



2010 AGM Chairman's address

Until early last year we were still being buffeted by the global financial crisis that had started in 2007. However, this all changed dramatically during 2009, and by the end of the year economic growth had resumed and financial markets revived. It was a remarkable change, but not without casualties. Against this difficult background, the Group did relatively well, producing a recurring profit of £73.7 million. This was an encouraging result, particularly when you consider that world equity prices in 2009 were on average 18% lower than in 2008.

The acquisition of New Star at the start of 2009, was either pure good fortune or a tribute to the management team's foresight. I prefer the second interpretation, because your managers did indeed identify an opportunity that would move Henderson forward strategically and also satisfy the strict financial criteria that shareholders expect. We have already begun to see the financial benefits of this acquisition in last year's results. We believe that our strategic objective – of significantly increasing our market share in the UK retail market – will be realised, although this will take a little longer to demonstrate.

On dividends, the Directors are recommending a final dividend for 2009 of 4.25 pence per share, which will bring the total dividend for 2009 to 6.1 pence per share, the same as we paid for the previous year. This dividend will result in a higher pay-out ratio than we've had before. However, the Directors are confident about the outlook for the business and also recognise the importance of dividends to our shareholders. Looking ahead, the Board wants to make our system for paying dividends a bit more predictable, so we will use a simple formula for the interim dividend each year. Assuming the Group has the resources, the interim dividend will be the equivalent of 30% of the total dividend for the previous year.

Let me now say a word or two about the board itself. After 17 years with the Group, Toby Hiscock decided to stand down as Chief Financial Officer in September last year. Fortunately, we had a strong internal successor in Shirley Garrod, previously our Chief Operating Officer. Shirley has made an excellent start and I am confident she will do a good job in the financial management of the Group. We also had changes amongst the Non-Executive Directors, Anthony Hotson stepping down in May 2009 and John Roques retiring at the end of 2009. Robert Jeens, who was appointed in July 2009, became Chairman of the Audit Committee. Tim How, who was appointed at the end of 2008, succeeded John Roques as Senior Independent Director.

This year is not without its challenges for all financial-services firms. International regulators are emphasising reform in the wake of the global financial crisis. Corporate governance and risk management structures are being scrutinised; more stringent liquidity and capital hurdles are being set; the competence and effectiveness of boards are being questioned; and there is a desire to ensure that corporate and strategic policies are aligned with clearly defined risk parameters and that risks are being prudently managed. We are alive to these regulatory challenges and committed to achieving the highest standards of governance.

As a business we are more optimistic about the outlook for markets, though we think the pace of the global economic recovery remains uncertain. We are also considering further opportunities to expand the Group. Above all, though, we remain firmly committed to creating value for our shareholders and helping our clients achieve their investment objectives. Thank you to you all and to our hard-working staff for your support.