

Henderson Emerging Markets Opportunities Fund



Fund manager
Chris Palmer

Fund facts at 30 December 2011

Fund aim

The fund aims to provide long-term capital growth by investing in company shares in emerging market countries. The fund may invest indirectly in emerging market countries by buying securities such as American depositary receipts (ADRs).

Launch date

27 February 1987

IMA sector

Global Emerging Markets

Fund size

£238.45m

Ratings

OBSR – A

Type of shares

Accumulation

XD dates

1 Jun, 1 Dec

Dividend pay dates

31 Jan, 31 Jul

Minimum investment

Lump sum	£1,000
Subsequent	£100
Regular saving	£100

Charges (%)

Initial	5.00
Annual	1.50

SEDOL number

3186101

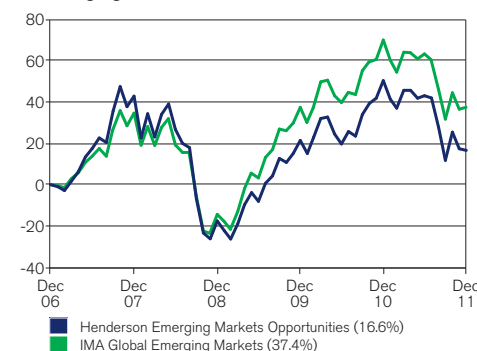
Fund manager comment

Equity markets staged a modest recovery in the final part of the year, including December, in euro terms. Yet volumes remained low, and it is not clear if there is significant support for markets from investors who currently prefer cash. Emerging markets continued to underperform developed markets, with the latter driven by the US and Japan. European markets languished further as economic data weakened and with no credible resolution to the eurozone crisis ahead. Within emerging markets, Europe, Middle East and Asia (EMEA) were unsurprisingly weak, falling 5% in sterling terms. Latin America was flat, while Asian equities rose 2%. The fund lost 0.7%, underperforming the benchmark which was flat over the month. Stockpicking in Asia appeared strong during the month, with Largan, PICC and Weichai Power all outperforming. Largan, a Taiwanese firm making camera parts for smartphones including the iPhone, added value as sales remained ahead of expectations. Meanwhile, Chinese insurer PICC made gains as a rights issue was well-received early in the month. Finally, Chinese diesel engine manufacturer, Weichai Power, outperformed, helped by the acquisition, by its parent company, of a luxury European yachtmaker. Russian gas firm, Novatek, disappointed most during the month. The stock is linked to Prime Minister Putin. As protests emerged in Moscow following disputed parliamentary elections, the stock was caught in the uncertainty. We believe the risks to the Putin regime's stability remain relatively low. Elsewhere, E Ink, which makes the displays for the Kindle, among other gadgets, fell significantly. The firm reported weak sales for November during the busiest period of the year for electronic devices. Finally, Indian bank, Andhra, was also weak. The Indian economy remains in difficulty with rising inflation and interest rates, slowing growth and political paralysis conspiring against companies there. In sector terms, utilities outperformed modestly, but financials dragged performance down as global economic problems appeared unresolved. Meanwhile, our stockpicking in South Africa, Brazil and India added value. Unfortunately, our exposures in Russia, China and Taiwan were less successful. We switched positions in the fund during December. First, we sold South Africa iron ore miner African Rainbow in favour of Exxaro. This South African company is a significant exporter of thermal coal. With the expansion of coal-fired power plants in both South Africa, and a shortage of coal in India, we believe it should outperform. Meanwhile, we sold shares of Indonesian construction firm, Adhi Karya. We took the opportunity to sell after revenue forecasts were significantly upgraded by the Street. We have concluded that the company's earnings are too volatile, and consequently preferred Astra. This Indonesian firm manufactures motorcycles. It is a high-quality name that offers exposure to discretionary spending in an extremely populous country. Other activities included topping up our exposure to Novatek, which was weak through the repercussions of the Russian parliamentary elections. Finally, we sold our position in Motherson Sumi. The stock has been notably weak as the Indian economy has slowed. The outlook for global emerging markets remains clouded by the uncertain outlook for growth. Europe's currency and banking issues remain critical for markets and economies. But for all the focus in this area, a number of other concerns exist. China's lending practices and industrial competitiveness have come under scrutiny. The US economy appears more robust than most developed markets. Yet growth lacks lustre. Against this, investors must weigh the attractive valuations of the global emerging markets, which remain at historic crisis levels. There remains the very real possibility that growth will remain benign. Although it is difficult to spot the catalyst, we feel that risks remain to the upside for investors in 2012.

Top 10 holdings	(%)	Top 10 countries	(%)	Top 10 sectors	(%)
Samsung Electronics	4.3	Brazil	15.2	Financials	23.0
Petrobras	3.2	South Korea	14.2	Materials	14.4
Vale	3.0	Hong Kong	13.4	Energy	12.5
Novatek	2.5	United States	12.1	Consumer Staples	11.3
CNOOC	2.0	South Africa	8.4	Information Technology	10.6
CITIC Securities	1.9	Taiwan	8.2	Consumer Discretionary	9.2
Hyundai Motor	1.9	Mexico	5.9	Industrials	7.7
Kia Motors	1.7	China	4.3	Telecommunication Services	7.4
Ambev de Bebidas	1.6	India	3.9	Utilities	2.5
Itau Unibanco	1.6	Indonesia	3.1	Healthcare	1.0
Total number of holdings	82		Cash	0.2	

Performance

Percentage growth, 29 Dec 06 to 30 Dec 11.



Source: at 30 Dec 11. © 2012 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

Past performance is not a guide to future performance.

Cumulative performance	Fund % change	Sector % change	Quartile ranking†
1 year	-22.4	-19.1	4th
2 years	-4.0	0.0	3rd
3 years	41.3	60.3	4th
4 years	-18.3	2.1	4th
5 years	16.6	37.4	4th

Source: at 30 Dec 11. © 2012 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

Discrete year performance	Fund % change
31/12/2010 to 30/12/2011	-22.4
31/12/2009 to 31/12/2010	23.8
31/12/2008 to 31/12/2009	47.2
31/12/2007 to 31/12/2008	-42.2
29/12/2006 to 31/12/2007	42.8

Source: at 30 Dec 11. © 2012 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

Discrete performance data may change due to final dividend information being received after quarter end. † 1st quartile means the fund is ranked in the top 25% of funds in its sector.

Henderson Emerging Markets Opportunities Fund (continued)

General risks

- The value of the Funds and the income from them is not guaranteed and may fall as well as rise. You may get back less than you originally invested.
- Past performance is not a guide to future performance.
- You should note that your tax treatment in relation to any investments held outside an ISA will depend on your individual circumstances and may be subject to change in the future. Governments may change the tax rules which affect you or the Funds in which you have invested.

Risk profile

- Where the Funds invest in assets (including cash) which are denominated in currencies other than the base currency (pounds sterling) then currency exchange rate movements may cause the value of investments to fall as well as rise.
- Emerging markets tend to be more volatile than more established stock markets and therefore your money is at greater risk. Political and economic conditions should also be considered. The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments within the funds. A counterparty may not pay or deliver on time or as expected. Lack of liquidity or efficiency in certain stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

Important information

Please note: due to rounding the figures in the holdings breakdowns may not add up to 100%. MSCI classifications are used for sector data. Yields are shown net except for bond funds which are shown gross. The Historical Yield reflects distributions declared over the past 12 months as a percentage of the mid-market share price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. The fund's annual Authorised Corporate Director's fee is charged to capital. This has the effect of increasing the distribution(s) for the year by 1.50% and constraining the fund's capital performance to an equivalent extent. Fund size at 12pm on last business day of month. Unless otherwise indicated all figures sourced from Morningstar, Henderson Global Investors and BNP Paribas. Please note the views, opinions and forecasts expressed in this document are based on Henderson Global Investors' research, analysis and house views at the time of publication. No recommendations to buy or sell investments are implied. 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 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. Issued in the UK by Henderson Global Investors. Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE), Gartmore Investment Limited (reg. no. 1508030), Gartmore Fund Managers Limited (reg. no. 1137353), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Services Authority to provide investment products and services.

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