

Henderson Horizon Emerging Market Corporate Bond Fund

For professional investors only

Capturing opportunities in the expanding emerging market credit universe

Suitable for investors looking to enhance and diversify their portfolio through emerging market exposure to corporate bonds

Designed to

Deliver an attractive total return: The fund seeks to outperform the JPMorgan Corporate Emerging Market Bond Index (CEMBI Broad Diversified) by investing primarily in emerging market corporate bonds, with a preference for USD-denominated issues.

Extract excess spread: Themes, such as state driven reforms, regulatory changes and yield curve projections, help identify securities that offer excess yield without excess risk, while relative value in bond structures is also a source of return.

Manage risk effectively: The team seeks to minimise or exploit volatility as appropriate. Scenario analysis and portfolio diversification help mitigate risk with interest rate exposure actively managed (within a portfolio duration range of between -2 and +10).

Benefiting from

Nimble team: Talented team that brings different skillsets to the portfolio's management, from macroeconomic and technical analysis to isolating key bond characteristics.

Focused filtering process: Initial filtering (thematic and quantitative) provides focus. Macroeconomic analysis helps tilt portfolio exposures to profit from directional shifts and mitigate risk.

Multiple levers of return: Core bond investing is complemented by active duration management, use of derivatives (including credit default swaps and futures), and off-benchmark investments, which may include sovereign bonds and developed market issuers with emerging market exposure.

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Emerging market credit offers a unique investment proposition. Investors are paid an attractive risk premium because of the 'emerging market' label despite the investment grade characteristics of much of the asset class.”

Steve Drew, Fund Manager

Opportunity set

Emerging markets are home to some of the most successful companies, but their bonds are typically underrepresented in investors' portfolios. Yet emerging market credit has delivered relatively attractive long term total returns and continues to offer a yield premium over most other fixed income asset classes.

Although emerging markets carry additional political and country risk, the corporate bond sector is primarily rated investment grade. Investors can therefore gain exposure to an asset class with investment grade characteristics but with the higher returns potential associated with lower credit ratings.

Sensitivity to global capital flows means that emerging markets can be volatile but this is offset somewhat by deepening market liquidity as the pool of assets and market participants grows. The macroeconomic background of emerging markets has also improved and in some respects is superior to many developed markets. Many investors allow macroeconomic factors to dominate and miss the opportunities available at the security level. Our approach seeks to place a strong emphasis on analysis of individual bonds and issuers, exploiting the gap left by many of our peers.

Key characteristics

Fund aim	To provide a total return in excess of the JPMorgan (CEMBI) Broad Diversified (over a rolling three year period).
Fund manager	Steve Drew
Launch date	November 2014
Structure	Sub-fund of Luxembourg SICAV, UCITS (sophisticated)
Base currency	USD
Expected tracking error	2-5%
ISIN code	LU1120394736 (A2 class)

Fund managers



Steve Drew
Head of Emerging
Market Credit

Steve Drew joined Henderson in April 2014 to develop Henderson's emerging market credit capabilities. Prior to Henderson, Steve was Partner and Head of Global and Emerging Credit at Thames River Capital and managed in excess of €1.8 billion of which half was in emerging market credit. Steve has more than 20 years of credit experience across buy and sell-side businesses such as JPMorgan Chase and Tudor Capital.

Henderson for fixed income

- €26.1 billion in fixed income assets under management*
- 65 fixed income specialists with an average of 14 years of experience*
- Coverage across the full range of fixed income asset classes, including government debt, secured assets, corporate debt and derivative instruments
- Dedicated alpha teams allow focused idea generation within each area of expertise
- Risk management embedded throughout the team's investment processes and overseen by an independent Investment Risk Team

* Source: Henderson Global Investors at 30 September 2014.

Past performance is not a guide to future performance. 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.

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KNOWLEDGE. SHARED

Important Information

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Where the Funds invest in assets (including cash) which are denominated in currencies other than the base currency then currency exchange rate movements may cause the value of investments to fall as well as rise. Where share class hedging is undertaken, the Investment Manager may use financial swaps, futures, forward currency exchange contracts, options and other derivative transactions in order to preserve the value of the hedged share class currency against the base currency of the Sub-Fund. The effects of the hedging will be reflected in the net asset value of the hedged share class. Any expenses arising from such hedging transactions will be borne by the share class in relation to which they have been incurred and will thereby impact on the performance of that share class. Where such hedging is undertaken it may substantially protect investors against a decrease in the value of the base currency of the Sub-Fund. Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well-developed regulatory systems and disclosure standards may be less stringent than those of developed markets. Common risks associated with emerging markets include fraudulent securities, lack of liquidity, currency fluctuations, investment and remittance restrictions, different accounting, auditing and financial reporting standards. The Fund may use derivatives for hedging purposes to protect portfolios against currency fluctuation, market movements and interest rates risks. Derivatives involve risks different from, and in certain cases, greater than, the risk presented by more traditional investments. Where the investment policy allows, funds may engage various strategies in view of reducing certain of their risk and for attempting to enhance return. These strategies may include the use of derivative instruments such as options, warrants, swaps and/or futures. Investments in fixed income instruments are subject to default/credit risk of the issuers, interest rate risk as bond prices move inversely to changes in interest rates and liquidity risk when there is low liquidity in the secondary bond market. Non-investment grade securities (such as "high yield" securities) are considered higher risk investments that may cause income and principal losses for the Fund. They are instruments which credit agencies have given a rating which indicates a higher risk of default. The market values for high yield bonds and other instruments tend to be volatile and they are less liquid than investment grade securities. Investment in a security issued by a company that is either in default or in high risk of default ("Distressed Securities") involves significant risk. Such investments will only be made when the Investment Manager believes either that the security trades at a materially different level from the Investment Manager's perception of fair value or that it is reasonably likely that the issuer of the securities will make an exchange offer or will be the subject of a plan of reorganisation; however, there can be no assurance that such an exchange offer will be made or that such a plan of reorganisation will be adopted or that any securities or other assets received in connection with such an exchange offer or plan of reorganisation will not have a lower value or income potential than anticipated when the investment was made. The fund may use leverage as part of its investment strategy. As a result profits and losses incurred by the fund can be greater than those of a fund that does not use leverage. The Funds may engage in securities lending and borrowing and repurchase and reverse repurchase agreements. Under such arrangements, Funds will have a credit risk exposure to the counterparties to any securities lending and borrowing and repurchase and reverse repurchase agreements. 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. The fund is duly registered with the Comision Nacional del Mercado de Valores for marketing in Spain (registration number 353). 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. 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