

Henderson Horizon Global Currency Fund

For professionals only



Bob Arends

Fund particulars

Status

Sub-fund of Luxembourg SICAV UCITS III (sophisticated)

Fund manager

Bob Arends

Investment objective

The Henderson Horizon Global Currency Fund aims to achieve capital growth through investment in global currency markets. The Investment Manager will seek to accomplish its investment objective utilising quantitative models which are designed to identify market opportunities. In pursuing this strategy, the Investment Manager will seek to profit from opportunities in global currency markets, primarily by establishing positions in spot, forward and swap contracts on currencies in the over-the-counter (OTC) market.

ISIN code – Class A2

USD
LU0504464925

GDP (hedged):
LU0506195832

EUR (hedged):
LU0506196053

SGD (hedged):
LU0506196210

Launch date

July 2010

Regional coverage

Global (70% G10 combined with 30% EM)

Benchmark

Cash (EONIA/SONIA/SIBCSORA/FED Funds depending on share class)

Target return

10% above benchmark

Base currency

USD

Share classes

USD, EUR, GBP, SGD

Management fees

1.0-1.5% (depending on share class)

Performance fee

20% (with high water mark)

Minimum investment

US\$ 2,500 (or foreign currency equivalent)

Redemption fees

None

Valuation frequency

Daily at 4.00pm Luxembourg time

Dealing

Orders placed at D (dealing day) before 1.00pm Luxembourg time are executed for value on D. After 1.00pm the value date will be D+1.

Settlement date

D+4

Investment manager

Henderson Global Investors Ltd

Custodian

BNP Paribas Securities Services

Key selling points

- **The attraction of currency:** The global currency or foreign exchange (FX) market is the largest, most liquid marketplace in the world. In London alone daily currency trading volumes reached US\$1.43 trillion in October 2009¹. Currency as an asset class is renowned for its high levels of liquidity and transparency and can exhibit low correlation to traditional investments in a diversified portfolio.
- **Why choose the Henderson Horizon Global Currency Fund?** The fund offers two key benefits for investors: the potential to add diversification to existing investment portfolios and the potential to deliver absolute returns.

As an absolute return fund, the Henderson Horizon Global Currency Fund's managers are targeting a return of 10% above the fund's cash benchmark measured on a rolling 12-month period. Investors should be aware that although the fund will seek to deliver the absolute and target returns over the time period specified, these returns are not guaranteed. Investors in the fund will be exposed to market risks and despite the risk control strategies employed by the fund's managers there may be times when the fund produces negative returns.
- **Unique model-based investment approach:** A key differentiator of the fund is its unique proprietary risk management model, created by Henderson's Global Currency team. The model is designed to achieve absolute returns throughout the market cycle, offering a flexible correlation profile.
- **Global currency expertise from Henderson:** Headed by Bob Arends, the Henderson Global Currency team has more than 50 years' combined experience of currency management. Together the team has a well established performance track record.

1. Source: Bloomberg, Currency trading is place to make your fortune, 16 February 2010.

Understanding the fund

Henderson believes that the inclusion of an alternative asset class such as currency in a traditional investment portfolio consisting of equities, bonds and property can improve the risk/return profile of that portfolio. The Henderson Horizon Global Currency Fund is designed to deliver absolute returns by capturing incremental gains generated from inefficiencies in the world's currency markets. It relies on a sophisticated model created and run by Henderson's experienced team of currency specialists. The fund has the potential to add alpha to an investment portfolio while decreasing correlation and overall risk.

Recognising that stock and bond markets are likely to remain volatile, the fund seeks to address investors' needs for positive returns from an investment strategy with a strong focus on controlling risk. A key differentiator of the fund is its unique proprietary risk management model, created by Henderson's Global Currency team. It is designed to achieve absolute returns throughout the market cycle, offering a flexible correlation profile. The correlation of the fund with other major asset classes is designed to increase in rising markets, and reduce in falling markets when lower correlation is needed most.

The fund invests in global currency pairs across two distinct sets of currencies: developed countries ('G10') and emerging markets (EM). This global approach has proven to enhance the risk/return profile of the portfolio on two counts; firstly because of the relatively low correlation between developed and emerging market currencies and secondly because of the low correlation between individual EM currencies.

To place an order

**BNP Paribas Securities Services
(Luxembourg branch)**

Tel: +352 2696 2050

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Henderson Horizon Global Currency Fund

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Investors are advised to pay special attention to the risk section within the Fund's prospectus.

The Henderson Horizon Fund (the "Fund") is a Luxembourg SICAV incorporated on 30 May 1985. This document is intended solely for the use of professionals and is not for general public distribution. Any investment application will be made solely on the basis of the information contained in the Fund's full prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the Fund's full prospectus before investing. A copy of the Fund's full and simplified prospectuses can be obtained from Henderson Global Investors Limited in its capacity as Investment Manager and Distributor.

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The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially.

The Fund is a recognised collective investment scheme for the purpose of promotion into the United Kingdom. Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

A copy of the Fund's full and simplified prospectuses, articles of incorporation, annual and semi-annual reports can be obtained free of cost from the Fund's: Austrian Paying Agent Raiffeisen Zentralbank Österreich AG, Am Stadtpark 9, A-1030 Vienna; French Paying Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider Dresdner Van Moer Courtens SA/N.V. Société de bourse, Drève du Prieuré 19, 1160 Bruxelles; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid; or Swiss Representative Fortis Foreign Fund Services AG, Rennweg 57, 8021 Zurich. BNP Paribas (Suisse) S.A., Place de Hollande 2, 1204 Genéve is the Paying Agent in Switzerland.

For further information on the Henderson Horizon Global Currency Fund please visit our website at www.henderson.com

Risk controlled currency portfolio management

Investment opportunities present themselves from the fact that not all currencies move in the same direction at the same time and the continual movement in exchange rates can be exploited. In order to take advantage of this, the fund employs a disciplined carry trade investment strategy.

The sophisticated strategy favours currencies in economies that have high interest rates over those with low interest rates. This is known as 'positive carry', meaning that investment is restricted to the purchase of high interest rate currencies and the selling of (shorting) low interest rate currencies.

The more liquid G10 currencies represent 70% of the portfolio. For the EM currencies, which have a maximum weighting of 30% in the portfolio, the team follows 19 individual currencies. Each EM currency is paired against the US dollar as this offers the highest level of liquidity. This approach allows investors to access a broad range of leading emerging markets via the currency markets but with a potentially lower risk than investing via equities. Only the currency pairs from both segments with the most attractive risk-adjusted return potential will be picked for the portfolio.

The fund seeks to avoid risks resulting from a country and correlation bias through limits built into the risk management. Risk filters determine entry and exit points for the positions held. For the G10 component an entry into positions occurs when the risk filter indicates a positive environment for carry. A trailing stop-loss at the portfolio level is used to determine the exit point. For the EM currencies, in case of a positive carry, a positive trend versus the US dollar must also be present. For example, the team will only participate in a trade of buying the Brazilian real if it is expected to be on an appreciative path versus the US dollar. The risk management process requires the portfolio to be systematically reviewed during the 24-hour trading day in Tokyo, London and New York.

Enlarged UCITS III capabilities

UCITS III provides a high degree of investor protection with regard to risk and liquidity management, regulation and transparency. European regulators recognise the fund's use of derivatives within a tightly controlled risk framework. This allows the fund manager to use spot (an agreement to buy or sell an asset today), forward (a contract to buy or sell an asset at a specified future time at a price agreed today) and swap contracts on currencies (exchanging cash flow streams) in the over-the-counter (OTC) market, which under UCITS III regulations are classified as derivatives. No complex derivatives, however, are used. As a UCITS III sophisticated investment vehicle the fund provides daily liquidity. The majority of the fund's assets, typically some 70%, is invested in liquid short-term bank deposits – not securities – at high quality banks, which are pre-approved and regularly reviewed by Henderson's Credit Committee.

Investment expertise

Headed by Bob Arends, the Henderson currency team worked together at Fortis Bank for a number of years before joining Henderson in 2009. Based in Amsterdam, Bob is joined by four portfolio managers, each bringing a combination of relevant academic backgrounds, experience of working at leading pension funds and hedge fund management. This hands-on experience, combined with market knowledge, robust quantitative skills, and academic research, has allowed the team to develop innovative currency investment strategies suitable for investors seeking greater portfolio diversity.

