



26 January 2010

Henderson Horizon Fund – China Fund Delivers 125%¹ in 2009

Singapore, January 26, 2010 – As China emerges from the shadows of the financial turmoil with rapid and robust recovery, the Henderson Horizon Fund – China Fund (the “Fund”) also registered a remarkable year in 2009.

In 2009, the Fund rose 125.2%¹, outperforming the benchmark (MSCI Golden Dragon Index) by 58.1%¹ over the same period. The fund size has grown above US\$400m and the Fund was awarded the AA-rating by Standard & Poor’s (report issued: November 2009).

China outlook for 2010

Despite a difficult economic environment in 2009, China was the first to emerge from the financial downturn and remains one of the best performing markets in the world. While investors have expressed concerns over the sustainability of China’s performance, there is also continuing expectations for China to perform well in 2010. Fund Managers **Mr Andrew Mattock** and **Ms Caroline Maurer** expect earnings growth to drive markets higher in 2010 but they are also mindful of the risks of the policy response becoming too aggressive, excessive valuations and inflation in commodities and food prices.

¹Source: Henderson Global Investors, calculated as at 31 December 2009 on a NAV to NAV basis for Accumulation (A2) shares, with gross income reinvested at NAV price, in USD.

Shift from a loose monetary policy to a more neutral one

Recently released economic data confirms that China's economic recovery has accelerated in recent months. In a bid to rein in lending, the People's Bank of China hiked the bank reserve requirement ratio ("RRR") by 50bps on 13 January, 2010.

Mr Andrew Mattock says, *"The first RRR hike since June 2008 indicates a shift from a loose monetary policy to a more neutral one. We do not think that this is cause for concern. To begin with, we think that liquidity remains ample even with the increase in the banks' reserves. The RRR hike is merely a continuation of the tightening process by the Chinese government in response to the increased growth momentum. Until the government is confident of a sustained recovery in exports, we are likely only going to see incremental tightening taken to prevent the economy from overheating."*

Performance of Chinese stockmarkets in a tightening environment

According to Ms Caroline Maurer, *"With markets trading in the region of 14 times 2010 earnings today, valuations remain attractive especially in view of potential earnings upside surprises. We do, however, expect policy response and the uncertainty of the pace of recovery in the developed world to keep markets volatile but we do not see this as a threat to the sustainability of the recovery."*

For the Henderson Horizon Fund – China Fund, the Fund Managers are positive on commodities (energy and materials) as they expect construction activity for infrastructure projects and real estate to pick up after the Chinese New Year. They also favour consumer stocks which are likely to benefit from the government's continued efforts to promote household consumption as a key driver to economic growth. They are, however, underweight in telecoms as the competitive environment is affecting margins as well as utilities because of expensive valuations.

About Andrew Mattock and Caroline Maurer

Mr Andrew Mattock and Ms Caroline Maurer have been managing the Henderson Horizon Fund - China Fund since inception. Andrew joined Henderson Global Investors in 1999 and has been based in Singapore since 2005. Caroline joined Henderson in 2007 and is based in London. Both Andrew and Caroline have considerable experience in managing both long-only and long/short portfolios and are part of Henderson's Pan Asian Equity Team which manages US\$4.1bn (as at 30 September 2009).

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Notes to editors

About Henderson Global Investors

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