

Henderson

Horizon

Fund

Fund Manager comments, June 2010

Henderson Horizon Fund – American Equity Fund

Overview

US equities continued to fall in June as disappointing economic statistics prompted concerns about the sustainability of the global recovery. Employment data remained weak and retail sales and consumer confidence were also below expectations, which led to increased uncertainty about earnings growth for the balance of the year.

Performance and activity

Anadarko Petroleum suffered further losses as estimates for the overall cost of BP's oil spill rose rapidly. Anadarko has a 25% stake in the field, so with the extent of Anadarko's liability unknown, the market has been unforgiving and in our opinion has overreacted. Lowe's, the home improvement retailer, was also weak as disappointing housing data compounded downbeat economic news. On a positive note, Biovail, the specialty pharmaceutical company, rallied sharply after announcing a merger agreement with Valeant Pharmaceuticals. During the month we added Rovi, a provider of TV guide solutions. Rovi receives license revenues for its intellectual property that covers various aspects of content navigation within set top boxes and televisions and so benefits via subscription growth at their customers as well as through more devices being connected to the internet. This is resulting in earnings growth of over 20% and with the stock's P/E at a discount to the growth rate, we took the opportunity to build a position. We sold Agrium, the fertiliser producer, as fertiliser and herbicide prices have remained low, making it difficult for the company to beat earnings estimates.

Outlook

The recent market correction has left US equities trading at very attractive valuations based on a more normalised earnings environment. Economic statistics from the US are mixed but we believe that ongoing stimulus measures will enable growth to continue despite increased headwinds from overseas. We continue to believe that as the range of economic outcomes narrows, the market should broaden out and allow company fundamentals to be the main driver of performance. This should make for a fruitful environment for stock pickers and result in the outperformance of both the higher quality cyclical stocks and the underappreciated growth opportunities that typify our investment approach.

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Fund

Henderson Horizon Fund – American Equity Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests its assets in equity securities and equity instruments of companies across a variety of sectors in North America, including Canada but excluding Mexico
- Investments in the Fund are exposed to varying degree of risks to economic, political, regulatory and social development changes in the region.
- Investments focused in a single country/region may carry higher concentration risk and market volatility than funds following a more diversified policy.
- Investments in the Fund involve investment risks (e.g. market, legal, financial, interest rate, 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.

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Henderson

Horizon

Fund

Henderson Horizon Fund - Asia-Pacific Property Equities Fund

Overview

Fears over contagion from Euroland sovereign debt troubles eased slightly as investors shifted their attention to the evolving landscape of Chinese domestic consumption. Hence, Asian equities halted their decline from the previous month, with the FTSE EPRA NAREIT Pure Asia index gaining 0.5% over the month of June. In allowing the renminbi to appreciate moderately, China has modestly demonstrated their confidence in the economy's recovery as they resolve to adopt a more domestic, consumption-focused, economic growth model and reduce the probability of trade friction around the world. Accordingly, China and Hong Kong property stocks benefited from the lift in sentiment and firming asset prices to emerge as the biggest outperformer for the month, returning 3.4%. Singapore property stocks, with their large exposure to China, also gained 3.3%. In spite of the unexpected change in political leadership evoking mixed market sentiments, Australia still recorded a modest 0.4% decline. Flaccid economic data coupled with tighter fiscal policy expectations going forward, consigned Japanese property stocks to a decline of 5.0%.

Performance and activity

The fund once again outperformed on the back of successful sector and stock selection strategies. In particular, the fund's strategic allocation to office stocks benefitted from an upbeat jobs market, improving occupancy levels and encouraging leasing activities, with Keppel Land and Hongkong Land contributing significantly to the fund's performance. Our macro call was also vindicated as our overweight in China and large underweight in Japan proved extremely beneficial. Emerging market names like Bumi Serpong Damai and Alam Sutera also retraced from last month's low as risk aversion recedes.

The period saw heavy selling as we continued to reduce our holdings in Australia and Japan to reflect their relatively limited economic growth outlook. We saw rich valuation among Dexus Property, Hang Lung Properties and CapitaCommercial Trust and thus decided to sell out of the positions to further condense our portfolio, whilst part of the proceeds was used to fund the purchase of the cheaper Mitsui Fudosan in Japan. In addition, as industrial rents in Singapore emerged out of trough levels, we turned more positive on industrial REITs and began adding Ascendas REIT.

Outlook

Irrespective of the outcome from the existing Euroland fiscal policy and anaemic economic growth in the coming year, we consider a thriving Chinese economy – albeit at a lower growth rate than the previous twelve months – will increasingly become more pertinent and drive income and asset value growth in the region for years. Having successfully circumvented the decline in China property stock prices to date, the fund is now in prime position to capitalize on the unreasonably wide discount to net asset value across the sector. While office stocks have outperformed over the quarter, a multi-year recovery in rents and asset value typical of an office sector cyclical upturn has yet to be priced in and there remains room yet for stocks to rerate. Emerging countries like Indonesia now present genuine value propositions as structural growth drivers, like demographics, infrastructure boom and secular decline in cost of capital, continue to gain traction and garner the attention of the investment community.

Henderson

Horizon

Fund

Henderson Horizon Fund - Asia-Pacific Property Equities Fund (continued)

Key investment risks to be considered before investing

- The Fund does not invest in real estate directly but 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 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) 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 (e.g. market, legal, financial, interest rate, currency, etc). In extreme market conditions, you may lose your entire investment in the Fund.
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Henderson

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Fund

Henderson Horizon Fund - Asian Dividend Income Fund

Overview

Asian markets finished the month marginally higher in dollar terms, but uncertainty over Europe, coupled with surprisingly weak US jobs data, kept market volumes low, and investors sidelined. The worst performer was the Australian market - banks were impacted by potentially higher funding costs and a slowing property market, while resources suffered from the uncertainty over global growth. Taiwan was also disappointing despite signing an historic Economic Co-operation Framework agreement with the mainland. On a positive note, Indonesia again led the way, buoyed by a strong performance from the consumer sector. Thailand also performed well following some strong trade, retail sales and loan growth numbers, which allayed investor fears over the economic impact of the recent political turmoil.

Performance and activity

The fund outperformed its sector in June as underweight positions in Australia and cyclical sectors were beneficial. The strong performance of Thailand also helped as did the improved performance of China. However, the continued strong showing of India detracted as the fund was underweight this market.

The fund sold IAG in Australia following some poor results. Additions to the fund included a position in China Construction Bank on cheap valuations and the belief that China would become less aggressive on policy towards the sector and, Taiwan Mobile, due to its high yield and the potential to surprise through higher data revenue.

Outlook

We expect markets to remain volatile as investors digest economic data and the fall out from the peripheral economies in Europe. However, Asian markets look attractive in the medium term and we will look to add to positions as opportunities arise.

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Horizon

Fund

Henderson Horizon Fund - Asian Dividend Income Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests in a portfolio of equity securities and equity instruments of companies in the Asia-Pacific region for seeking an above benchmark dividend yield from the portfolio.
- 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 a substantial amount 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.
- The Fund uses trading strategies that use derivatives 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.
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Henderson

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Fund

Henderson Horizon Fund – Asian Growth Fund

Overview

Asian markets were up in June despite weaker US data, continued concerns over sovereign risk in the Eurozone area and slower Chinese growth leading to fears about the sustainability of the global economic recovery. India, Indonesia, Thailand and Malaysia were relative outperformers given their low exposure to exports and strong domestic demand. The more cyclical and export orientated markets of Taiwan and Korea, together with China, were the laggards.

Performance and activity

The fund underperformed its benchmark as a result of a relatively higher weighting in the laggard North Asian markets and the technology sector. Specific stock related issues included the sharp underperformance of Tencent in China on fears of a slowdown in its core online games business. LG Display was dragged down by concerns about rising inventories in the European market for flat panel TVs and Mediatek also suffered from reports of higher than anticipated inventories among certain key customers in China.

Outlook

The crisis in the Eurozone and fears over the outlook for the global economy will continue to drag on Asian market performance. However, we remain confident that the early cycle monetary tightening in China and the rest of Asia has largely run its course and as the year progresses, it should become increasingly clear that the Asian region has successfully adjusted policy without causing a substantial slowdown in economic activity. If problems in the Eurozone can be contained, this should create a decent backdrop for Asian markets, led by China, to rally strongly into the year end.

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Fund

Henderson Horizon Fund – Asian Growth Fund (continued)

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.
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Fund

Henderson Horizon Fund – China Fund

Overview

The MSCI China Index was up 0.9% in June but ended the first half of the year down 7.7%. In June, defensive sectors such as consumer discretionary and telecommunications continued to outperform cyclicals such as materials and energy. On 19 June, the Chinese central bank announced a reform of the foreign exchange regime – de-pegging the renminbi (RMB) from the US dollar. The currency appreciation is expected to be modest as there is no one-off revaluation of the RMB against the USD. The market rallied on the news but this reversed towards month-end as concerns about banks' exposure to local government financing platforms resurfaced. The financial sector delivered a decent performance this month as the de-pegging of the RMB had some positive effect on Chinese property names.

Performance and activity

Our short position in Hong Kong and China Gas was the major detractor to performance this month. Speculation over a slow down in gaming revenue growth resulted in a 13% correction in the share price of Tencent this month. We remain invested in this company as we believe that the fundamentally strong franchise value of the business has not changed and that the market has overreacted to short-term results. Top contributors were our long positions in CNOOC, China Mobile and Shimao Properties. We initiated a new position in Yurun Food this month. Yurun is delivering impressive volume growth in its chilled pork business as industry consolidation continues. The rise in minimum wages should benefit the company in the mid to long term as well.

Outlook

Market sentiment has been affected lately by concerns of a slowdown in growth and possible economic hard landing, particularly after the government imposed tightening policies on the property sector. The drop in the Purchasing Managers' Index from 53.9 in May to 52.1 in June has exacerbated this concern. We think this is possibly an indication that the risk of overheating is subsiding and it is a desirable outcome for policymakers to bring down the growth rate to a more sustainable level. The Chinese economy is unlikely to be heading towards a hard landing scenario as the fundamentals of the economy have not changed. It remains well positioned and should global growth decelerate, policymakers have the flexibility to respond to the changing environment.

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Horizon

Fund

Henderson Horizon Fund – China Fund (continued)

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 (e.g. market, legal, financial, interest rate, currency, etc). In extreme market conditions, you may lose your entire investment in the Fund.
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Fund

Henderson Horizon Fund - Continental European Equity Fund

Overview

In June, European stock markets initially tried to recover some of their May falls, but succumbed to growth and banking sector worries towards the end of the month. Persistent concerns over sovereign indebtedness were also a factor behind negative returns. German bunds were the main beneficiary of a broadly spread desire to reduce risk.

Performance and activity

Despite the negatives we find it hard to become overly bearish. There are many positive aspects to the current situation, such as the weak euro helping exports, merger and acquisition activity picking up and aggregate market valuations again looking cheap. By sector, consumer discretionary, healthcare and telecoms performed well. Energy was by far the weakest market sector, followed at some distance by utilities. Stocks in peripheral countries also struggled. We have little exposure to Spain, but Irish and Greek holdings detracted from performance, with the notable exception of Paddy Power. On the positive side, Deutsche Telekom, Fresenius, and ST Microelectronics made progress during the month. Dufry also recovered some lost ground as it appealed a ruling requiring it to leave sections of Rio de Janeiro airport.

There were no new additions to the portfolio, but we did increase our holding in CGG Veritas, which had sold off in reaction to the drilling moratorium imposed by the US government in the Gulf of Mexico. This seems to be a very short-term reaction and, in fact, the ban has already been challenged in court and is likely to be materially softened, causing very little actual disruption to the offshore seismic market. Other additions to existing holdings included Novartis and UBS. Prosafe Production rose sharply following a bid by BW Offshore and we sold our position following this. We also sold Grifols and reduced CRH to release cash for new investments.

Outlook

As we move into the second half of the year, we believe some of the headwinds will ease, particularly if the results season is strong. This would provide welcome relief and allow valuations to recover from recently depressed levels.

Henderson

Horizon

Fund

Henderson Horizon Fund - Continental European Equity Fund (continued)

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 within the European Economic Area ("EEA"), excluding the United Kingdom.
- Investments in the Fund are exposed to 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 region which may carry higher concentration risk and market volatility than funds 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.
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Fund

Henderson Horizon Fund – Global Opportunities Fund

Overview

Global equity markets failed to reverse May's disappointing performance, falling 3.4% in June as measured by the MSCI World in US\$ terms. Although volatility declined from May's sharp spike, levels remained elevated with volumes on most exchanges declining as investors remained cautious on the outlook for the global economy. The news that the Chinese authorities would allow the Yuan to strengthen moderately by lifting the peg against the US dollar was greeted positively by investors; however, towards month-end weak US housing data, a draconian UK budget, and widening spreads on the US dollar Libor-OIS (a widely followed risk spread) and Greek debt led the market south once again.

Performance and activity

Positive stock selection in the UK, Asia Pacific ex-Japan, and emerging markets was offset by weakness in the US. By sector, strength in the energy and information technology sectors was offset by weakness from stock selection in consumer discretionary. At the stock level, a position in UK-listed Indian energy company Essar Energy and not owning beleaguered BP added the most value. The former rallied on its inclusion to the FTSE 100 index, while the latter agreed to put \$20bn into a ringfenced account in light of its potential liabilities from the Gulf of Mexico oil disaster. Within the technology sector, further earnings upgrades propelled Ctrip.com to new highs and investors reacted positively to another acquisition from UK's Autonomy. In the US, Anadarko's 25% stake in the so far unpluggable Macondo oil well and its possible liabilities led to sharp decline in its shares. Additionally, DIY chain store Lowe's suffered with the weakening housing data.

During the month we sold Dreamworks Animation after the weaker-than-expected launch of its latest film, *Shrek Forever After*, and we also reduced Ctrip.com after its strong run.

Outlook

The absence of company-specific news flow, concerns over European sovereign debt, and policy tightening in Asia have led to a sharp fall in equity markets, with valuations now at 12x price to earnings. Despite continued stress at the macro level, company earnings forecasts are still improving; therefore, we remain confident in the sustainability of the global recovery and believe that companies with true earnings potential should continue to attract a premium valuation.

Henderson

Horizon

Fund

Henderson Horizon Fund – Global Opportunities Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests in equity securities and equity instruments of companies in any geographic area in the world.
- Investments in the Fund are exposed to varying degree of risks to economic, political, regulatory and social development changes globally.
- The Fund may invest substantial sum of its assets in companies located in a single country (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.
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Horizon

Fund

Henderson Horizon Fund - Global Property Equities Fund

Overview

Global equity markets made back some lost ground in mid-June after the lows experienced in May. However, investor confidence remains tentative. While some economic indicators still point to underlying demand there are others that have begun to reflect tightening financial conditions, prompting fears of a 'double-dip' recession. In property markets, Asian equities halted their decline from the previous month on modest confidence in Chinese domestic consumption, while, in Europe, the Continent outperformed the UK as fears surrounding the Eurozone eased. In the US, equities suffered as investors continued to de-risk portfolios, while weak housing data placed further pressure on property stocks. Overall, the FTSE EPRA/NAREIT Developed index (USD) fell 1.94%.

Performance and activity

Despite the fund's overweight position in the US, it still outperformed its benchmark due to positive stock selection. Performance in Asia was particularly strong, as strategic allocation to office stocks, Keppel Land and Hongkong Land, benefitted from an upbeat jobs market, improving occupancy levels and encouraging leasing activities. Performance in North America was in line with the benchmark, with healthcare stocks contributing positively but regional malls and Canadian stocks underperforming. In Europe, the absence of Segro and British Land added value in the UK portfolio, however underweight positions in Continental stocks Gecina and Corio proved costly.

Having increased our exposure to the US over the quarter, we began to wind back the position towards the end of June. We maintained the broad shape of the North American portfolio, re-opening a position in Omega Healthcare on valuation grounds. In Europe, we reduced our relative overweight in the UK by trimming holdings in Land Securities and Hammerson, and in turn increasing our exposure to Continental names, buying Klepierre in France and Eurocommercial in the Netherlands. In Asia, we saw rich valuation in Dexus Property and Hang Lung Properties and sold out of the positions to condense our portfolio, whilst using part of the proceeds to fund the purchase of the cheaper Mitsui Fudosan in Japan.

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 fear of 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 continue to be investment opportunities over the next few years for those with the right balance sheet and skills.

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Horizon

Fund

Henderson Horizon Fund - Global Property Equities Fund (continued)

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- Investments in the Fund are exposed to property-sector specific risk and varying degree of risks to economic, political, regulatory and social development changes globally.
- The Fund may invest substantial sum of its assets in companies located in a single country (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.
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Fund

Henderson Horizon Fund - Global Technology Fund

Overview

The fund fell 4.1% while the MSCI AC World IT Index lost 5.4%.

Performance and activity

Within the fund's portfolio many sectors outperformed in June including the internet, communications equipment and hardware sectors. These were offset by Semiconductors and IT services which detracted from performance.

Key to the outperformance in the Communications Equipment sector was avoiding Finnish mobile handset maker Nokia, which plunged after announcing that their revenues and operating margin would be lower than expected. In Hardware, data storage company NetApp continued to be strong as it benefitted from the extremely strong results announced at the end of May and, in the Internet sector, both Mercado Libre and Vistaprint performed strongly as investors returned to secular growth names.

The Semiconductor sector however was weak, being heavily exposed to the macro economy. Atheros Communications, Marvell and ON Semiconductor all underperformed as they suffered from fears of an inventory build. Our underweight position within the IT services sector proved detrimental as the sector outperformed the falling market.

The fund exited the position in F5 Networks on valuation concerns. The stock has been replaced by Ericsson as it has a more attractive valuation with a healthy competitive position. We also initiated a position in UK data centre operator, Telecity, after meeting with management.

Outlook

The economic outlook, especially within Europe, gives concern on an absolute basis. However, on a relative basis we still believe that technology is well poised to outperform the wider market with cleaner balance sheets and encouraging demand and supply picture.

Henderson

Horizon

Fund

Henderson Horizon Fund - Global Technology Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests in equity securities and equity instruments of technology related companies globally.
- Investments in the Fund are exposed to technology sector-specific risks and varying degree of risks to economic, political, regulatory and social development changes globally.
- The Fund may invest substantial sum of its assets in companies located in a single country (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.
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Fund

Henderson Horizon Fund – Industries of the Future Fund

Overview

Global markets were weak in June as concerns over the sustainability of the economic recovery dominated investors' minds. The BP oil spill continued to have a high profile, causing a sharp sell-off in BP's shares.

Performance and activity

The fund outperformed the benchmark over the month, benefiting from the lack of exposure to oil companies. Medical waste management company Stericycle (Environmental Services) was our top contributor in the month as the market favoured defensive growth and was attracted to the company's new growth opportunities. Waste-to-energy operator Covanta (Cleaner Energy) performed well as they announced a special dividend and increased share buy-back, demonstrating their strong cash flow. Healthcare support services company Synergy Health (Health) rose after reporting good results. Detractors included Plant Health Care (Environmental Services), which fell on news that their largest customer had over-ordered their product resulting in too much unsold inventory. However, we met the management and took the opportunity to add to our position following what we see as an overreaction to short-term news. IT company Telvent (Efficiency) came under pressure as investors worried about their exposure to the euro and the Spanish economy, but again we think these concerns are overplayed.

Activity included selling IT company Accretive Health on valuation grounds. We initiated a position in IPC The Hospitalist (Health) as the shares fell sharply on a civil investigative demand and we saw a valuation opportunity. The practice of hospitalists is a rapidly growing area of Healthcare in the US and IPC is the largest player with a strong franchise. We also initiated a position in clinical research company Icon PLC (Health) after meeting the management and being impressed with the growth opportunities for the business. We added to our position in metal recycling company Umicore (Environmental Services) after visiting the company and seeing the growth potential for recycling lithium-ion batteries.

Outlook

We remain cautious on markets amid the challenging economic background and the advent of fiscal austerity measures. The BP oil spill continues to highlight the environmental and financial risks of investing in fossil fuels but should focus interest in investment in renewables. We continue to see strong long-term growth prospects for our themes and for companies that are providing economic solutions to the challenges they represent.

Henderson

Horizon

Fund

Henderson Horizon Fund – Industries of the Future Fund (continued)

Key investment risks to be considered before investing

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Fund

Henderson Horizon Fund - Japanese Equity Fund

Overview

Markets continued to fall in June following May's sharp reversal in what had been a prosperous time for markets for several months. Deterioration within Europe and tighter policy conditions in China suppressed equity prices. While equities retreated, bond markets in major economies strengthened reflecting investors' preferences for safety over risky assets. In currency markets, the yen registered gains against the US dollar and the euro. Economic statistics were largely overshadowed by macro events. While further improvement was witnessed as reflected in the latest Tankan report, momentum is beginning to wane with the prospect of more gradual improvement in the months ahead.

Performance and activity

Initial performance figures indicate that the fund was marginally behind the benchmark MSCI Japan index. The overweight position in financials provided the most drag for the portfolio with insurance holdings in Daiichi Life and MS&AD being impacted the most by the falls in markets. The more defensive areas of the market held up relatively well and holdings in ABC Mart and Secom registered gains. ABC Mart continues to impress in the shoe retail market while Secom offers a steady profit profile in both the commercial and residential markets.

A new position was added during the month through the purchase of Sankyo. The company, which manufactures pachinko (pinball) machines, was purchased after a period of poor performance and as the stock was selling on close to cash. As Sankyo has no debt, the prospect of investment was enticing. Elsewhere it was a case of adding to, and subtracting from stocks, dependent on relative performance with the thrust of the portfolio remaining towards domestic rather than export sectors.

Outlook

The events in recent weeks have revealed concerns over the sustainability of economic recovery in the face of fading economic stimuli and planned fiscal retrenchment. Markets are right to be concerned, although the reaction in equities has been marked. Some respite may, therefore, be in order over the coming months. The portfolio may look for such opportunities near term whilst keeping a careful eye on economic developments.

Henderson

Horizon

Fund

Henderson Horizon Fund - Japanese Equity Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests its assets in equity securities and equity instruments of large and small companies across a variety of sectors in Japan but largely weighted towards companies of large market capitalization.
- The Fund may invest in OTC markets which are operated and regulated differently from other regulated markets and accordingly carry higher risks.
- Investments in the Fund are exposed to varying degree of risks to economic, political, regulatory and social development changes in Japan.
- Fund's investment focus on a single country may carry higher concentration risk and market volatility, including liquidity risks for investments in smaller companies, than funds following a more diversified policy.
- Investments in the Fund involve investment risks (e.g. market, legal, financial, interest rate, 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

Henderson Horizon Fund - Pan European Alpha Fund

Overview

European stockmarkets initially tried to recover some of the May falls, but succumbed to growth and banking sector worries towards the end. Persistent concerns about sovereign indebtedness did not help either and June ended a fairly lacklustre month. German bunds were the main beneficiary of a widespread desire to reduce risk.

Performance and activity

Holdings such as Aer Lingus on the long side have responded well to signs of restructuring success, while losing positions in the long book generally fell with the market rather than on any company-specific bad news. On the short side, Vestas and Hansen Transmissions contributed strongly alongside Iliad. Abengoa was the notable detractor.

We added two new holdings on the long side. The first of these was Adecco, a company we had held during 2009. The recent market sell-off gave us the chance to buy it back at an attractive price as further evidence of an improvement in temporary employment markets is emerging. The other new holding, and somewhat more contentious, was BP. We did not own it at the time of the spill but as the hysteria built around potential liabilities we began to get interested. Some of the assumptions needed to justify the share price falls strike us as borderline ridiculous and we believe there is significant value on offer. The negative story has been well aired but asset backing is strong and they appear to be coming close to plugging the well. This kind of discount is rarely available in mega-cap stocks and we have made it our largest holding.

Outlook

Despite some of the negative macroeconomic stories abounding we find it hard to become overly bearish. There are many positive aspects to the current situation, such as the weak euro helping exports, merger and acquisition activity picking up and aggregate market valuations again looking cheap. As we move into the second half we believe some of the headwinds will ease, particularly if results season is strong. This would provide welcome relief and allow valuations to recover from recently depressed levels.

Henderson

Horizon

Fund

Henderson Horizon Fund - Pan European Alpha Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests in equity securities and equity instruments of companies across a variety of sectors in the European Economic Area (“EEA”), including UK.
- Investments in the Fund are exposed to varying degree of risks to economic, political, regulatory and social development changes in the EEA region.
- The Fund uses trading strategies that use financial derivatives 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, mainly through the use of FDI combining with direct investments, may hold long and short positions. For short positions, the value of the Fund will be adversely affected if the value of the investment rises. 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 (e.g. 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.

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Henderson

Horizon

Fund

Henderson Horizon Fund - Pan European Equity Dividend Fund

Overview

Global equity markets fell during June as investors continued to moderate their expectations for economic growth. Governments around the world, with the notable exception of the US, have started to propose measures to reduce their deficits, and although these actions are considered by investors to be vital for economic stability in the medium to long term, they have increased concerns about the short-term outlook.

Performance and activity

The strongest performers in the portfolio included a number of companies with stable earnings that should be relatively uncorrelated to economic growth, such as energy utility Centrica, pharmaceutical giant AstraZeneca, and media company Reed Elsevier. The most significant negative performers included oil company BP, which suffered from ongoing pressure regarding its Gulf of Mexico oil leak, and Greek betting monopoly OPAP, whose share price has been depressed by the Greek macroeconomic situation.

During the month we closed the position in free to air television operator Metropole Television, which had performed well relative to the market since initiation, and added to positions in food retailer Tesco and staffing company SThree, where we see more potential for earnings growth in the next few years, which should drive dividend growth.

Outlook

Whilst macro indicators have shown some signs of moderating economic growth after a very sharp rebound from recession levels, the International Monetary Fund has recently upgraded its forecasts for global economic growth and analysts' earnings and dividend forecasts suggest healthy growth for the next few years. We continue to find interesting opportunities to invest in companies that are well positioned to grow earnings and dividends in the medium term, and recent volatility has presented opportunities to invest at attractive valuations.

Henderson

Horizon Fund

Henderson Horizon Fund - Pan European Equity Dividend Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests in a portfolio of equity securities and equity instruments of companies across a variety of sectors in the European Economic Area (“EEA”) for seeking an above benchmark dividend yield from the portfolio.
- Investments in the Fund are exposed to 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 which may involve a higher concentration of risk and market volatility than funds following a more diversified policy.
- Investments in the Fund involve varying degree of investment risks (e.g. 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.

Intended semi-annually dividend distribution by the Fund and its derived yield are not guaranteed and subject to change without any prior notice.

Henderson

Horizon

Fund

Henderson Horizon Fund - Pan European Equity Fund

Overview

June was a frustrating month. After the market's sell off in May, the early part of June saw a gradual return to slightly more positive sentiment towards economies, but this was short lived, as negativity returned towards the end of the month. While we are neither complacent nor ignorant of the risks, we still feel that the combination of economic news flow and low valuations seem to point to a better market outlook over the next twelve months. In our view, the current despondency is more of a reflection of the reality of base effects rolling over (the second half of 2009 already saw a strong recovery), as well as a gradual understanding that growth will be slow for the next few years. In this stable, low growth environment, we expect to see our more dynamic growth companies continue the recent outperformance trend.

Performance and activity

In June we effected a few changes. We sold Aegon and finally disposed of Nokia. We sold a few weeks before yet another warning, and feel that the poor product line up and management issues are simply too negative to warrant waiting any longer. We added Ericsson, which is a leader in the infrastructure area, and it is clear that increased investment is coming in order to strengthen networks. We also returned to Lufthansa, as there is a sustainable improvement in profits due to freight and slightly better passenger demand.

We also added Rio Tinto as we feel that the shares have fallen too far over concerns about slowdown in China and on the threatened mining tax in Australia.

In general, we have increased our emphasis over the last few months on the more consistent growth companies, such as Roche, Reckitt Benckiser, Capita, and L'Oreal.

Outlook

The current uncertainty in markets is largely due to fears of a slowdown as fiscal retrenchment begins to take hold in most countries, and quarterly results begin to lap early recovery from a year ago. We hold to our expectation of a 'square root' shaped recovery pattern, and this seems to be born out by recent data. However, in lower summer volumes and with the second quarter results season about to start, there could well be volatility over the short term.

Henderson

Horizon

Fund

Henderson Horizon Fund - Pan European Equity Fund (continued)

Key investment risks to be considered before investing

- The Fund primarily invests in equity securities and equity instruments of companies across a variety of sectors in the European Economic Area ("EEA") and its investments are exposed to varying degree of risks to economic, political, regulatory and social development changes in the region.
- The Fund may invest substantial sum of its assets in companies located in a single country within the EEA region which may carry higher concentration risk and market volatility than funds following a more diversified policy.
- Investments in the Fund involve investment risks (e.g. market, legal, financial, interest rate, 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.

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Henderson

Horizon

Fund

Henderson Horizon Fund - Pan European Property Equities Fund

Overview

European equity markets attempted to rally in June but ended the month little changed. General investor confidence remains hesitant against a background of increasing nervousness about the sustainability of the economic recovery and the impact of austerity measures on demand. In property markets, Continental Europe outperformed the UK as the leaders bounced back. News in the direct property market continued at a steady pace, with reports on acquisitions and improved vacancy rates supporting fragile confidence. Overall, the FTSE EPRA/NAREIT Developed Europe Capped index (EUR) increased 1.33%.

Performance and activity

The fund's overweight position in the UK was costly during the month. Exposure to UK majors Segro, Hammerson and Land Securities was detrimental despite the strength of the sterling. Holdings in West End focused Great Portland Estates also underperformed, even with news of another acquisition during the month. Offsetting some of the losses were holdings in Fabège in Sweden, which rebounded after being oversold in May and Max Property Group, which improved on solid full year results.

We reduced our relative exposure to the UK by selling small-cap Helical Bar and trimming positions in Land Securities and Segro. On the Continent, we increased the holding in Corio in the Netherlands, and sold out of Foncière des Régions in France.

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 fear of 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 continue to be investment opportunities over the next few years for those with the right balance sheet and skills.

Henderson

Horizon

Fund

Henderson Horizon Fund - Pan European Property Equities Fund (continued)

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 (e.g. 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.

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Henderson

Horizon

Fund

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