

# Henderson Global Investors

## Analyst Briefing

September 2015

**Roger Thompson**  
Chief Financial Officer

**Miriam McKay**  
Head of Investor Relations



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SHARED.**

**Henderson**  
GROUP PLC

# 1H15 highlights

- ✓ Strong investment performance
- ✓ Net inflows of £5.6bn
- ✓ AUM increased to £82.1bn
- ✓ Increased underlying profit and EPS
- ✓ Share buyback launched to deploy excess capital for shareholder benefit

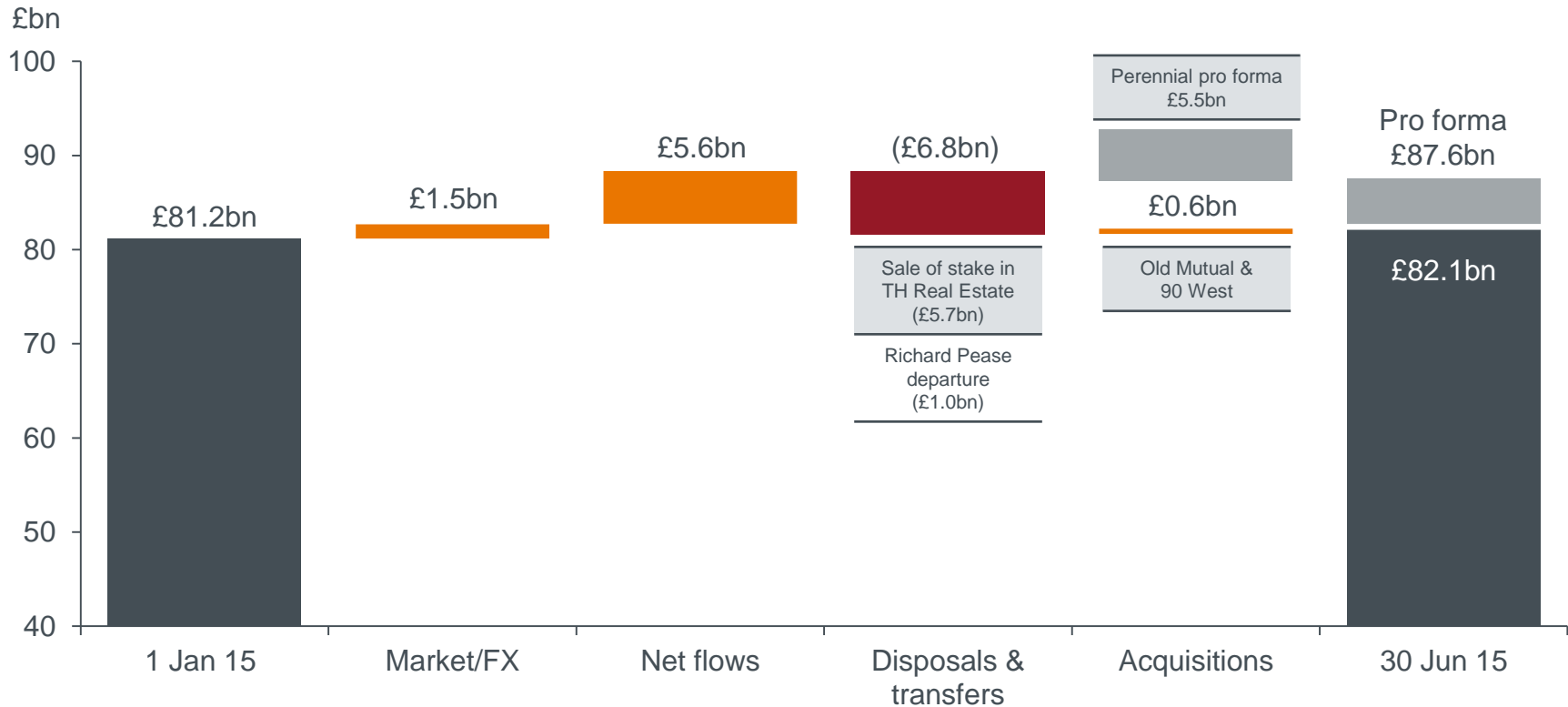
	1H15	1H14	Change
3 year investment performance <sup>1</sup>	83%	86%	—
Net flows	£5.6bn	£5.0bn	↑
Total AUM	£82.1bn	£74.7bn	↑
Underlying PBT <sup>2</sup>	£117.4m	£90.7m	↑
Underlying diluted EPS <sup>2</sup>	8.9p	6.8p	↑
Interim dividend per share	3.10p	2.60p	↑

<sup>1</sup> Percentage of funds, asset-weighted, outperforming relevant metric.

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

# 1H15 AUM movements

Volatile markets; strong flows; business re-shaped



# Consistently strong investment performance

83% of funds outperformed over three years

Core capabilities	AUM <sup>2</sup>	1 year <sup>1,2</sup>	3 years <sup>1,2</sup>
European Equities	£18.2bn	90%	91%
Global Equities	£26.0bn	79%	69%
Global Fixed Income	£20.6bn	54%	80%
Multi-Asset	£5.1bn	70%	93%
Alternatives	£12.2bn	87%	100%
<b>Total</b>	<b>£82.1bn</b>	<b>76%</b>	<b>83%</b>

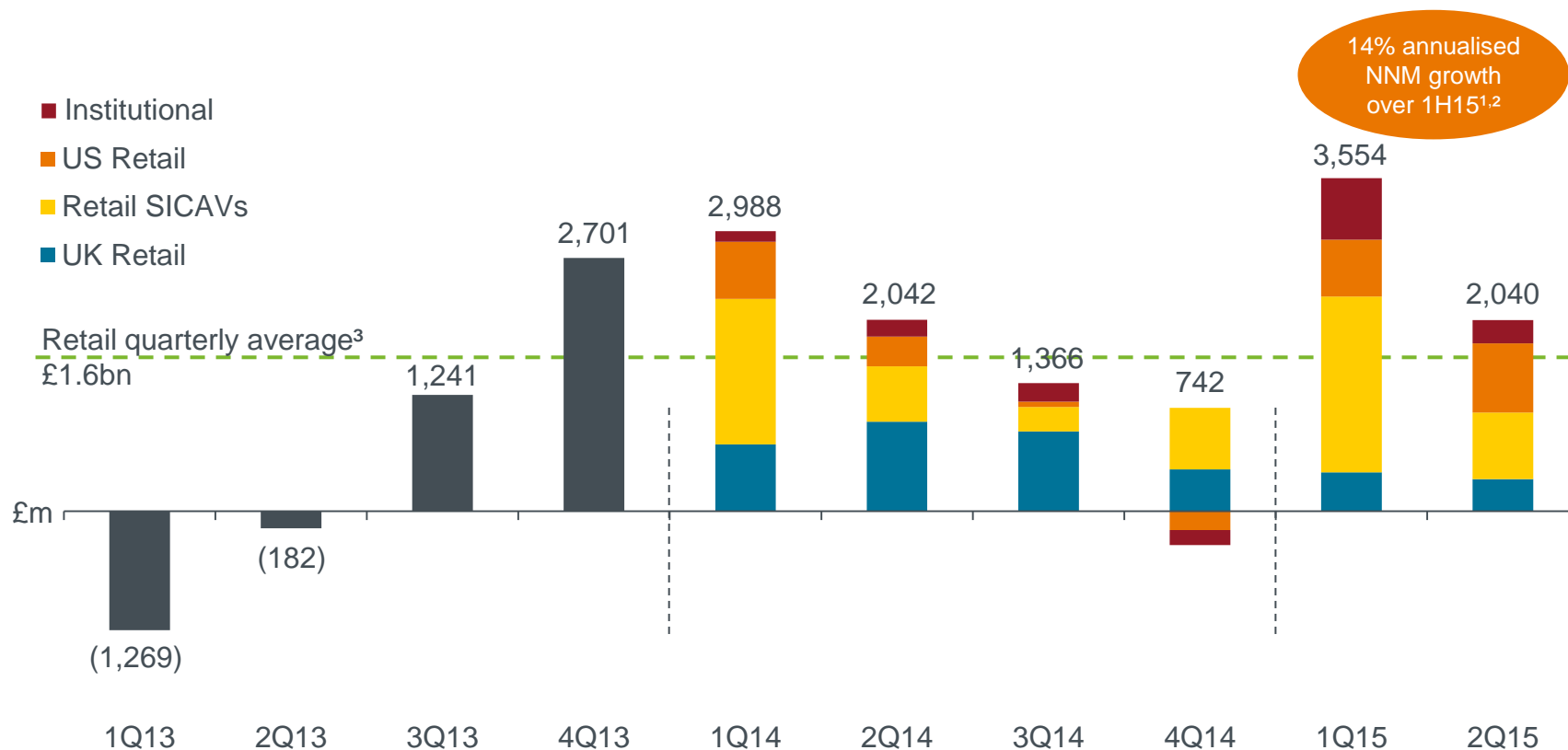
● 1<sup>st</sup> quartile/outperform/positive ● 2<sup>nd</sup> quartile ● 3<sup>rd</sup> quartile ● 4<sup>th</sup> quartile/underperform/negative

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

<sup>2</sup> Data as at 30 Jun 15.

# Henderson net client flows

1H15 annualised net new money growth ahead of 6-8% target

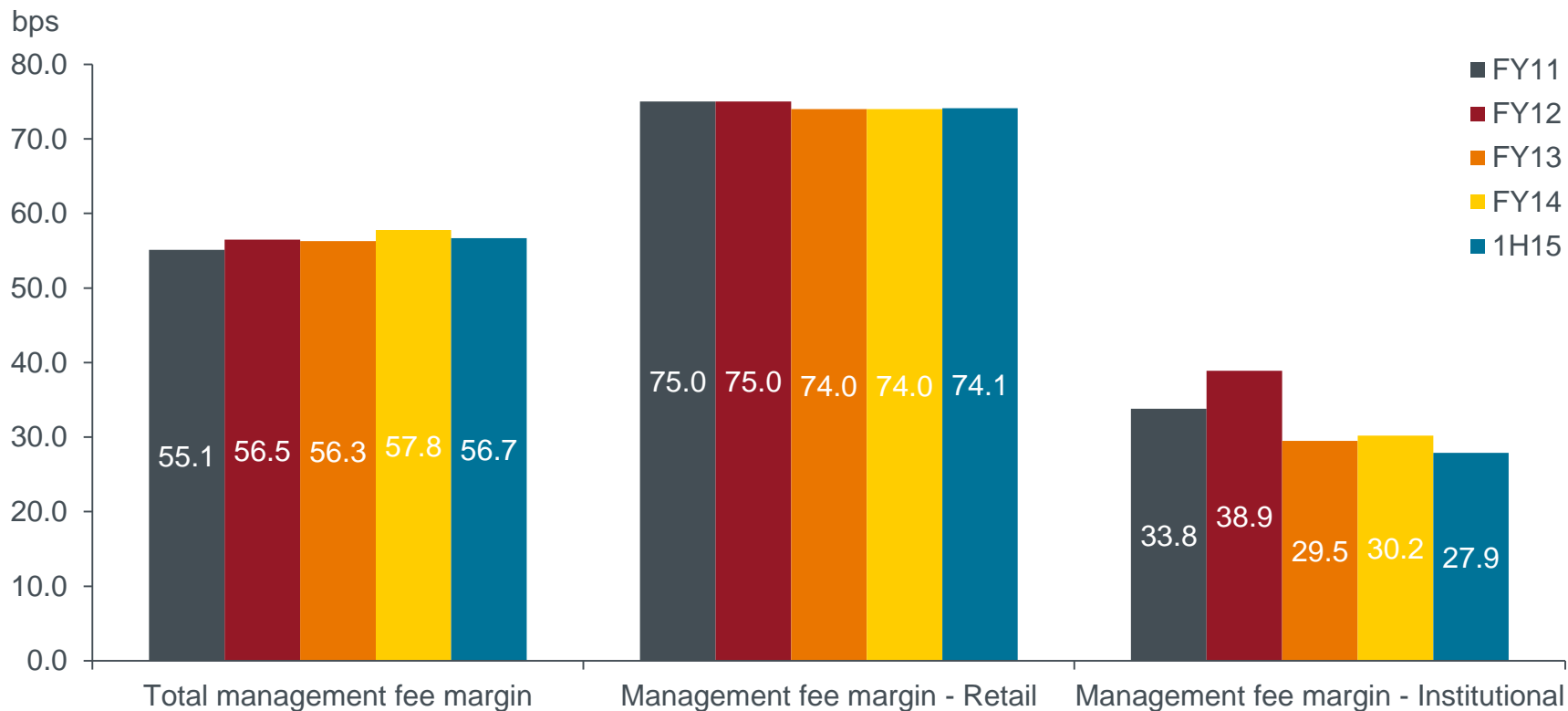


<sup>1</sup> Net new money (NNM) growth represents annualised net flows as a percentage of the opening AUM for the relevant period.

<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> Based on the 10 quarters from 1 Jan 13.

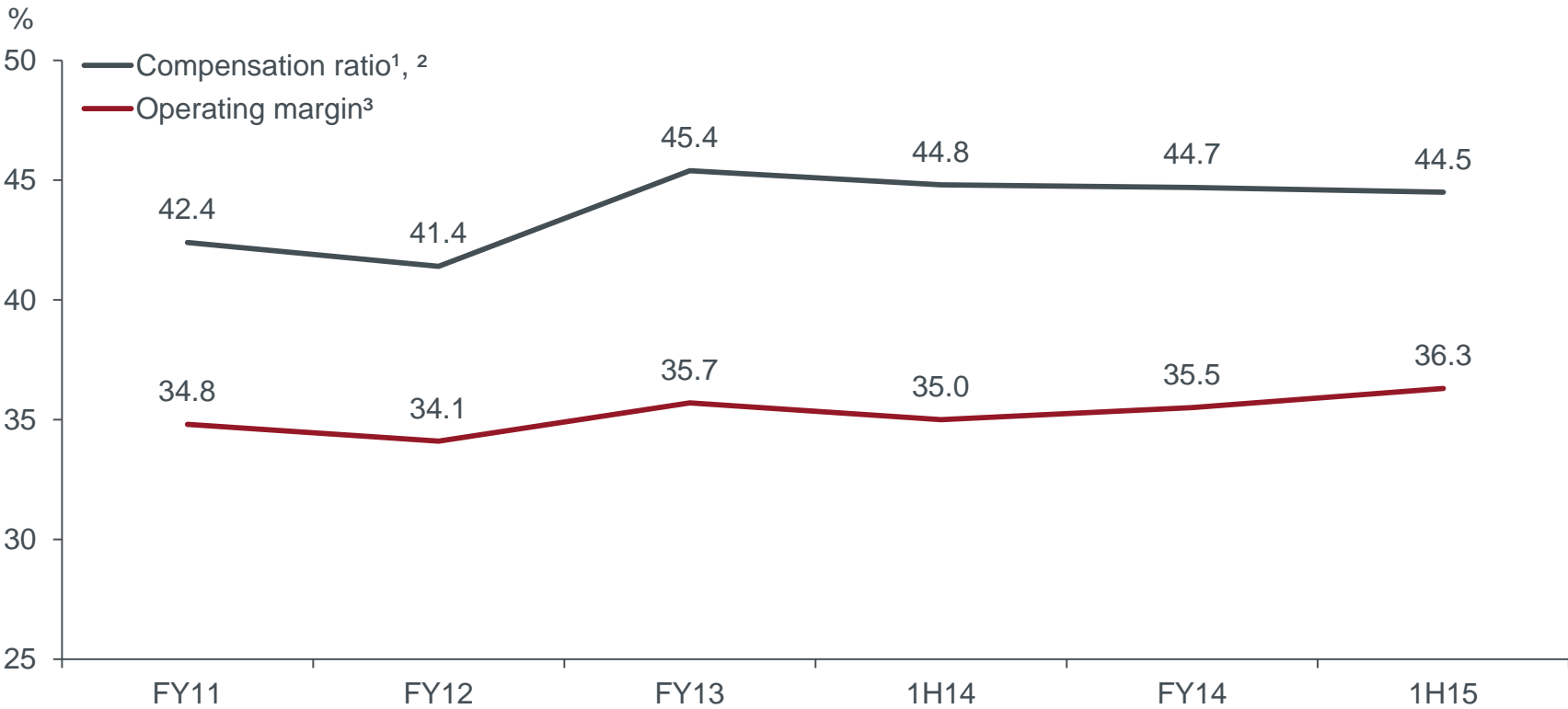
# Management fee margins



Note: 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.

# Operating margin and compensation ratio

## Operating leverage starting to come through



<sup>1</sup> All prior periods have been restated to reflect the exclusion of finance income from the denominator and certain costs such as training and recruitment costs from staff expenses.  
<sup>2</sup> Total staff compensation and benefits from continuing operations, divided by net fee income from continuing operations.  
<sup>3</sup> Net fee income from continuing operations less total operating expenses from continuing operations, divided by net fee income from continuing operations.

# Capital management

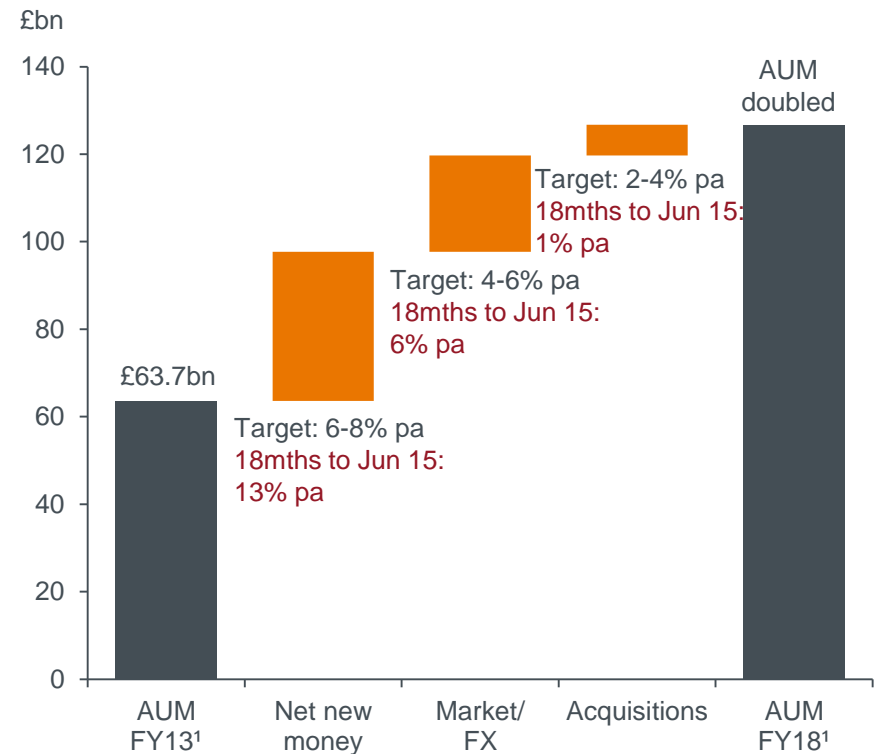
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- Active management of our cash and capital resources
- Options for capital deployment
  - Invest organically in growth
  - Invest in inorganic growth
  - Return capital to shareholders
- Initiation of share buyback programme in 2H15, based on strong cash flows and capital strength
- Shares to the value of £25.0m to be bought across LSE and ASX listings, by year end



# Strategy is delivering

- 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



<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.

# Market backdrop and regulatory environment

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## Market backdrop

- Market fundamentals relatively positive
- Investor confidence remains fragile
- Key issues for clients
  - Positioning for rate rises and the end of QE
  - Fixed income liquidity

## Regulatory environment

- Increased scrutiny of asset managers, specifically in Europe
- Implementation of far-reaching regulatory change
- Regulation is consuming increasing amounts of management time and headcount

# Outlook – September 2015

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- Flows “normalised” in July and were slightly positive in August
- We remain cautious about the outlook for industry flows in 3Q15
- Henderson remains well positioned to outperform the market
  - Active investment management philosophy delivering excellent investment performance for clients
  - Increasingly diverse client base and product line
  - Growing brand recognition
- We remain focused on delivering our long-term goals

# Q&A

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