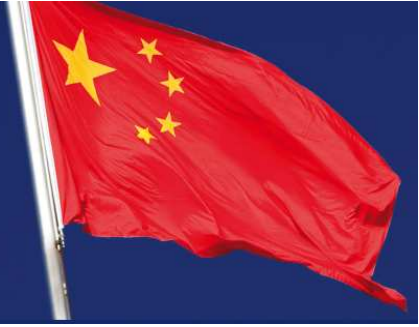


China Update



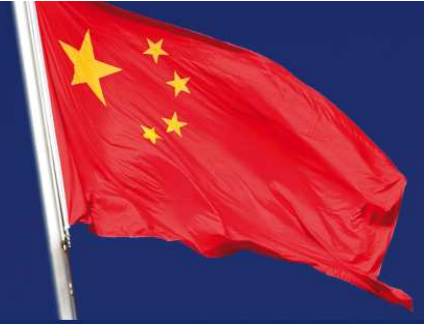
Henderson's view on China's stock markets

- We currently see a disconnect between China's stock markets and the beneficiaries of China's growth. If investors are concerned about the risk of hard landing in China, it is difficult to explain the high levels of global commodity prices and outperformance of some emerging market equities.
- Further to the hike in the reserve requirement ratio (RRR) announced on 1 May, we foresee a couple more hikes in the RRR as well as interest rate increases from now to the end of the year. While it is understandable for investors to be nervous about policy moves in the near term and the implications on share prices, we continue to think that the pre-emptive tightening measures are more favourable towards achieving sustainable growth.
- The Chinese government has recently announced additional measures to rein in the property market. While these measures such as the increase in downpayment for second homes, a higher mortgage rate for second home loans and a potential property holding tax are targeted towards curbing speculative demand, just as importantly, the government is also addressing the issue from a supply side perspective through the crackdown on land hoarding by developers as well as the increase in allocation of land for low-income housing catering to the masses. We believe that these measures will help ease off the fears of a housing bubble and longer term, set the fundamentals for a healthier property market.
- We do expect the RMB to resume appreciation this year; however we do not expect a large one-off adjustment. The likely measure is to peg the RMB to a basket of currencies and allowing it to trade within a band. We therefore think that investors should focus more on the potential structural impact on economies and company earnings for the future years instead of a small one-off gain.
- Strong corporate earnings, easing of property price appreciation, stabilisation of property transaction volume, greater clarity on social housing development plans and relative market valuation are factors which can potentially trigger a reversal in investors' sentiment.

Recent performance of Henderson Horizon Fund – China Fund (the "Fund")

- There has been a drag in the 3 months performance of the Henderson Horizon China Fund mainly due to stock selection. Holdings in Baoye Group (industrials), Shougang Concord (materials), Digital China (IT), Dongfeng Motor (consumer discretionary) in addition to shorts in Hong Kong and China Gas (utilities), HK Electric (utilities) and China Telecom (telecoms) have cost us 4-5% against the index.
- Investors have shunned cyclical stocks as well as financials (banks and property) given the potential implications of policy measures. Stocks that have done well year to date have been stocks with defensive characteristics and domestic consumer related stocks, seen as a safer bet in the current policy uncertainty. Funds whose investment style bore characteristics of an aggressive tilt towards consumer related stocks have rode on this momentum and naturally outperformed its peers.
- We are mindful of the excessive multiples of consumer stocks at 25-30x earnings versus the broader market multiple of 12-13x earnings and are not about to chase the momentum that's been building up in this sector, instead we are positioning the portfolio for a price recovery in big cap liquid stocks (eg Bank of China, Petrochina) given the widening valuation gap between big caps (8-13x) and mid caps (20-25x). The portfolio valuation is currently close to 11x 2010 earnings.

China Update



- The net exposure of the Fund remains close to 100%. Sectors in which we have an overweight include financials, consumer goods, selective basic materials and energy sectors. As at 31 March 2010, the Fund has 51 positions (ie 42 long positions and 9 short positions).
- Even though markets have been trading sideways, we remain confident in the profitability outlook for Chinese companies in 2010. Currently valuations of the MSCI China Index are around 13.5 times earnings*, still attractive in view of further improvements in corporate return on equity. We are of the view that investors should not be overly concerned about the short term volatility of markets but be patient on the potential returns they may reap over the medium to long term.

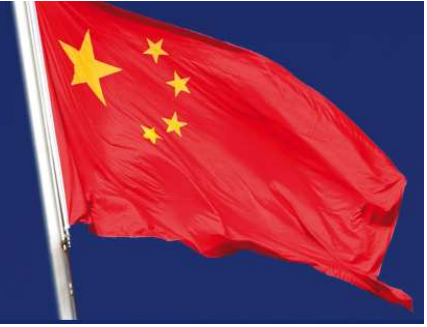
*Source: Bloomberg, May 2010

Key investment risks to be considered before investing

- The Fund primarily invests in equity securities and equity instruments of companies listed in China, Hong Kong and Taiwan and may also invest in companies incorporated elsewhere that have significant assets, business, production, trading activity or other interests in China, Hong Kong or Taiwan.
- The Fund may invest a substantial amount of its assets in companies in China (emerging market) which may involve a higher concentration of risk and also may experience higher risks of economic, political, regulatory and social development changes. Investments in emerging market may be less liquid and more volatile than funds that invest in developed and more geographically diversified markets.
- The Fund uses trading strategies that use financial derivative instruments ("FDI") which may be unsuccessful due to a number of reasons; including volatile market conditions, imperfect correlation between the movements in securities on which derivatives are based, lack of liquidity within markets and counterparty default risk.
- The Fund typically holds long and short positions mainly through the use of FDI combining with direct investments and its total gross market exposure may exceed 100%. Such investment strategy and the use of FDI are inherently volatile and depending on market condition, the Fund could potentially be exposed to additional risk and costs should the market move against it and incur losses consequently.
- Investments in the Fund involve varying degree of investment risks (eg. market, legal, financial, interest rate, currency, etc). In extreme market conditions, you may lose your entire investment in the Fund.
- The Fund may not be suitable for all investors. You should not invest unless the intermediary who sells it to you has advised you that the product is suitable for you and explained how it is consistent with your investment objectives.

Note: You should not make investment decisions based solely on marketing material. The above investment risks summary may not have set out all the risks and other significant aspects involved in investing in the Fund. You should read the Prospectus of the Fund for more details of the investment risks and seek independent professional advice where appropriate.

China Update



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