

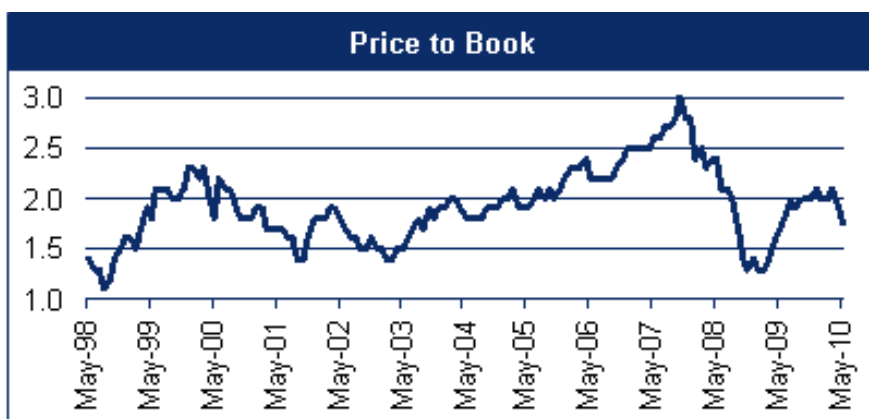
Henderson Horizon Fund

# Asian Growth Fund

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## Henderson Horizon Fund – Asian Growth Fund (the 'Fund')

- Concerns about the potential for further crisis in Europe and the outlook for the Chinese economy continue to dominate markets. We see the current market weakness as an opportunity to accumulate shares in companies that are poised to lead the next phase in Asia's development.
- Valuations are attractive. Asian equities' P/Bs have ranged from 1x to 3x over the last 12 years, and the P/B is currently around 1.5x. If the European crisis is controlled, Asian equities should go higher and may reach previous valuation highs of 3x P/B. In any case, we expect Asia to outperform the West over the next 3 to 5 years.



Source: Factset. Historic MSCI AC Asia ex Japan data

- The dominant theme involves the strength of the domestic sector as a growth driver.

### Key themes

Leisure	<ul style="list-style-type: none"><li>• We expect Chinese leisure spend to increase with the growth in the middle class population over the next 5 years.</li><li>• For example, Ctrip is an Internet based company, with 80% market share of online travel services in China. Domestic travel market is growing rapidly at 10-15% pa. As income level and Internet penetration increase, Ctrip will benefit from China's growing expenditure on tourism.</li><li>• Other stock examples include Air China, Sands China, Banyan Tree and Tencent.</li></ul>
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<p>Financial Services</p>	<p><b>Banks:</b></p> <ul style="list-style-type: none"> <li>• Asian banks are in good shape with surplus liquidity and strong capital adequacy ratios. We expect strong loan growth driven by consumer sector where penetration rates are rising from low levels.</li> <li>• For example, Bank Mandiri (Indonesia's largest commercial bank) has been transformed from an underperforming bank with poor asset quality to the industry leader with an excellent branch network, strong liquidity and capital</li> <li>• Other stock examples include DBS, ICICI Bank and ICBC.</li> </ul> <p><b>Property:</b></p> <ul style="list-style-type: none"> <li>• Property developers have underperformed the broader market since August 2009 and we believe the market has overreacted to early cycle tighten measures in the region.</li> <li>• We gain our exposure in Hong Kong and through companies in China with healthy balance sheets and diversified land banks in 2nd and 3rd tier cities.</li> <li>• Stock examples include Guangzhou R&amp;F, Agile Property Holdings</li> </ul>
<p>Technology</p>	<ul style="list-style-type: none"> <li>• We focus on technology/cost leaders as we see upside in valuations and earnings as a result of continued strong emerging market growth.</li> <li>• For example, Mediatek (mobile chip producer in Taiwan) has 80% market share of China built handsets.</li> <li>• Other stock examples with strong competitive advantage include Advanced Semiconductor Engineering, LG and Samsung.</li> </ul>

Note: Reference to individual companies or any securities is purely for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same.

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- From country perspective, we are overweight in China/Hong Kong and Indonesia.

China	<ul style="list-style-type: none"><li>• China stands out as offering attractive valuations given its growth prospects. The MSCI China has corrected to 12.5x 2010 P/E from a historical average of about 14.5x. (Source: Bloomberg, June 2010)</li></ul>
Indonesia	<ul style="list-style-type: none"><li>• Indonesia has some interesting companies and benefits from a young population and its commodity wealth. Economic growth is leading to a rising tax take which should give it the freedom to undertake infrastructure projects, and boost further productivity in the country.</li></ul>

- The Fund is a high-conviction (40-60 stocks), high growth fund that invests in the structural growth of Asia. With growing consumerism and the increasing affluence of population within emerging markets, we believe investors will benefit from the core investment themes such as leisure, financial services, information technology and China that account around 70-80% of the portfolio.

#### Key investment risks to be considered before investing

- The Fund primarily invests in equity securities and equity instruments of companies in a variety of sectors across the Asia-Pacific region, excluding Japan.
- Investments in the Fund are exposed to varying degree of risks to economic, political, regulatory and social development changes in the Asia-Pacific region.
- The Fund may invest substantial sum of its assets in companies located in a single country within the Asia-Pacific region (including emerging market) which 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.

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