

Henderson Horizon

Global High Yield Bond Fund

Fund aim

The Henderson Horizon Global High Yield Bond Fund aims to provide a high overall yield and potential for capital growth by investing at least 80% of its assets in debt securities with a sub-investment grade credit rating (BB+ or lower) from issuers around the world.

Global perspective with local insight

The fund offers all the characteristics of a high yield bond fund, with the added benefit of global diversification. Reflecting its global nature, the fund is jointly managed by Kevin Loomer in the US and Chris Bullock, who is based in Europe.

- **US:** team based in Philadelphia provides coverage of North America. As the world's largest and most mature market, the US will typically represent more than 50% of the portfolio.
- **Europe:** team based in London covers the European high yield market, which is fast growing in size as a structural shift to high yield financing takes place.
- **Emerging markets:** covered by sector specialists, with a bias towards the more liquid issuers.

High yield can equal high total return

The yields on high yield bonds not only offer a degree of cushioning against potential interest rate rises, but contribute significantly to total return. Through careful fundamental research, Henderson credit analysts feed their best ideas to the fund managers, with potential for additional return offered for taking on higher risk. The emphasis is on identifying relative value and avoiding defaults. Selective use of derivatives and the ability to invest 20% of the portfolio off-benchmark provide added flexibility.

Key reasons to invest

- Exposure to high yield securities at a time when yield is scarce.
- Typically low correlation to government bonds and less sensitivity to the interest rate cycle than other fixed income securities.
- Global capability with experienced credit management team based in Europe and the US.
- Global reach and flexible investment process aids navigation of the credit cycle.
- Strong track record of credit selection with emphasis on bottom-up fundamental research.

Fund characteristics

Fund managers	Kevin Loomer and Chris Bullock
Launch date	19 November 2013
Structure	Luxembourg domiciled SICAV fund
Base currency	USD
Share classes	USD, EUR
Benchmark	BofA ML Global High Yield Constrained
Management fee	0.75%
Performance fee	10% of return above benchmark return (see prospectus for further information)
Minimum investment	A class: \$2,500 or currency equivalent I class: \$1m or currency equivalent
ISIN codes	LU0978624194 (A2 USD) LU0978624277 (A2 hedged EUR) LU0978624350 (I2 USD) LU0978624434 (I2 hedged EUR)
Distribution	20 Jan, 20 Apr, 20 Jul, 20 Oct

A focused approach that exploits our credit expertise

The fund holds a concentrated portfolio of between 75 and 150 securities, which allows the fund managers to have a high conviction in each holding but also means that careful assessment of issuers and monitoring of each holding is important. Economic and interest rate analysis is carried out but the main thrust of research is analysing credit fundamentals:

- **Business:** analysis of company strategy, industry dynamics, meetings with management.
- **Financial:** evidence of strong cash flow, acceptable debt levels, rigorous analysis of metrics and bond covenants.
- **Technical and valuation:** analysis of issuance needs, positive catalysts and ratings potential, good liquidity and relative value.



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Three-pronged risk management

An attractive total return is the ultimate goal of the fund, but effective risk management also contributes to performance.

Qualitative

Monitoring of credit specific risk at the company level. Portfolio construction is reviewed to ensure sufficient sector balance and liquidity of positions. All non-US\$ positions are hedged back to US\$.

Quantitative

Risk is measured through specialist tools such as DV01 (which measures a bond's interest rate risk and VaR (Value at Risk), together with formal attribution and scenario analysis.

Independent

Pre- and post-trade compliance checks are undertaken. The portfolio is reviewed by an independent Risk Team and a dedicated team provides performance measurement.

The fund managers



Kevin Loomes,
CFA

- Joined Henderson in 2013 as Head of US Credit
- 22 years' investment experience
- Previously Head of High Yield at Delaware Investments and fund manager at T Rowe Price
- BSc in Commerce, University of Virginia
- MBA, Amos Tuck School, Dartmouth College



Chris Bullock,
CFA

- Joined Henderson in 2003
- 11 years' investment experience
- Co-manages Henderson Horizon Euro High Yield Bond Fund and Henderson Horizon Euro Corporate Bond Fund
- BEng Chemical Engineering, Aston University
- Member Chartered Institute of Management Accountants

Henderson – who we are and what we do

- One of Europe's largest independent investment managers, founded in 1934
- Global operations with expertise in core asset classes and alternatives
- More than 1,000 employees spread across Europe, the US and Asia-Pacific
- 273 investment professionals with an average of 14 years' investment experience
- Focused on delivering investment performance that meets client expectations

Source: Henderson Global Investors at 28 June 2013.

Henderson for fixed income

- €20.7 billion of fixed income assets under management
- 58 fixed income specialists with an average of 14 years experience
- Coverage across the full range of fixed income asset classes, including government, corporate, emerging, ABS, loans and derivative instruments
- Proven managers with a history of success in managing credit
- Risk control embedded throughout the investment process and overseen by separate Investment Risk team

Source: Henderson Global Investors at 28 June 2013.

Contact us

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