b>102.6</b>	<b>15.6</b>	<b>15%</b>

# EPS calculation

	FY14	1H15	2H15	FY15
Continuing underlying profit before tax	£187.8m	£117.4m	£102.6m	£220.0m
Discontinued operation underlying profit before tax	£7.6m	–	–	–
Less: tax on continuing underlying profit	(£20.6m)	(£15.6m)	(£7.3m)	(£22.9m)
Less: tax on discontinued underlying profit	(£1.3m)	–	–	–
<b>Total underlying profit after tax attributable to owners of the parent</b>	<b>£173.5m</b>	<b>£101.8m</b>	<b>£95.3m</b>	<b>£197.1m</b>
Acquisition related items post tax	(£45.8m)	(£23.6m)	(£23.3m)	(£46.9m)
Non-recurring items post tax	£130.8m	£12.4m	(£1.4m)	£11.0m
<b>Profit after tax attributable to owners holders of the parent</b>	<b>£258.5m</b>	<b>£90.6m</b>	<b>£70.6m</b>	<b>£161.2m</b>
Weighted average number of ordinary shares for the purpose of basic EPS	1,085.2m	1,095.4m	n/a	1,093.1m
Weighted average number of ordinary shares for the purpose of diluted EPS	1,139.8m	1,146.7m	n/a	1,143.0m
Basic EPS based on total underlying profit after tax	16.0p	9.3p	8.7p	18.0p
<b>Basic EPS based on continuing underlying profit after tax</b>	<b>15.4p</b>	<b>9.3p</b>	<b>8.7p</b>	<b>18.0p</b>
Diluted EPS based on total underlying profit after tax	15.2p	8.9p	8.3p	17.2p
<b>Diluted EPS based on continuing underlying profit after tax</b>	<b>14.7p</b>	<b>8.9p</b>	<b>8.3p</b>	<b>17.2p</b>



# Net cash generation



<sup>1</sup> Net cash amounts exclude non-Group cash held in manager dealing accounts and cash held by consolidated funds.

<sup>2</sup> Includes impact of cash lent to or owed by TH Real Estate as at 31 Dec 2014 and received in 2015.

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**Important information**

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This presentation contains forward-looking statements with respect to the financial condition, results and business of the Group. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that may or may not occur in the future. There are a number of factors that could cause the Group’s actual future performance and results to differ materially from the results expressed or implied in these forward-looking statements. The forward-looking statements are based on the Directors’ current view and information available to them at the date of this presentation. The Group makes no undertaking to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. Nothing in this presentation should be construed as a profit forecast.