

Henderson Horizon World Select Fund

Q1 2017

For professional investors only

Fund manager name: Matthew Beesley

Overview

In a quarter where astrologists apparently discovered an orange dwarf star with seven Earth-sized planets orbiting around it with the possibility of life, equities continued to orbit around their own orange celestial body. Markets climbed due to continued expectations that US President Trump will deliver on his proposed tax cuts and fiscal stimulus plans. This helped global equity markets, as measured by MSCI World Index in sterling terms, deliver their sixth consecutive quarterly rise.

Expectations that President Trump's policies will be positive for economic growth, due to lower taxes and increased fiscal spending, have underpinned strong equity markets since his election. While economic data in the US has shown some signs of plateauing and president Trump is certainly not having it all his own way with policy implementation, positive economic data in Europe, Japan and China are supporting investor expectations for future growth. Additionally, first quarter earnings results were the best in almost two years. We saw positive earnings per share (EPS) growth and a majority of companies beating estimates in all the key developed markets.

This helped to offset increasing geopolitical risk. US proposals to ban flights from seven mainly Muslim countries was met with outrage. While the ban was overturned, it highlighted the protectionist stance of the new US administration. Tensions further increased between the US and Syria and Russia following a suspected chemical attack by Assad's forces in Syria and a US missile retaliation strike. These are dovetailing with concerns over the eurozone, from a potential right-wing victory in the French elections, to Greece, which has large swathes of its debt due in July and is seeking further assistance from the IMF.

Within global equity markets, the information technology (IT) sector delivered the strongest return as companies met or exceeded earnings expectations - with the more defensive telecoms sector lagging the market. By region, European bourses performed strongly, with the UK's stock market shrugging off the triggering of its two year negotiations to exit the European Union. Asian markets were also strong with the exception of Japan, which mostly moved sideways during the quarter as the yen strengthened following its sharp decline at the end of 2016. The strong IT sector helped the US market, although signs of moderating growth led to some weakness in March. A moderation in the strength of the US dollar also helped emerging market equities perform well during the quarter.

Performance and activity

During the period the fund performed in line with its index, returning 5.1% (A share class, midday priced) versus 5.1% (MSCI World NDR) for the MSCI World Index.

By region, positions in emerging markets were the most positive, benefiting from the weakening US dollar. Positions in Russian internet search company Yandex and Brazilian bank Itau Unibanco both contributed positively to performance. The former continued its strong run from December following positive third quarter earnings which lead to earnings upgrades, while the latter continued to benefit from expectations that Brazilian credit quality has peaked and loan growth should accelerate as Itau takes market share from the state banks.

The largest stock specific contributor was from US entertainment software company Activision Blizzard. The company behind the "Call of Duty" and "World of Warcraft" video games announced a very strong quarter, with disciplined cost control improving margins. As such the dividend was increased by 30% with a \$1 billion buyback announced and 2017 earnings guidance raised. Also in the US, Philip Morris was positive as the company continues to highlight growth in its iQQS "heat

not burn” products. Additionally, medical devices company Zimmer Biomet pre-announced that its fourth quarter revenues would be above expectations and that EPS would be at the higher end of its expected range. Investors were encouraged by the speed at which the company had addressed its recent manufacturing issues.

Offsetting this however, was weakness in Hess Corporation, Teva Pharmaceuticals and Wabtech Corp. Following a very strong run in December on the back of the OPEC production agreement and Trump victory, Hess Corp fell back as the company disappointed investors by announcing expectations for flat production year-on-year for 2017. This was despite successful drilling in offshore Guyana. Teva Pharmaceutical continued to be weak, with pressure from both generics pricing but also from a potential “at-risk” launch of generic Copaxone, Teva’s multiple-sclerosis drug, by Novartis subsidiary Sandoz. The position in US industrial company Wabtech Corp was also weak during the quarter. The stock had been performing well as the company seeks to complete its largest acquisition to date of French company Faiveley, which will boost earnings and diversify revenues. However, weakness in Wabtech’s core North American freight market weighed on 2016 results. We continue to like Wabtec as a diversified and high-quality way to invest in both freight and transit rail globally.

Outlook

There is a definite push and pull with respect to the outlook for global equities. On the positive front, earnings growth is finally improving and moving closer to expectations following years of stimulus and low interest rates. From a top down perspective there also appears to be some traction to economic growth in Europe, Japan and China, even if the US growth is showing signs of plateauing.

However, two not insignificant factors are providing headwinds: valuations and geopolitical risk. Equities have delivered strong growth since the global financial crisis on expectations that stimulative policies would help growth to recover. As such equities’ earnings now need to grow into their current valuation multiples. For markets to sustain further growth we will arguably need earnings to surprise on the upside from here. The Trump administration’s proposals for tax cuts and fiscal spending could help. However, there is increasing uncertainty about where these are on the agenda and when or even whether they will make it through to actual policy. Increased US tensions with Russia, Syria and North Korea are not only a distraction but also an increased geopolitical risk, along with an uncertain period for Europe with key elections ahead in 2017.

For further information on the Luxembourg-domiciled Henderson fund range please contact your local sales office or visit our website: www.henderson.com

Austria Henderson Global Investors Ltd Tel: +41 43 888 6262 Fax: +41 43 888 6263 Email: info.switzerland@henderson.com	Hong Kong Henderson Global Investors Ltd Tel: +852 2905 5188 Fax: +852 2905 5138 Email: marketing.asia@henderson.com	Singapore Henderson Global Investors Ltd Tel: +65 6836 3900 Fax: +65 6221 0039 Email: marketing.asia@henderson.com
Benelux Henderson Global Investors BV Tel: +31 20 675 0146 Fax: +31 20 675 7197 Email: info.nederlands@henderson.com	Italy Henderson Global Investors Ltd Tel: +39 02 72 14 731 Fax: +39 02 72 14 7350 Email: henderson.italy@henderson.com	Spain Henderson Global Investors Ltd Tel: +34 91 562 6245 Fax: +34 91 564 6034 Email: info.spain@henderson.com
France/Monaco/Geneva Henderson Global Investors Ltd Tel: +33 1 53 05 44 80 Fax: +33 1 44 51 94 22 Email: info.france@henderson.com	Latin America Henderson Global Investors Ltd Tel: +44 20 7818 6458 Fax: +44 20 7818 7458 Email: sales.support@henderson.com	Switzerland (Germanic) Henderson Global Investors (Schweiz) AG Tel: +41 43 888 6262 Fax: +41 43 888 6263 Email: info.switzerland@henderson.com
Germany Henderson Global Investors Ltd Tel: +49 69 86 003 110 Fax: +49 69 86 003 355 Email: info.germany@henderson.com	Nordics Henderson Global Investors Ltd United Kingdom Tel: +44 20 7818 4397 Fax: +44 20 7818 1819 Email: sales.support@henderson.com	United Kingdom Henderson Global Investors Ltd Tel: +44 20 7818 1818 Fax: +44 20 7818 1819 Email: sales.support@henderson.com

Important Information

This document is solely for the use of professional intermediaries and is not for general public distribution. Please read the prospectus before investing

The Henderson Horizon Fund (the "Fund") is a Luxembourg SICAV incorporated on 30 May 1985, managed by Henderson Management S.A. This document is intended solely for the use of professionals and is not for general public distribution. Any investment application will be made solely on the basis of the information contained in the Fund's prospectus (including all relevant covering documents), which will contain investment restrictions. This document is intended as a summary only and potential investors must read the Fund's prospectus and key investor information document before investing. A copy of the Fund's prospectus and key investor information document can be obtained from Henderson Global Investors Limited in its capacity as Investment Manager and Distributor.

Issued in the UK by Henderson Global Investors. Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355) (incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE and authorised and regulated by the Financial Conduct Authority) provide investment products and services. Telephone calls may be recorded and monitored.

Past performance is not a guide to future performance. The performance data does not take into account the commissions and costs incurred on the issue and redemption of units. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially.

The securities included in this document are not registered in the Foreign Securities Registry of the Superintendencia de Valores y Seguros for public offering and, therefore, the use of this document is only for general information purposes.

Nothing in this document is intended to or should be construed as advice. This document is not a recommendation to sell or purchase any investment. It does not form part of any contract for the sale or purchase of any investment.

The Fund is a recognised collective investment scheme for the purpose of promotion into the United Kingdom. Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

A copy of the Fund's prospectus, key investor information document, articles of incorporation, annual and semi-annual reports can be obtained free of cost from the Fund's: Austrian Paying Agent Raiffeisen Zentralbank Österreich AG, Am Stadtpark 9, A-1030 Vienna; French Paying Agent BNP Paribas Securities Services, 3, rue d'Antin, F-75002 Paris; German Information Agent Marcard, Stein & Co, Ballindamm 36, 20095 Hamburg; Belgian Financial Service Provider Dresdner Van Moer Courtens S.A./N.V. Société de bourse, Drève du Prieuré 19, 1160 Bruxelles; Spanish Representative Allfunds Bank S.A. Estafeta, 6 Complejo Plaza de la Fuente, La Moraleja, Alcobendas 28109 Madrid; or Swiss Representative BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich who are also the Swiss Paying Agent.

Additional information for investors in Switzerland – Henderson Gartmore is a collective investment scheme established under Luxembourg Law (SICAV). The Prospectus, articles of incorporation and the annual and semi-annual reports can be obtained free of charge from the Swiss representative: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich who are also the Swiss Paying Agent.