

Henderson Horizon European Growth Fund



Richard Pease



Simon Rowe

Fund particulars

Status

Sub-Fund of Luxembourg SICAV (UCTS III)

ISIN Code

LU0504465815 R class (EUR)

LU0506423218 R Class (GBP hedged)

LU0506436111 R class (USD hedged)

Fund managers

Richard Pease, Simon Rowe

Investment objective

The objective of the Henderson Horizon European Growth Fund is to achieve long term capital growth principally through investment in the equity of companies located or listed in Europe (excluding the United Kingdom) or, in the opinion of the Investment Manager, deriving a preponderant part of their income from Europe (excluding the United Kingdom).

Launch date

June 2010

(strategy previously run as New Star European Growth Fund July 2001 to June 2010)

Benchmark

FTSE World Europe ex UK Total Return Index

Capitalisation range

All Cap

Base currency

EUR (also available in GBP, USD, hedged)

Management fees

1.75%

Minimum investment

€2,500 (or foreign currency equivalent)

Initial charge

Max. 5.0%

Redemption fees

None

Valuation frequency

Daily at 1.00 pm Luxembourg time

Dealing

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

Settlement date

D+4

Investment manager

Henderson Global Investors Ltd

Custodian

BNP Paribas Securities Services

To place an order

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

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Key selling points

- **Simple investment philosophy:** The fund invests in well-managed, cash generative companies on attractive valuations. By not deviating from four key investment criteria – proven business strategy, good quality management, sound financial ratios and attractive valuations – the fund seeks to capture profitable long-term opportunities.
- **Bottom-up stock selection avoids market noise:** Companies included within the portfolio are held because they have a good business model that should help to see them through periods of economic weakness or market turbulence as well as offer a platform for growth. Wider market and economic events may help to confirm conviction in a stock but the fund managers are focused on owning a stock for the medium to long term rather than be buffeted or swayed by short-term sentiment.
- **Proven managers in an established team:** Richard Pease and Simon Rowe have worked together for more than 9 years delivering top quartile performance since inception for their European Growth equity strategy*. Their distinct investment approach has stood the test of time. They have more than 40 years' combined experience in following European equity markets and companies, which has allowed them to identify companies and management with strong potential.
- **Shareholder interests aligned:** The fund managers are keen that managers of the companies held in the portfolio have a stake in the companies they run. They look for evidence that management and shareholder interests are aligned such as proprietary managers, large family shareholders and progressive dividend policies.

*Source: Morningstar, at 31 May 2010.

Access a continent of diversity

Europe's strong legal and financial framework provides a stable base for entrepreneurial activity and investment. The continent also benefits from a relatively wealthy population, creating a powerful domestic market for goods and services. Taken together, this allows the region to act as an incubator for new companies with good business models whilst providing a strong base for established companies to expand globally. With a host of leading and pioneering companies in all the main sectors and industries, Europe can therefore offer investors exposure to a diverse array of companies.

The economies of Europe, whilst close trading partners, are not totally synchronised. This means that although there are well-known challenges facing some countries in Europe, this is often offset by strong economic growth in other parts of the continent. Moreover, there are plenty of companies in sectors enjoying structural growth, which is largely independent of the performance of their domestic economies, while globalisation allows companies to take advantage of growth opportunities in developed and emerging markets both within Europe and globally.

The Henderson Horizon European Growth Fund is invested in a mix of medium-sized and large-sized companies. Typically, the portfolio is more exposed to service-driven business models and although the fund is able to invest directly in emerging European markets it tends to gain exposure to these markets indirectly through investment in companies based in developed markets which have operations in emerging economies. The favoured hunting ground is among medium-sized companies because expanding revenues or market share can have a more meaningful impact on earnings growth and organic growth is often more easily achievable. Management tends also to have a more comprehensive and 'hands-on' understanding of the business than might exist in larger corporations. Their smaller size also makes medium-sized companies more manageable takeover candidates, which can act as a floor to valuations.



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Henderson Horizon European Growth Fund

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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 S.A./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. Fortis Banque (Suisse) S.A., Rennweg 57, 8021 Zurich is the Paying Agent in Switzerland.

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

Investment approach

The Henderson Horizon European Growth Fund is a non-benchmark constrained fund offering a diversified portfolio of European (ex UK) equities. Its aim is to generate long-term capital gain through active stock-picking, with valuation the over-riding criterion for a stock's inclusion in the portfolio. Since the Henderson Horizon European Growth Fund seeks capital gain as opposed to trying to beat a benchmark, the fund is free to deviate considerably from index weightings. This flexibility is especially advantageous during volatile markets as the fund is not forced to hold stocks in which the fund manager has little conviction.

In line with the investment style Richard has developed over the past two decades, the fund operates principally a bottom-up approach to investing. While economic trends will have some influence on Richard and Simon's decision-making, they are not the overriding factor. Stock selection is governed by an assessment of four fundamental criteria: companies within the Henderson Horizon European Growth Fund must have sound business strategies, good quality management, sound financial ratios and attractive valuations.

Essentially, decisions on stock selection will shape the portfolio at the sector and country level. However, the fund managers will give some consideration to the overall economic outlook for both an individual country and the global economy when judging the growth of a company's product market and likely profitability. Market and economic sentiment is factored into any opinion on a stock as this will have an impact on earnings growth. A positive macroeconomic backdrop will serve to underline any conviction in a particular stock. Factors such as the regulatory environment, tax regime and interest rate sensitivity will already have been covered at the stock level.

Richard and Simon do not subscribe to a rigid style of investing. They are happy to invest in whatever stock offers the best potential, given the four criteria set for it. This means the composition of the fund may, and will, change over time to reflect the stock selection that the fund managers believe will perform the best. This could be reflected in the amounts held in growth or value stocks, the market cap size of stocks and sector preferences. Adaptability and the freedom to change can prove very beneficial when market direction is volatile.

Investment expertise

Richard Pease has 25 years' investment experience and is widely regarded as one of the most talented European fund managers. Prior to joining New Star in 2001, he was a fund manager at Jupiter Asset Management where he ran the top-performing Jupiter European Fund between January 1990 and December 2000. Before this he worked at Windsor Investment Management, where he launched and ran the Windsor European Unit Trust. **Simon Rowe** initially worked as a financial journalist at Investors Chronicle before joining Kleinwort Benson and subsequently Smith New Court as an equity analyst covering Germany. After a period of freelance work for management consultancies, including AT Kearney and McKinsey, he joined New Star's European Equity Team in 2001. Both Richard and Simon moved across to Henderson in 2009 when New Star Asset Management was acquired by Henderson.

Richard and Simon are supported by the European equities team at Henderson, which in turn debates and shares ideas with the other investment boutiques at Henderson. Cross pollination of ideas is encouraged although ultimate responsibility for investment decisions rests with the fund managers.

