

Henderson Horizon Fund

# Pan European Property Equities Fund



FOR PROFESSIONAL INTERMEDIARIES' USE ONLY

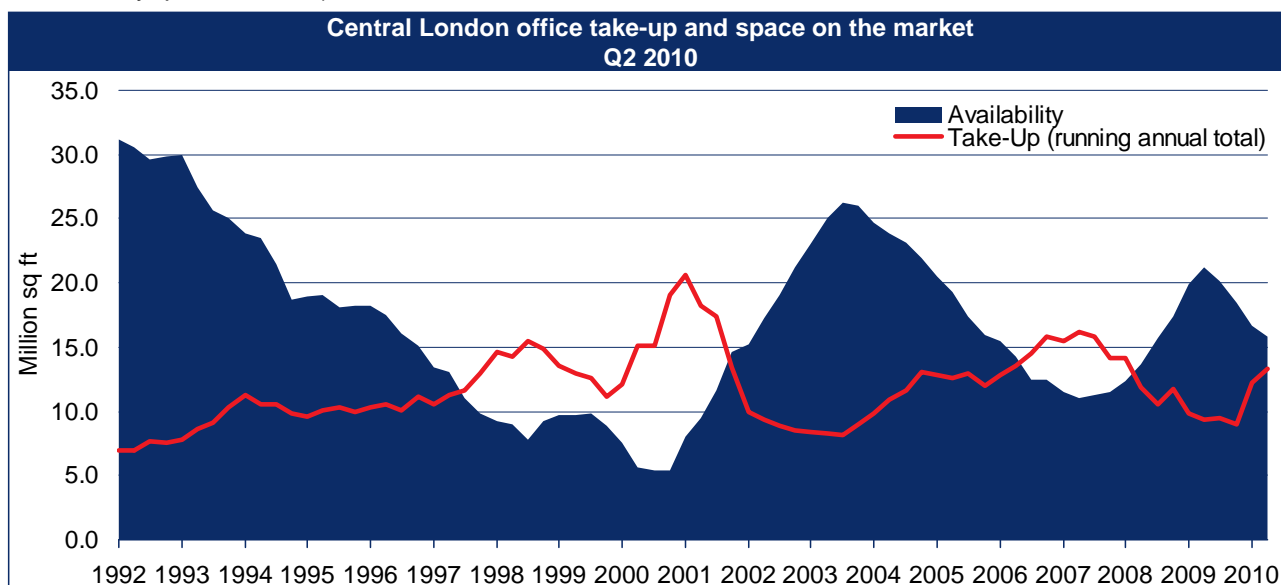
## Henderson Horizon Fund – Pan European Property Equities Fund Update

European equity markets bounced last month as confidence in the Eurozone improved. In macroeconomic news, the results of the European bank stress tests reassured the market, with only seven banks failing, and limited additional capital required. This, coupled with more relaxed banking regulations proposed by the Basel Committee, encouraged more positive sentiment in market conditions. In property equities, half year reporting season moved into focus with positive market reactions. In the UK, Land Securities released an upbeat Interim Management Statement, announcing it would start the first large retail development since the global credit crunch began. On the Continent, Unibail-Rodamco announced a €1.8bn return of capital, surprising the market, resulting in its share price increasing 5% on the day. Overall, the FTSE EPRA/NAREIT Developed Europe Capped index (EUR) increased 6.92%.

### Investment strategy

We continue to concentrate on the major property markets of Europe, which are the UK, France, the Netherlands and Sweden. These countries have stable economies and established listed property markets. Within these countries, we prefer quality companies with prime assets, in prime locations and solid balance sheets, which give them the flexibility to take advantage of opportunities that may arise (out of the banks, for example).

In the UK, we are focused on the London market. There is a continuing division between London, which is recovering quite strongly, and the rest of the UK. The central London office market is beginning to look very interesting. There is limited new supply coming to the market, particularly of grade A space, and coupled with leases signed in late 1980's/early 1990's approaching expiry, we are forecasting some price tension on city rental levels. To benefit from this, we have a preference for Land Securities, which has a large central London portfolio and are poised to deliver their city developments in order capture this opportunity. We also like West-End names such as Great Portland Estates and Derwent London. Both are nimble developers, efficient at providing high-quality, new and re-furbished, buildings suitable for West End users (eg media, consultancy, professionals).



Source: CB Richard Ellis

Henderson Horizon Fund

# Pan European Property Equities Fund



On the Continent, we are invested in large retail property owners like Unibail-Rodamco, Klepierre (both French) and Eurocommercial (Dutch). The shopping centre assets of these companies are spread across Europe, but their exposure to Southern Europe is contained. Furthermore, these players own the large, out of town, prime-quality malls that are benefiting from solid (and improving) footfall. There is some evidence they are starting to see upward pressure on rental levels, as retailers compete to be in those shopping centres with the greatest footfall and most efficient sales per square foot.

## Outlook

Despite the recent volatility, property fundamentals remain on a gently sloping recovery path. The greatest challenge, in our view, is negative investor sentiment. This stems in part from a view that the upside has already been seen and partly from fears over the outstanding debt-burden overhanging the sector. Despite this, we believe that property is still in the early stages of a long-term recovery, and that there will be continue to be investment opportunities over the next few years for those with the right balance sheet and skills.

### Key investment risks to be considered before investing

- The Fund does not invest in real estate directly but it primarily invests in equity securities and equity instruments of companies or REITs (or its equivalent) which engaged in real estate businesses.
- Investments in the Fund are exposed to property-sector specific risk and varying degree of risks to economic, political, regulatory and social development changes in the EEA region.
- The Fund may invest substantial sum of its assets in companies located in a single country within the EEA region (including emerging market) and may involve a higher concentration of risk and market volatility, including liquidity risks for investments in emerging markets, than funds investing in developed markets and following a more diversified policy.
- 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. The intermediary who offers it to the investor should advise the investor why the product is suitable for him and how it is consistent with his investment objectives and meet his financial needs.

**Note: The above investment risks summary may not have set out all the risks and other significant aspects involved in investing in the Fund. You are advised to read the Prospectus of the Fund for more details of the investment risks.**

Henderson Horizon Fund

# Pan European Property Equities Fund



## Important Information

Henderson Global Investors (Singapore) Limited and its affiliates are referred to herein as Henderson Global Investors. This document has been produced based on Henderson Global Investors' research and analysis and represents our house view which is **solely for the use of professional intermediaries and not for general public distribution. All the information contained in the document is intended for information, illustration or discussion purposes only and should not be relied on for any investment decisions or regarded as a substitute for the exercise of your own judgement. The information contained in the document has not been reviewed or endorsed by the MAS.**

**The contents of this document are prepared without consideration to the specific investment objective, financial situation and particular needs of any specific person. It does not constitute an advertisement and should not constitute or form part of any offer or solicitation to issue, sell, subscribe or purchase any investment in any jurisdiction and do not purport to represent or warrant the outcome of any investment strategy, program or product.** Any information and views provided herein is subject to change without further notice. None of the material, nor its content, nor any copy of it, maybe altered in any way, transmitted to, copied or distributed to any other party, without prior express written permission of Henderson Global Investors.

The information contained herein is obtained and / or compiled from sources believed to be reliable and current and Henderson Global Investors do not warrant, guarantee or represent, either expressly or impliedly, the accuracy, validity or completeness of such information. Henderson Global Investors or any directors or employees of Henderson Global Investors shall not be liable for any damages arising from any person's reliance on this information and shall not be liable for any errors or omissions (including but not limited to errors or omissions made by third party sources) in this information. Unless otherwise indicated, the source for all data is Henderson Global Investors.

**Past performance of any fund, a security, an investment or manager and any opinions, forecasts, assumptions, estimates or valuations made are not necessarily indicative of the future or likely performance of the fund, the security, investment or manager. An investment in collective schemes/funds, and/or other investment products is subject to investment risks, including the possible loss of the principal amount invested. The value of the units and the income from the funds may fall as well as rise as a result of market and currency fluctuations.**

Henderson Global Investors (Singapore) Limited Company Registration No. 199700782N

Date of issue: 13 August 2010