FY15 Results

Thursday 11th February 2016

Andrew Formica, Chief Executive

Welcome to Henderson's 2015 Full Year Results. If we look at today's agenda, I'll first start by talking through the 2015 highlights, and look in particular at the strong investment performance and also the underlying drivers behind the record flows that we announced today.

Roger will take you through the financials and talk about the view of the drivers on profit growth, and after that I'd like to come back to our strategy. To that end, I'm also delighted that Jim O'Brien, the Managing director of our North American business, is here to join us today to talk a bit more about the US business within the component of our strategy.

You will have heard me talk many times before about North America being a hidden gem within Henderson and I think these results really start to demonstrate the value of that business and also the potential we have, and not just what we've delivered, but what we can do out of that business, and Jim will give you a bit more detail on that.

To put the 2015 results into context, I also want to start maybe with just a short overview of the market backdrop.

If you see here, when we look back at 2015, it was a challenging year for investors and for clients, and so far, 2016 has proved to be even worse.

If we look at the MSCI World Index, it ended 2015 roughly where it started, though there were wild swings along the way. So far this year, it's down 10% in just six weeks. Within that, we have a number of bigger moves as well. So, for example, Emerging Markets were down 15% in 2015 and a further 5% so far this year. And looking at things like the oil price, as we all know, the significant declines we saw there. On the Fixed Income side, we saw US Government Bonds provide a modest 1% uplift, while High Yield Credit was down 5% overall.

There are also significant gyrations in currency markets with many economies seeking to devalue, which led to the US dollar being up 9% over 2015, although it has fallen back so far this year.

One other thing worth pointing out, at the bottom of the chart over there, is the industry overall saw 2% new business growth. It's actually slightly lower than the long-term average, which is typically between 3% and 5%. Once again, within that, passive flows dominated, delivering 8% in terms of new business growth of the year.

If we turn now to look at Henderson. For us, 2015 was another strong year. You might remember me standing up here this time last year, challenging everyone at Henderson to make sure that we just repeated 2014 as the objective for us this year, so it's great to see that's exactly what we did, and actually on a number of measures we even bettered the 2014 performance.

Looking at investment performance, it remained consistently strong, demonstrating the value that active fund management and the quality of our investment teams have, who proved their worth to our clients through asset allocation and stock selection.

We also saw another record year in regard to net inflows, and in particular we attracted net new Retail money far faster than many of our peers. We delivered underlying profit growth of 17% and dividend growth of 14%, and in the second half of the year showed our intent to return surplus capital to the shareholders by completing our maiden £25m share buyback.

Let's start now by looking in more detail at the investment performance. For the third year in a row, our overall investment performance shows more than 80% of our funds outperforming over the critical three-year period that most clients look at. From mine and Phil Wagstaff's perspective, anything over 75% of funds outperforming gives our sales team a compelling number of funds to talk to clients about. To be able to deliver such strong performance against a difficult market environment is exceptional. If you look at the time series we show over on the right here, you can see the improvement in our performance over the last five years. This is at the core of our improved brand and reputation.

Looking at the breakdown of that in Global Equities, the three-year number - you can up here - it's at 81%, is better than where you saw it last year, thanks to outperformance from the Global Equity Income team.

If we turn to the Global Fixed Income side, the inclusion of the former Perennial funds has driven an improvement in our numbers. It would be remiss of me not to point out, however, that our rate calls did continue to detract from performance, but that's not unexpected given what's happening in Fixed Income markets.

In Alternatives, the three-year number, at 66%, is driven by the Henderson UK Property OEIC, which moved from a bid to an offer pricing basis three years ago, much earlier than its peers. This has created a temporary disparity in performance measurement, which meant that the Alternatives number moved away from the previous 100% that you've seen. I wouldn't be concerned by that at all. All in all, though, a very strong set of performance numbers.

If we now move to look at the Assets under Management. You can see that the biggest driver of our Assets under Management crossing the £90bn mark at the end of last year is another year of record net flows. Over the course of a volatile year, we also saw a 4% uplift from Markets and Foreign Exchange, which was considerably enhanced by the investment performance we delivered for our clients.

Looking at Acquisitions and Disposals, we redeployed the majority of the proceeds from the sale of our interest in TH Real Estate into our Australian Acquisitions, a rebalance to the Group, which notwithstanding the fact that they have strong short-term financial benefits, was primarily driven by the attractive long-term growth prospects between those respective businesses that we divested and invested in.

If we look at our Retail flows in a bit more detail, you'll see on this chart that we've added a couple of trend lines to a chart that you will have seen before, and the green line is the annualised numbers for the quarterly delivery of inflows for Henderson versus the estimates we have for the industry.

What's really important in here is you can see that in the last 11 quarters Henderson has outperformed the industry in our Retail business. What's really pleasing, as well, is there are times over the years, and you can see it in the last two quarters of 2015, where the industry has gone to flat or even negative flows, and whilst Henderson has seen a slowdown from some of the strong performance we saw in the first quarter, we continue to deliver significantly above the industry in that level.

Obviously I put this down to our strong investment performance, but it's also due to the strength of our service model. By keeping our client informed in the bad times as well as good, we embody the brand promise of *Knowledge. Shared*. The main difference in net flows between 2014 and 2015 was that US Mutual Fund flows remained strong throughout all of 2015, driven by a continued demand for non-US assets coming out of that market. This is a trend that we have seen continue so far into 2016.

On the SICAV side, it continues to be our most diverse product range with the top ten best-selling SICAVs spread across four out of our five core capabilities. It's also encouraging to see the geographical spread of this product range increase. Italy and Spain, once again top the tables in Europe, but we also saw continued strong growth in Latin America and increased interest in our European Equity products coming out of Asia.

In the UK, despite significant industry flows going into tracker funds and also next generation multi-asset, areas that we wouldn't be known for in the market, we featured strongly in the top ten fund houses for Retail net flows, in particular, Henderson UK Property and Henderson UK Absolute Return continuing to sell well.

Our position in the UK is a step change from where we were as recently as two years ago, the year that net flows turned positive in the UK Retail marketplace.

Moving to look at our Institutional flows. Our Institutional business ended the year broadly flat, which is a respectable result when you saw the change in the shape of the business and also in client demand. Remember we exited our Private Equity business last year and the biggest client trend that we saw was in fixed income, where clients are reducing duration and diversifying their exposure away from traditional government bond mandates. While we have business at risk from this trend in traditional Fixed Income mandates, the positive has been good flows into Multi-Asset Credit, Absolute Return Bond and Buy & Maintain.

Our fourth quarter flows were better than we signalled in our third quarter announcement, in part because the mandate losses we knew were coming in the quarter, but actually redeemed in January this year.

So to sum up on our flow performance. We continued to outgrow our industry peers, delivering 11% net new money growth over 2015. This was considerably ahead of the 6% to 8% per annum target we set ourselves as part of the 2018 growth and globalisation strategy, and considerably ahead of the 2% growth the industry achieved last year. This is a fantastic result and well ahead of what I could have hoped for.

For now, I'd like to hand over to Roger, who will take you through the financials in more detail, before coming to give you a bit more of an update on the strategy side.

Roger Thompson, Chief Financial Officer

Thanks Andrew. It's my pleasure to report the 17% increase in underlying profits this year, driven by consistently strong flows, stable revenue margins and excellent investment performance.

If we walk down this income statement, our second half saw continued growth in management fees and very strong performance fees, principally driven by absolute return investment styles.

The income from investments and joint ventures is hardly going to feature in our P&L going forward, following the sale of our stake in TH Real Estate, as well as the exit of our Retail joint ventures here in the UK.

Finance income, which was boosted in the first half by a £9m seed capital gain from investments in Property funds, which we realised when we sold our interest in TH Real Estate, returned to more normal levels in the second half.

Costs rose in the second half, driven by continued investments in our teams, our performance fee mix, our acquisition in Australia and increased project spend, particularly on regulatory initiatives. I'll say more about cost drivers later, but for the moment we'll stick with revenues.

I thought you might find this chart particularly helpful and it's one that I find very reassuring.

Starting at the top, you'll see that our average holding period of our Retail funds is 3.4 years. Within that average are US Mutuals, and our UK range are held for a little bit longer, and pleasingly, SICAVs, which currently have a shorter holding period, are on an improving trend.

There are three reasons for this change in SICAVs. Our products have moved to core components of our client portfolios rather than being specialist add-ons. We're now on buy lists and panel recommendations rather than being bought at the periphery. And MiFID II is driving a change in client behaviour to encourage longer term holdings.

On the left-hand side of the chart, you can see the steady upper progression in our Retail flows day by day through the year. Markets may have been volatile, but our flows were remarkably consistent. In fact, each of our Retail funds was positive in every month of the year. And on the right-hand side, you can see the 17 funds this year that saw net flows of at least £100m. Combined, these factors create a picture of remarkable consistency, breadth and quality.

Now moving on to look at management fee margins, this is a graph that hopefully is very familiar. Our average management fee margins for 2015 were 56 basis points, as expected, down from 57.8 basis points in 2014. The biggest drivers of this change were our exit from Private Equity and our acquisitions of Geneva and Perennial. These are both institutionally focused businesses with lower revenue margins than our Group average.

Looking forward, our 2015 exit rate has fallen to just under 55 basis points. This incorporates the full-year effect of our Australian acquisitions, which, as I told you when we closed the acquisitions, would reduce our Group margins by around two basis points over a full year. But in general, our margin outlook remains remarkably consistent. We continue to anticipate one to two basis points of pricing pressure per annum on a global basis, which will continue to be counterbalanced by positive mixed shifts.

Let’s look at performance fees. You can see here the link between the very strong investment performance, which Andrew’s talked about over the past three years, and the absolute level of performance fees earned over those three years.

The biggest sources of performance fees were the Henderson UK Absolute Return fund, both the SICAV and OEIC, and the SICAVs Henderson Horizon Pan European Alpha and Henderson Horizon Pan European Equity. However, it’s also good to see the long tail of funds, 78 funds in total out of over 120, which could generate performance fees, demonstrating the diverse ranges of performance fees available to us.

And moving on to costs. Our fixed staff costs were up 13% in 2015, £3m more than our guidance. At the beginning of the year, I said that our fixed costs would likely rise by about 10%. The differences are in part due to our Australian acquisitions, which account for a one percentage point difference, the remainder largely being the increase in permanent and temporary staff needed to deliver regulatory and other projects.

Variable staff costs were up 17%, the outcome of our remuneration schemes rewarding strong business results. The three main drivers of this rise were strong investment performance, and hence performance fees, particularly in Alternatives, strong flows, and the costs associated with the rise in our share price, which contributed around £4m or 3% to the increase in variable staff costs for the period, and added 0.7% to our compensation ratio.

Non staff costs of £118m were in line with our guidance, being up 15% or 12% when normalised for FX. Finance expenses will fall to near zero when we repay £150m of loan notes when they fall due in March.

Now turning to cost expectations for 2016. The first thing I’d say is that we always set our budgets conscious of market levels and there’s obviously a considerable difference between the market levels today and when we set our budgets in the fourth quarter of last year. We’ve budgeted for high single digit increases in both fixed staff costs and non-staff operating expenses, but smaller increases in both cases than 2015.

The principal drivers of the fixed staff cost growth are the full year effect of our Australian acquisitions, wage inflation and head count increases principally to reflect regulatory change. Increases in non-staff operating expenses are driven by areas such as IT and marketing.

Now if market conditions continue to deteriorate we may revise these budgets. We’re looking now at whether to reduce our discretionary spend or change our hiring timetables and we could look for further cost reductions if necessary, but we’re in a long-term business and we’re building for sustained growth so we won’t be panicked into change of course.

You can see from this graph, on the left of the page, that this has been the third year of very strong absolute profit growth with this growth driven by top line performance rather than by margin expansion. Over time we still expect our operating margin to increase and our compensation ratio to come down. As new investment teams come on stream loss making teams become profit centres and high capacity styles with attractive economics will further diversify and strengthen our product mix; but for the time being we’re very happy to see high teens growth in both our revenues and our underlying profits. Markets permitting we’re well on track to deliver our five year plan which will result in the doubling of our AUM and we’re also well on track to double our underlying profits.

And here's the remainder of the income statement. EPS rose 17% to 17.2 pence in line with underlying earnings, and the Board is recommending a full year dividend of 7.2 pence to take our total dividend of the year to 10.3 pence, an increase of 14% in sterling terms. This is in addition to our £25m share buyback. In setting the dividend the Board took into account earnings growth for the year, but also our stated intention to deliver progressive dividend growth over the medium term. Next, tax.

Our underlying effective tax rate in 2015 was 10.4%, but without one-off items our normalised rate was 15.2%. Although difficult in their nature to predict I'm not expecting significant one-off items either way in 2016. I've previously talked about our expectation that our effective tax rate will move up towards the UK rate of 20%. The effective changes in our global tax profile this year as well as our growth in higher tax jurisdictions of the US and Australia means that our effective tax rate will rise to near 20% in 2016. Whilst it will depend on the exact profit profile by country, so I can't forecast exactly what that will be for the full year today, I'd pencil 20% into your models.

I'll conclude with a few words about cash and capital management. Our cash position continues to improve with net cash of over £200m at year end. In terms of gross unrestricted cash of some £350m our priority is to repay the £150m in senior loan notes when they fall due in March, and we've taken advantage of current market conditions to put in place a £30m revolving credit facility but we expect this to remain undrawn.

Looking at our capital position, which of course isn't impacted by the debt repayment, the numbers are without recourse to our investment firm waiver from consolidated supervision which expires in April this year. Our numbers show that our capital above our regulatory requirement improved to around £100m, a little better than I guided at the half year, but less than we had in June following the Australian acquisitions and taking into account the full year dividend. As in previous presentations these are our numbers. The FCA will review our capital position later this year.

We talked at the interims about three priorities for capital deployment, to invest organically in the business, to invest in inorganic growth and to return surplus capital to shareholders when capital generation outweighs opportunities to invest. These priorities remain in place. Our current expectation is that we'll repay our senior notes in March, and following the formal agreement of our capital requirements with the FCA in Q2, we'll continue our buyback programme which most likely will be weighted towards the second half.

With that I'll hand you back to Andrew to talk about our strategy.

Andrew Formica

Thank you, Roger. I'll start this section with, hopefully, is a familiar slide to you all now, something I've sort of used as a bit of a report card into how we're doing on our five year growth and globalisation strategy.

As you can see from here we're actually well on track. You start with the net new money column over here, we've achieved 11% per annum which is significantly higher than both our target and the industry. If we move along to the market returns this is the return, obviously we deliver on behalf of our clients' assets, markets obviously have been volatile the last year and that has subdued overall market returns, but if you look two years into the five year plan what you can see is we're actually right in the middle of the target range. This has been supported by the strong investment performance we have delivered for our clients, well above what the benchmarks have done in that period.

Now I'm not going to be able to predict what the next three years will deliver in terms of market returns and you'll all have your own view, but when you do do that I wouldn't forget the fact that the value our active fund managers contribute on top of what the market will deliver.

And finally, the final bar over there talks about acquisitions that we said would be a component of our growth strategy and that we would do modest bolt on acquisitions over the period, and you've seen exactly that with Geneva in 2014 and Perennial last year, very much consistent with what we'd said we'd do in that regard.

And so when looking at the requirements that I set out, what would be the hallmarks of success, how would I judge if the plan has been successful over a five year period, I set out a number of key characteristics that I anticipated to really be holding ourselves to account for, and what you can see here, we're doing very well against all of these measures.

So what I thought I'd do next is take you through what we see as the key areas to sustain the 2015 growth we saw; so looking at the development of our investment capabilities, scaling up of our geographical businesses, and all of these supported by acquisitions. So let's start with the new investment capabilities that we're developing.

So apologies, I know this is a busy slide and you can take it away and look at it in more detail at your leisure, but on this slide what we have done is try to give you a snapshot of where we are with the new investment teams that we've added over the last four years. Some of these new teams are organic builds where we've hired in individuals or teams such as in Global Equities in our Global Emerging Markets or in US High Yield, where others have come through, through the acquisitions we've done in the US and in Australia.

The one thing I would say however, it's a pretty remarkable picture. Making a strong start for any new team entering a new firm it's crucially important to develop that track record and for clients to see how well they work within the environment that they've come into. You can only hope to have such a strong performance from so many of the new investments we've made, particularly as so many of these are approaching their three year performance which is the critical measure under a Henderson banner.

So whilst 2015 was a fantastic year for Henderson as a whole I hope and fully expect in the years ahead you'll be hearing much more from me about these teams as being the key drivers for our growth and success.

The next perspective I'd like to look at is with regard to geography and our geographical growth. An important part of the strategy is to diversify the business globally and you'll recall that one of the things I said at the time of setting out the five year plan was that it was our intention to move our subscale international operations to be much more substantial businesses. On this chart you can see the significant progress that we've made on this front in just literally two years. If we start up in the left hand side up in the top corner here, the North American growth profile has been really impressive and to that end Jim O'Brien will give you a little bit more insight into why shortly.

Moving down to Latin America it's also been very interesting for us. We entered this market through the acquisition of Gartmore and we've established a strong pension fund franchise there, based on demand for our Continental European and also our Chinese equity funds. This has been particularly in the markets of Chile and Peru. We're also building a strong foothold in the US offshore market working alongside both global and Latin American banking groups.

Going in the middle there in the UK, our growth here has been partially offset by the disposals that you know have happened in that marketplace, particularly our Retail joint ventures and also the transfer of European Special Situations through Crux, as well as the planned exit from our retail and our private equity business. However, as shown earlier, our UK retail business continues to go from strength to strength, being a top ten player now two years in a row, and in Institutional we are well positioned to benefit from the rotation of client portfolios into high yielding, shorter duration assets.

Turning to the very middle there, Continental Europe, the business here has moved from being almost exclusively wholesale five years ago to a broader based business including discretionary portfolios, Retail advisory and some small Institutional mandates as well. Particularly pleasing here is the strong growth we've seen is entirely organic, that's a fantastic achievement for that business.

In Asia we're also starting to see more interest from global players, particularly in having our European Equity product on their platforms. There's plenty of activity behind the scenes in our Asian business which should bear fruit in the years ahead. And then of course there's our improved position in Australia which has been driven by our recent acquisitions down there and to that end I'll cover that in a little bit more detail on the next slide.

We now have all the key building blocks in place to build our business in Australia. We have a team of 49 people based in Sydney and Melbourne and have a substantial presence on the ground now. This includes 19 investment professionals covering four teams: Australian Fixed Income; Australian Equities; Global Natural Resources and the Global Commodities and Managed Futures team. And we also have interest in our existing London based investment teams selling into that market, notably our Global Fixed Income capabilities, our Global Equity Income capabilities and also in our Global Emerging Markets capability, now run by ex-First State PM, Glen Finegan.

The Perennial acquisitions closed on 1st November last year and has taken our assets under management in Australia to £7.7bn at year end, this is 8% of our Group overall. These acquisitions are a substantial step forward in accelerating the growth of our Australian business. Our offices in Melbourne and Sydney are now fully operational and the project to extend our global operating platform to Australia completed on time. The two Perennial teams have been rebranded, the Henderson Australian Fixed Interest team and the Henderson Australian Equity team, and we're delighted to have recruited key members of the former Perennial distribution team to support our new local investment managers and also our global investment capabilities.

We now have relationships in place with all of the major Australian investment platforms and this is in terms of both product presence through to the Perennial products but also the key distribution people to support them. It's worth noting that the acquisition had no negative impact on flows and in fact the Australian Equity team has just seen its first new Institutional mandate win for five years. As you can see from the chart, investment performance in both businesses has been good.

I hope this has helped give you an overview of the foundations that we see for growth from a range of different perspectives, covering the growth we see coming out of the investment management capabilities and the investments we've made on the team side there, by the geographical diversification and also through acquisitions which have enabled us to further scale the activities where appropriate.

What I'd like to do now is hand over to Jim who'll go into a bit more of a deep dive into the opportunities we see in North America. Thanks Jim.

Jim O'Brien, Managing Director, North America

Thank you, Andrew. I'm delighted to be here today and excited to have the chance to give you an update on the progress of our US business. This is a people business so I will start with our team. I've been at Henderson for 15 years and the managing director for the last eight. I'll point out three people on the team who illustrate the journey we've been on, first Chuck Thompson on the left, he's been here since 2002, he is head of our US Sales and the principal architect of our mutual fund range. Next, Michelle Picard. Michelle comes from Geneva. She joined in 2014 and is a former partner at Geneva brings a very pragmatic business perspective to our team. Finally, Kevin Loome our head of US Credit. Kevin joined in 2013. He's really one of the most collaborative people I've ever worked with, he and his team have been fantastic, not only in the US but here in the UK.

The point I'll make here is that you have a head of US Sales who's been here more than a decade and two PMs who've been here three years or less, and this illustrates how our business has evolved. We started out as a property business, we'd acquired a small property business in 1999, direct property business, and we used that toehold in the US to launch a mutual fund range of five funds in 2001.

Beginning in 2004, the business shifted as the mutual fund business began to grow and we saw that the business became really focused around distribution and the distribution of US mutual funds. And then finally the current phase we're in today is a business that is more diversified between both UK and US manufacturing as well as distribution.

And I'll make a couple of points here:- 1)This is sort of the blood, sweat and fear slide. This was blood, sweat and right here was fear. I joined in 2001 the tech bubble was bursting. We had a direct property business that raised no assets. We were selling properties and we'd just launched a mutual fund business that was loss-making. There was no way anyone on the team, or frankly anyone at Henderson thought we were going to get this. We put our head down and we worked very hard because we did not want to get shut down and we wanted to prove that Henderson had made the right decision to invest in the US.

The other point I'll make is that Henderson was very patient during a period of loss-making in early years and finally that you could not launch this business today, or it would be very expensive. And the reasons for that is that our largest customer in the US are the national firms such as Merrill Lynch and Morgan Stanley have raised their barriers to entry. To get on to their platform they require that you have a three year minimum track record and that your mutual fund has $50m in Assets under Management. So as a start-up you have a conundrum how do you get to this big pool of money when the minimum is $50m. So it would be very hard to start up from here.

Andrew mentioned the US being a hidden gem and in 2011 he and I had a conversation about well right it's great to be hitting the gem how do we polish this thing up? How do we unlock the value? And we did two things since 2011 to work on that: Chuck and his team have launched eight additional mutual funds, we'll talk about that later. And then we also said, "Wait a minute we've cracked the US market; we are raising assets in a very difficult market but they're all focused on international equities, US investors allocate about 75% of their portfolio domestically we need US manufacturing."

So we did a series of things to add to our manufacturing: we hired Kevin's team in 2013, that gave us a fixed income component; we sold the property business in 2014 in the view that it was going to be very difficult to grow it significantly. We then acquired Geneva, also in 2014. That gave us a US equity capability. And then at the end of last year we added a property securities team.

The result of all this, as well as growth from the original mutual funds, is we saw AUM grow by over 150% over a four year period while we started to get some operating leverage into the business by holding our headcount growth down to about 14%.

Because the US Retail business is so important to our business I'll take a minute and touch on that. We sell to these two areas on the right. The first is called the wirehouses: these are the large national firms such as Merrill Lynch or Morgan Stanley, and also a channel called RIA, which stands for Registered Investment Advisor, which are independent advisors who in many cases have set up their own shop after leaving the wirehouses.

The RIA channel is growing most quickly and the wirehouses are where we started our business in the US. We had great success last year in the wirehouses. We've been the top five in net sales across the top three largest wirehouses.

This focus on these two segments of the market is giving us several opportunities. 1) we're continuing to build out our RIA presence: 2) we're continuing to broaden, deepen, our relationships with the wires: 3) last year while we had very strong fund flows it was into three mutual funds out of our 13 and we aspire to diversify our fund flow across a broader scale of the funds.

And then finally where we see opportunities we're opening new distribution channels. Last year in partnership with a firm called First Trust we launched a closed-end fund and this gives us opportunities to do more things with First Trust in that space in the future.

The Retail market is very, very competitive and a big part of our success not only drives up the performance Andrew mentioned but a very strong sales team. We have great salespeople, these guys are true road warriors. I would tell you they work out of their homes; they're regionally distributed around the US but they actually spend four or five days a week in a client's office.

This team has done a very, very nice job, as evidenced by a couple of things. 1) they've been able to explain to the market how our products are different, we call this the Henderson Difference. So, for example, we have a fund that we launched about 15 months ago, an international long/short fund and I just saw an email overnight this fund is performing at the top of its category right now and our people are going out and telling clients and prospects it has zero percent allocation to North America. That distinguishes it from a lot of US competitors and right now it's performing very well as a result.

The team delivered great results last year. We were top ten among fund families for a similar size in AUM growth and you can see that we were really the beneficiary on the right-hand side of flows by US investors into international equities.

Andrew talked about the performance of our funds, this is really what is driving our business today. We have a total of 13 funds; the US market wants three year minimum track records and it wants what's called a five star rating by Morningstar.

The green shows you the funds that are five star funds. We have four funds today that have five stars, this is the best that the fund range has ever looked. You can also see that we have a number of funds baking in the oven, these last five funds at the bottom. You can see the one for April of 2016 is Kevin Loome's high yield fund. We are optimistic that that will also get five stars when he gets his three year track record, giving us five funds with five stars.

This is where Chuck has really brought his team and his creativity to bear. You can see we have launched these eight funds since 2011 and it will start to pay off into the future.

This shows you the power of a five star rating. This is our Strategic Income Fund, this is our fourth largest fund today. You can see that it received its five star rating in May of 2014 and then flows really picked up and this is what you need in the US. You need the right funds; you need good performance; and you need great distribution. And this shows how it all comes together.

And here you can see the diversification of the business coming through. This was really the last inflection point for the business. Mutual funds start to really grow. But then we're diversifying because we have the orange which is non-Geneva Institutional; yellow is Geneva Institutional, so we're starting to get a real diversification into the business which is going to drive our growth.

The Institutional business is one of the sources for future growth. I talked a lot about the mutual fund business, the Retail business, we're now going to apply our patient, hard-working approach to the Institutional business. We can build off Geneva. And we've doubled our salesforce since acquiring Geneva. We have a number of funds that we feel very good about that are managed out of the UK. Those include Emerging Equities and Debt, Global Equities and International Select Equity and Global Fixed Income, Unconstrained Bond as well as US High Yield. These are all products we're going out and talking to the market about and as performance and demand beds down this will be a source of future growth for us.

We've talked about Geneva. Geneva is a very, very good story for us. We acquired Geneva during a period of underperformance. That performance turned dramatically last year. Geneva has two strategies in the main, a small cap and a mid-cap. The small cap outperformed by about 1,200 basis points last year, mid-cap was over 400 basis points of outperformance. Geneva also manages two funds for a US insurance company called Nationwide. The small cap mutual fund has been almost top decile across one, three and five year time periods. And it was the number one fund in its category last year.

You can see mid-cap also performed as well but not quite as well over the longer period. This performance is driving very strong interest in Geneva right now and we are very bullish about the flows it will see in '16.

Andrew mentioned our growth and globalisation strategy. We believe the US is a great poster child of what can be achieved with this strategy. We've had the great performance: you saw it at the Henderson level, you've seen it at the US level. We have very good distribution and we have a number of things that we're trying to grow. Our US team is very ambitious. We think we can grow the business from $20bn today to $40bn. It won't be easy. We've done the hard yards in a lot of respects. The way we will get this growth is we will continue to run our winners in the mutual fund space. We will diversify the fund flow, you see these other funds that are baking away, this will drive additional flow. We're going to build the Institutional business the way we built the US mutual funds and we're going to grow Geneva on the back of very good performance.

Along the way we will look for additional channels and we'll also look to do more with our sub-advisory partners Nationwide and First Trust.

Thank you for your time I look forward to giving you an update in the future as to how we're travelling to our $40bn target and I'll give it back to Andrew.

Andrew Formica

Thank you Jim. Jim and the team saying they're ambitious to get to $40bn I'm more ambitious I'm sure they can beat that or at least do it a year earlier.

But I do think it’s a fantastic result that the US have delivered over the last couple of years and hopefully what Jim’s given you is that's not as good as it gets, there's actually a lot of reason for what’s happened there and why actually that growth can continue and in some cases even accelerate.

And the US is a bit of a snapshot of what I see happening across Henderson and I spoke earlier about the investment teams and the capabilities we’ve got and what we’re doing in the US whilst it may be more advanced than some of the other regions you can see that replicated in Australia, you can see that developing into Asia down the track. So it’s why we have a lot of excitement about where Henderson looks, notwithstanding market outlook and what's happening in the last six weeks, there's a lot going on that really gives us great confidence about the business.

But you are all going to ask me about the outlook so now is probably a good time to get back to reality.

Clearly the first few weeks of 2016 has been challenging for investors and certainly for our clients. There's a wide range of issues driving that, economic and geopolitical risks are clearly weighing on the market. And look, volatile markets do cause significant discomfort. It’s very difficult for anyone to see the value of their assets go down as much as they are but let’s not forget they also present opportunities, particularly for active managers to add value.

And not just looking at it from our PMs and our investment side, from a corporate perspective sitting here as Chief Exec it’s also moments like this that the comparative strengths of different business models I think come to the fore. We’ve got strong investment management and distribution, you've seen that in our 2015 results. Therefore we’re as well-positioned as you possibly could be if this is a significant downturn.

The difference for Henderson today having what we’ve seen over the last six weeks versus where we were in 2008 when I took over, it’s just a light change, step change in terms of the business. And whilst it isn’t good for anyone to go into market downturns and who knows if it’s going to be larger or a bigger rout than it’s seen so far, and actually I think markets look okay and are probably due to show some recovery, I think at the end of the day Henderson is entering this in a very strong position.

It’ll also be important I guess that we spend a few words on the regulatory landscape because that has been a significant impact on our business. It’s creating a new approach to how we have to run the business and also one of the drivers of the cost growth in the business is dealing with this.

Our top priority at the moment is the implementation of MiFID II. Implementation has been pushed back a year until January 2018 but let’s not kid ourselves there's still a hell of a lot of work to do even to meet that extended timetable.

We’re still actually awaiting the official publication of the delegated acts by the European Commission. They were due to come out last month in January, we’re now hearing that they’ll be out in March. That obviously makes it very difficult because we still have to start the work, we’ve got to get the planning going and the considerable complexity involved in MiFID II without actually knowing the full extent of the final rules just makes it hard. So some of the questions you may have around that I may not be able to answer at this stage. We won't know until they come out but they really do need to come out shortly and we're hearing March we'll have the final delegated acts.

The other thing that we're also starting to gear up for is the next significant regulatory and commercial challenge we see here which is really the FCA's asset management study.

The FCA are at the moment in the middle of collecting a hell of a lot of data from firms, including Henderson, and the intention for them is to produce an interim report in the middle of the year to set out some of their findings and some of the further focus and direction they will take.

It's impossible at this stage to say anything about the likely outcomes. One thing I would say is I think relations between the industry and the UK regulator are becoming a bit more constructive and certainly better than they have been for a long time. But that said, I think the working assumption would have to be the outcome of this review, in whatever shape or form it comes, there are probably three areas that I would see impacting asset managers in the industry: an increased pressure on costs; greater focus on managing conflicts and how we deal with conflicts between clients and business; and then increased transparency of the activities that we perform.

If we turn now just to look at 2016, and if we start with the short-term picture: there are positives and negatives in our flows that we're seeing in the brief time since the beginning of the year. In Institutional Q1 is likely to be a negative quarter for us as there are around 500m of outflows that we were expecting to see in the fourth quarter that actually came through in January. There are however some interesting opportunities in the pipeline for us. My only fear about those, we do have a healthy and positive pipeline, the only fear I have is investment decisions do run the risk of being deferred, given the current climate, so the question is when some of those wins come through.

Overall I'd hope that 2016 in our Institutional business would be similar to what we experienced in 2015. Although there are political and regulatory challenges for their clients they're dealing with, which is continuing to affect their asset allocation decisions, Henderson's Institutional product offering is maturing and this should offer a positive counterbalance to what could be some negative trends by clients redeeming in certain areas, particularly in fixed income.

In Retail we've seen outflows in Europe so far, and to a lesser extent the UK, but we're being positive in the US, and actually continuing the strength that we saw last year. It's far too early to talk about any sort of trend at this stage. And we remain confident that the quality, the investment performance and the product line that we have means we stand in good stead. And anecdotal evidence from what we've seen would suggest that we continue to outperform peers in that space, despite obviously seeing a mixed picture from what we saw in the fourth quarter.

But if we turn now to the operating perspective, our new investment teams made really good progress last year, and you saw that clearly on the slides. We continue to broaden and deepen our client relationships, and we extended our global infrastructure, notably to support the Australian acquisitions.

It was really pleasing as well to be voted Investment Week's Global Group of the Year here in the UK. This is evidence that our brand is gaining traction and recognition with our clients.

Last year I stood up in front of you and just said the ideal thing for me would be to repeat 2014, and clearly these results show that we did that. So the task I set the team again is if we can just repeat 2015 I'll be very, very happy. So that's their challenge.

Happy to take any questions. We'll start on the floor here and then we'll go over to the operator.

Q&A Session

Question 1

Anil Sharma, Morgan Stanley

Just two questions please. If you can give us some colour on some of the changes that were made to the ExCo in December and some of the thought process behind that, and I guess if there's anything more we should be expecting there?

Secondly, given the start to the year and the targets you set out in terms of net new money and markets etc, and the revised guidance we've had today on costs and tax, it seems pretty tough to deliver any operational leverage next year. So, as I say, if you could give us any thought process on whether there might be some flexibility that we're missing?

Andrew Formica

In terms of the ExCo changes, for some people who may or may not be aware, we had an ExCo, an executive committee that sort of represented 15 people across the business, at the back end in December we reduced that to nine. And it moved from a combination of my direct reports to also other direct reports of my direct reports; we've moved it to just my direct reports. And as part of that process the Chief Investment Officer role was made redundant and removed in the Group, and the Heads of Fixed Income and Equities report directly to me. And we don't intend to replace that role; we see that as what's appropriate for our business and making sure that the speed of decision making is appropriate.

In terms of what that means in terms of reporting directly to me you have the Heads of Equities and Heads of Fixed Income; you have obviously Roger who has all the support functions rolling into him; Jim representing North America; Rob Adams representing Asia and Australia; you have the Head of Assurance and the General Counsel; and Head of Distribution of course, Phil Wagstaff – how could I forget? So, you've really got distribution, investments, the regional heads and the supporting assurance functions reporting into me.

Really the reason for those changes is just to speed up decision making. Like any business you've got to make sure that your executive committee is fit for what you're trying to do. And what we found over 2015 was we were clearly making significant progress and we felt we can improve the focus and delivery as we looked to expand. I wouldn't read anything more into it.

In terms of operating leverage, at the moment we're getting such significant top-line growth and we don't want to sit there and jeopardise any of that by just focusing on holding that back just to drive an operating margin. The cost increase we've seen have been a combination of supporting that growth, whether it's sales team, marketing costs, also the regulatory costs have been reasonably significant. And as Roger pointed out, some of the additional costs, such as the share price growth last year, were one-off or unbudgeted for.

If you look at the slide on page 22 I gave which had the investment teams, if you take out the acquired teams and you just look at the organic team hires, if we didn't have those teams they would be adding probably 100 to 200 basis points to the operating margin today, and a similar reduction in the compensation ratio. Would that be the right thing for the Group? Not at all. I think as a Group we'd die to have those teams here. And if we can turn those teams from loss-making to profit then you'll start to see significant operating leverage. And then obviously as they move to a contributor and then a significant contributor that's where you'll see us move towards the target we set.

Obviously the market conditions that you see in the first six weeks will have an impact on the ability to manage the operating margin. But we aren't trying to manage the operating margin we're trying to manage the business to the best long-term position. And I think what you can see, the strength of the Group across there is fantastic, and I wouldn't want to be jeopardising that just for a short-term protection of the P&L – actually I think you'd damage the long-term prospects.

So, I do think you'll see operating leverage of the business. I also think what you see in markets over the last six weeks will see a recovery. I think it would be a fairly muted return for 2016. I wouldn't be surprised to see a repeat of the sort of returns in terms of 2015 in terms of very modest if any growth in terms of market levels. Notwithstanding that I still see us being to grow good new flow business and continue to make progress on those investments that we've made over the last couple of years.

<u>Question 2</u>

Jonathan Richards, Keefe Bruyette and Woods

Two questions if I may. Firstly, on the US Geneva side, it looks like there's been a very strong increase in performance between the one and three-year numbers. I was hoping you could give us; 1) just a bit of an indication as to what the mid-cap and small-cap Geneva funds did in terms of flows in 2015. Also in terms of when the sort of bad year is going to roll off between what you see in the one and three-year numbers; is that more the second year or is that the third year? And if you could, just any comments on the capacity of those two funds, if there are any restrictions there?

Secondly for Andrew, just in terms of strategy going forward, I know you talked about bolt-on acquisitions being sort of on the cards for your five-year plan. Now that you've done the US, you've sort of done Australia, where are you seeing opportunities for the next couple of years in terms of bolt-ons?

Jim O'Brien

On Geneva, you're talking about the sub-advised funds, and both those funds had outflows last year on the back of poor performance in the prior year. The mid-cap had more outflows. We saw the outflows really flatten out in the second half of the year. In the first two months we've seen net inflows. So we're seeing the positive turn.

The small-cap strategy for Geneva overall has about $1bn of capacity left, and we've agreed with Nationwide a certain amount of capacity that we will allocate to them.

Andrew Formica

In terms of the bolt-on acquisitions, as you've pointed out, 2014 we did Geneva in the US, and then last year Perennial in Australia. That pretty much completes a lot of what we do. We have looked many times, and I've spoken to you about it, Jonathan, at Asia, but haven't really seen anything that would get us interested at all or of the quality that we'd like.

To be perfectly blunt, we don't feel we need acquisitions. There's nothing burning in terms of gaps in what we've got. And some of those slides I think highlight a significant opportunity for us. So as we sit here today acquisitions aren't really on our chart or our budget or anything we're focused on.

What I would say however is that market conditions as they are also throw up interesting opportunities. I remember back in 2008 the situation with New Star developed relatively quickly, and that was a real opportunity for us, and we're seeing a significant growth of our driver associated with what we did back then. So should this, what I think is a temporary market dislocation and we should see a recovery, if it doesn't then that may change the picture totally and we may find ourselves having a lot of opportunities which would really be incumbent upon us to look and consider. But as we sit here today there's nothing on our horizon, there's nothing that we're looking at and there are no gaps that we see as significant in terms of what we'd have to go out and fill.

Question 3

Hubert Lam, Bank of America Merrill Lynch

A few questions. Firstly, can you give us a bit of colour in terms of flows year to date? Where are the outflows coming from? And in terms of gross sales what products are of interest for clients today?

Second question in terms of cost growth, Roger I think you mentioned high single-digit percentage cost growth in non-comp cost. How much of that would say is discretionary and how much would you say is necessary for IT or for regulatory costs?

Third in terms of Institutional flows, what are your expectations for 2016? 2015 was modestly positive; 2016 you're already 500m expected outflows, but you've seen some strategies getting two, three-year track records. I was just wondering how you see 2015 versus 2016 in Institutional?

Andrew Formica

Picking up on flows, your first question and your second question together, I think we were pretty clear in what we said on flows which was Institutional we'd like to hope to mirror 2015 in terms of yes, we've seen some outflows but there's also a positive pipeline and a number of strategies maturing and in discussion there. It's pretty tricky however because they're quite lumpy in Institutional market and client behaviour is being impacted as much, not just by products, but also by what's happening in markets. So I think we were pretty clear there.

In terms of more granularity of flows year to date in the Retail side, I've given you as much as I can. It's a six-week trend; I'm not going to go into that.

In terms of what products we're seeing however, it is continuing to see similar to what we saw last year, our Absolute Return funds, such as our European Absolute Return run by

John Bennett and the UK Absolute Return run by Ben and Luke continue to be strong drivers; not surprising – they're delivering positive returns when markets are going down and they're seen as a defensive product, and that's been very helpful. Property continues to be in demand; the yield on property looks attractive relative to what you can get in other asset classes.

So, the trends you saw last year in the US we're continuing to see international, European and global income focused. So, the big sellers last year have really continued the trend. We haven't seen a shift saying, "We've bought European equities, we don't want to buy it now." It's not a total reversal of that. Though people who have made gains or who are worried are trimming on some of those areas.

I think we've probably been benefiting in flows where clients that are now trimming are tending to take out underperforming managers rather than just take a slice off every one of their managers. And clearly our performance has been very strong, so that means we've been more resilient than maybe some of the other peers.

Hopefully that's covered your question, given a bit of colour on flows. I can't give any more than what we said in the results.

Cost growth I'll let Roger answer that.

Roger Thompson

Talking about fixed staff cost, so fixed staff and then non-staff. I remember talking last year about the rise being three things:

The full-year effect of acquisition. So we've got the Australian acquisition completed on 1st November, so that will be in our cost base for the whole of this year. We're planning a salary rise very similar to last year, average about 3%. And then a very limited amount of headcount growth. That is what we will question, what we'll look at as to whether they're the right things to be doing. And the timing of that principally as to whether the things we were planning on doing in January, do we pause on those, do we keep going. But certainly we've got a business that's growing fast, some areas we want to continue to invest in.

On the non-staff costs, there are a number of things in there: Our outsourced administration costs grow and shrink in line with the business, so there's an alignment there. I mentioned IT and marketing, obviously there are some taps you can turn up and down a little bit there. You certainly don't want to turn things on and off in marketing, but there are some things you can dial up and dial down. IT, there are some things again that we're doing to improve our business, global CRM system for example going in this year. There are also things that we have to do, so Andrew's mentioned MiFID II, the IT spend around transaction reporting is pretty significant. Then there's some spend around what we call legal and professional which includes consultancy spend etc. Again, there are some things in there that you can dial up and down a little bit. Hopefully that gives you a bit of an idea.

<u>Question 4</u>

Peter Lenardos, RBC

Two questions, one for Roger, one for Andrew. Roger, on the cost guidance for high single digit percentage growth, is that underlying or does that include Perennial? So it is high second digit plus Perennial?

Roger Thompson

That includes Perennial.

Peter Lenardos

Great. Thanks. And then Andrew, I know you said you wouldn't give anymore granularity on flows, but maybe just the question would be is Retail currently in an inflow or outflow position?

Andrew Formica

Well, I think I'd say it's in outflow because I said Europe is negative. UK is modestly negative and US positive.

Peter Lenardos

So they're more than outweighing the US.

Andrew Formica

But I wouldn't say it's significant.

<u>Question 5</u>

Paul McGinnis, Shore Capital

Just a quick question on performance fees. In weak markets as we've seen so far in 2016, is there any kind of relationship between the ability to earn performance fees in a reducing market other than just the reduction in the AUM versus years when the markets are rising?

Andrew Formica

There is the ability and a lot of our funds will be either at the absolute return funds which probably have reduced ability to have strong growth here but they can still make money in these markets, and we're demonstrating that, so they can still make performance fees. A lot of our other funds have a relative performance fee hurdle.

The only thing I would say is, if you look at the performance fees the SICAV range has a criteria that is based on a relative return, so if you outperform a benchmark you can earn a performance fee, but you must have delivered a positive return year-on-year. So it's the extent from where we were. They are at June year end, so you need to look at the underlying assets of those products from June last year to where we are in June this year. That's the bigger driver. If you outperform and you don't get a performance fee because of the absolute return, it remains in the fund until you get to an absolute return. So you don't earn it but it's not lost, if you know what I mean. So I'd say the most vulnerability to a downturn is that SICAV range where even if we perform well if markets are low and therefore you haven't delivered a year-on-year positive absolute return, then your ability to pay a fee is not there.

Question 6

Daniel Garrod, Barclays

I'm surprised nobody's asked the Brexit question yet so I'll give it a go. Obviously we know that UCIT funds are all sort of Luxembourg registered. You've made comments around sort of only modest impact of Brexit. Are there other factors that you'd highlight that give you that confidence in addition to that?

Second question, you mentioned FCA review as potentially conflicts is one thing they're asking about. Can you give any more colour of which particular area of conflicts and initial indications of remedies on that front?

And third question, you mentioned briefly the share buyback potential in the second half of the year. You've got £100m of excess capital. In terms of quantum of that would you direct us to you did, what, £25m size in the second half of last year?

Andrew Formica

Firstly we'll take the Brexit discussion. The first thing I'd say on the British Referendum is, it is a matter for the British people to make a decision, so it's not fair or right for Henderson to go out and say where they should come down on that. If we look at it from a purely economic point-of-view, from an industry point-of-view I think the industry benefits from being part of Europe. The challenge would be if we were to exit is actually it wouldn't change a huge amount to what we do, but what would happen is you'd lose the ability to influence through your own regulator and through your own government into the debate that's happening in Europe. At the moment you know where significant European regulation comes out, that affects how we operate. At the moment at least we have a voice at the table. Sometimes that's a strong voice, sometimes that's a weak voice, but we have a voice. What you would find is under a Brexit that we wouldn't have that voice, but we'd still have to follow the legislation and regulation that comes out of there. So that would be a detriment to what we would see.

At the same time, it's not necessarily convincing that the UK regulator would be a lighter touch than Europe. There are a number of areas where we've seen the UK regulators actually taking extreme positions or going further in that regard. I think it's more the fact that we would be subject to the same regulatory scrutiny with less ability to influence is where the negative would be from an industry point-of-view.

I think also one of the things we'd have to consider is, as an investor in European companies we actually think the European companies benefit, both UK but also Continental European companies, by the broader EU, so I think a British exit from the EU we would see as an investor and allocator of capital to raise the cost of capital for companies. So in those areas I think the economic grounds stack up that UK and Europe are stronger together. But again, as I've said, the decision will be taken by the British public when a Referendum is called, and it may be soon or it may be longer. We would urge the Government to do it as soon as they can because we think the uncertainty is just unhelpful. If it is to happen in June this year it runs a further risk of delaying investments into UK or outside from the UK until a result is known, so we'd like that cloud removed.

You talk about the FCA market study, in particular on conflicts. There's nothing new. The UK regulator is constantly going on about making sure client interests are at the forefront of everything with do. Henderson runs the business that way, we're a very client centric business. But it's just making sure whatever form of conflicts, dealing commissions is one example they've used, and we think that will be resolved to where I've spoken about in the past. But other areas would be inducements such as entertainment, allocation of third party providers, that we sit there and effectively manage those relationships such as outsourced back office and admin costs, how we're making sure we can prove those costs are to the right value and managed as well as our own costs on behalf of clients. It's those sort of things that you're just going to see a continued focus. The questioning coming out means that it's the focus of them.

In terms of the share buyback, as Roger said, we need to see where we get to. You spoke about £100m of surplus capital. What I would say is it's a £100m of capital above the regulatory requirement. The Board also then sets a buffer of what they would want over and above that, and that's a range, there's not a set figure that we've given you so I won't give you one now. But my expectation is that the intention would be all things being equal as we sit here today that a share buyback would happen this year and it be at least £25m.

It will depend on does the regulator agree with our capital position? We wouldn't give you a figure if we didn't think that was where we felt incorporating the discussions with the regulator, but they've yet to formally opine on that, and we need to get through that before we can be confident exactly what it would be. Obviously we will continue to build capital given the operating profit to the Group, so you should be expecting at least £25m if not more, but we'll need to get through a few things over the next couple of months to be in a definitive position.

Question 7

David McCann, Numis

You've in the past given guidance on performance fee outlook and the compensation ratio outlook as a whole, not just on the fixed cost. I just wondered if you could pass some comment on those two items?

Roger Thompson

We've talked about performance fees and where they could come out. As Andrew said, that will depend on our levels of performance. You've seen a strong performance that we've got going into the year, but also talked about for example the SICAV range and that absolute high water mark. It's not a number that we spend a lot of planning. I guess I'd stick with what I'd normally say, which is consensus is broadly sensible at this point.

In terms of the compensation ratio, it is significantly influenced by strong business results in 2015, share price rise, so again that can move. We would expect that to improve over time with diversification of the business that Andrew's talked about. There's short-term things that can move that quite a lot, but over the long-term with the diversification of the business we'd expect to see that come down.

Question 8

Andrei Stadnik, Morgan Stanley

I just want to ask a couple of questions if I can on the US business, please. You talked about the average holding period for European Retail funds. Could you comment a little bit on the average holding period for US Retail, US Mutual funds?

Jim O'Brien

It's around four or slightly longer than four years.

Andrew Formica

I'd add to that. The figure that Roger gave you is actually the combined Retail business, and typically the US actually has the highest of the holding period at over four, UK is slightly below that, not massively, and Europe's below the average but actually been increasing for us.

Andrei Stadnik

And just to confirm, in terms of trading onto the major US Retail and mutual fund platforms, wirehouses and so forth, would you say you're trading all the major or maybe even the medium sized platforms, or do you think there are some significant new wins you can achieve down the track?

Jim O'Brien

If I understood you correctly, I think you're asking are there other major wirehouse platforms to get onto?

Andrei Stadnik

Yes.

Jim O'Brien

The answer's no, we are fully represented in the wirehouses in terms of simply being on them. We want to broaden and deepen our relationships because there are multiple pockets of money within the wirehouses, you have some advisers that follow the model that is used by the parents, some run their own money, and so there's different channels within the wirehouses that we're working on building out more deeply.

Concluding comments: Andrew Formica

Thank you very much for your time today. Hopefully you can see 2015 was a fantastic year for us here at Henderson, and it wasn't just a one-off, there's a lot going on that really helps us have confidence in sustaining that and continuing to grow upon that. If there are any follow-up questions you have obviously Miriam and the team are available today and the rest of the week, and we look forward to following up and catching up with you all later. Thank you.