

# Henderson Global Trust

## Proposed rollover with choice of strategies

On 1 February 2016 the directors of Henderson Global Trust (HGL) announced that they had agreed in principle to combine the trust with stablemate Henderson International Income Trust (HINT), with an option for shareholders in HGL to roll their investment over into the Henderson-managed Bankers Investment Trust (BNKR) if they wished to continue to follow a global growth strategy. HGL had a market capitalisation of £138.9m at 23 March and had traded at an average discount of c 10% over one, three and five years in spite of an active share buyback programme. HINT has traded at an average premium of 1.1% since launch in 2011, and it was felt that combining to create a bigger trust under the HINT strategy would be in the interests of current and future shareholders. In this note we explain the rollover options for HGL investors and outline the timescale for action.

12 months ending	HGL share price (%)	HGL NAV (%)	HINT share price (%)	HINT NAV (%)	BNKR share price (%)	BNKR NAV (%)
29/02/12	(7.0)	(0.5)	--	--	3.8	1.3
28/02/13	17.6	14.2	19.8	21.0	27.3	15.4
28/02/14	4.1	4.5	1.8	7.9	14.9	12.6
28/02/15	12.5	14.3	18.9	14.3	9.2	13.4
29/02/16	(5.5)	(6.5)	(7.6)	0.1	(5.3)	(4.4)

Note: Total returns in sterling.

## Henderson International Income Trust

HINT ([click here](#) for the December 2015 Edison note) is unusual among investment trusts as it invests for income exclusively in companies outside the UK. Managed by Ben Lofthouse since launch in April 2011, it has a market cap of £94.7m and a dividend yield of 3.9% (both at 23 March). HINT has a concentrated portfolio of c 60 stocks in three sub-portfolios (Europe, the Americas and Asia Pacific); the manager focuses on finding undervalued companies that may contribute to capital growth, and well-managed, sustainably financed dividend payers. HINT pays dividends quarterly.

## The Bankers Investment Trust

BNKR ([click here](#) for the March 2016 note) offers broad global exposure with the aim of achieving growth in both capital and income. The trust is overweight the UK (c 35% but reducing towards 30%) compared with global indices (HGL has an in-line UK weighting of c 9%). BNKR is split into regional portfolios (UK, Europe, Asia Pacific, North America, Emerging Markets, China A shares) run on a bottom-up basis by specialists at Henderson. Lead manager Alex Crooke oversees the geographical allocation and is also in charge of the UK portfolio. BNKR is a large trust (market cap of £648.7m) with a yield of 2.8% (both at 23 March). It also pays quarterly dividends.

## HINT rollover at NAV, BNKR at 1% premium

If the proposals are agreed on 15 April (see page 4), HGL's assets will be split into three pools – a HINT rollover fund, a BNKR rollover fund and a small liquidation fund for divesting assets that are unsuitable for HINT or BNKR. Investors taking the HINT option will receive new shares equal to the NAV of their HGL holding. Those choosing BNKR will receive new shares issued at a 1% premium to BNKR NAV.

## Investment trusts

31 March 2016

<b>Price</b>	<b>376.1p</b>
<b>Market cap</b>	<b>£138.9m</b>
<b>AUM</b>	<b>£156.8m</b>

NAV*	422.1p
Discount to NAV	10.9%
NAV**	422.6p
Discount to NAV	11.0%

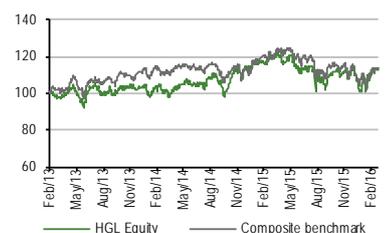
\*Excluding income. \*\*Including income. Data at 23 March 2016.

Yield	2.7%
Ordinary shares in issue	36.93m
Code	HGL
Primary exchange	LSE
AIC sector	Global

## Share price/discount performance



## Three-year cumulative perf. graph



52-week high/low	416.0p	335.5p
NAV** high/low	471.8p	373.4p

\*\*Including income.

## Gearing

Gross*	0.0%
Net cash*	3.0%

\*As at 29 February 2016.

## Analyst

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### Exhibit 1: Henderson International Income Trust at a glance

#### Investment objective and fund background

Henderson International Income Trust aims to provide a high and rising level of dividends, as well as capital appreciation over the long term from a focused and internationally diversified portfolio of securities (predominantly listed equities and fixed income) outside the UK. It is benchmarked against the MSCI World ex-UK index.

#### Recent developments

- 23 March 2016: Publication of prospectus and circular outlining rollover option into HINT for investors in Henderson Global Trust.
- 8 March 2016: Second interim dividend of 1.15p per share declared for the year ending 31 August 2016.
- 27 January 2016: First interim dividend of 1.15p per share declared for the year ending 31 August 2016.

Forthcoming		Capital structure		Fund details	
AGM	November 2016	Ongoing charges	1.11%	Group	Henderson Global Investors
Interim results	April 2016	Gearing	9.0%	Manager	Ben Lofthouse
Year end	31 August	Annual mgmt fee	0.75%	Address	201 Bishopsgate, London, EC2M 3AE
Dividend paid	Feb, May, Aug, Nov	Performance fee	No	Phone	020 7818 6825
Launch date	28 April 2011	Trust life	Indefinite	Website	<a href="http://www.hendersoninternationalincome.com">www.hendersoninternationalincome.com</a>
Continuation vote	Three-yearly, next 2017	Loan facilities	£20m overdraft facility		

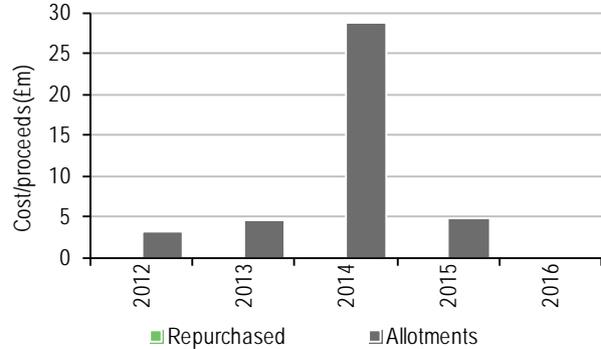
#### Dividend policy and history

Dividends paid quarterly in February, May, August and November. Note: \*Six dividends were paid in respect of the period from launch in April 2011 and the first full year-end at 31 August 2012. The annualised dividend for this period was 4.05p.

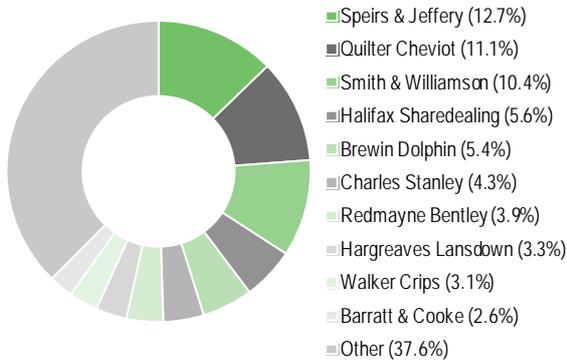


#### Share buyback policy and history

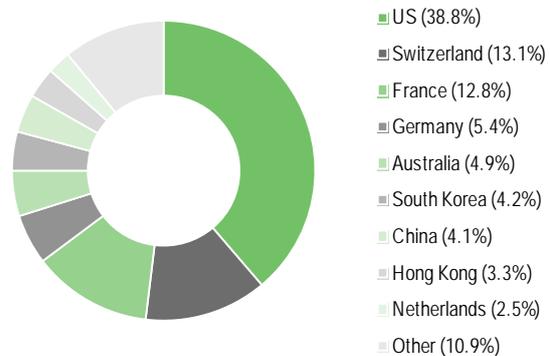
HINT has authority to buy back up to 14.99% of shares and will also issue shares to manage a premium. 2014 issuance includes the conversion of C shares issued in November 2013 and the final exercise of subscription shares issued at launch.



#### Shareholder base (as at 29 February 2016)



#### Portfolio exposure by geography (as at 17 March 2016)



#### Top 10 holdings (as at 17 March 2016)

Company	Country of listing	Sector	Portfolio weight %	
			17 March 2016	31 August 2015*
Novartis	Switzerland	Pharmaceuticals	3.3	2.7
Microsoft	US	Computing	3.1	2.6
Roche	Switzerland	Pharmaceuticals	2.9	2.5
Verizon Communications	US	Telecommunications	2.6	2.4
Six Flags Entertainment	US	Leisure	2.4	2.2
Lockheed Martin	US	Aerospace & defence	2.4	2.6
Nielsen	US	Media	2.4	2.1
Chevron	US	Oil & gas	2.3	N/A
Eurocommercial	Netherlands	Shopping centres	2.3	N/A
AXA	France	Financial services	2.2	N/A
<b>Top 10 (% of portfolio)</b>			<b>25.9</b>	<b>24.6</b>

Source: Henderson International Income Trust, Edison Investment Research, Morningstar, Thomson. Note: \*N/A where not in August 2015 top 10.

## Exhibit 2: The Bankers Investment Trust at a glance

### Investment objective and fund background

The Bankers Investment Trust aims to maximise total returns by means of a broadly diversified portfolio of international equities. It aims to exceed the long-term growth of the FTSE All-Share index and to grow its dividend ahead of the Retail Prices Index. BNKR has one of the longest records of uninterrupted annual dividend growth for an investment trust, at 49 years (based on year ended 31 October 2015). It is listed on the London Stock Exchange with a secondary listing in New Zealand.

### Recent developments

- 23 March 2016: Publication of prospectus and circular outlining rollover option into BNKR for investors in Henderson Global Trust.
- 25 February 2016: First interim dividend of 4.0p declared for FY16, payable 31 May. (FY15 first interim: 3.9p.)
- 18 January 2016: Annual results for the year ended 31 October 2015. NAV TR of +8.4% compared with +3.0% for FTSE All Share. Final dividend of 4.0p brings total dividend for the year to 15.8p, the 49th annual increase.

### Forthcoming

AGM	February 2017
Interim results	June 2016
Year end	31 October

### Capital structure

Ongoing charges	0.52%
Gearing	2.0%
Annual mgmt fee	0.45% of net assets (0.4% above £750m)

### Fund details

Group	Henderson Global Investors
Manager	Alex Crooke
Address	201 Bishopsgate, London, EC2M 3AE
Phone	020 7818 6825
Website	<a href="http://www.bankersinvestmenttrust.com">www.bankersinvestmenttrust.com</a>

### Dividend paid

Dividend paid	May, Aug, Nov, Feb
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### Launch date

Launch date	13 April 1888
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### Continuation vote

Continuation vote	None
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### Performance fee

Performance fee	No
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### Trust life

Trust life	Indefinite
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### Loan facilities

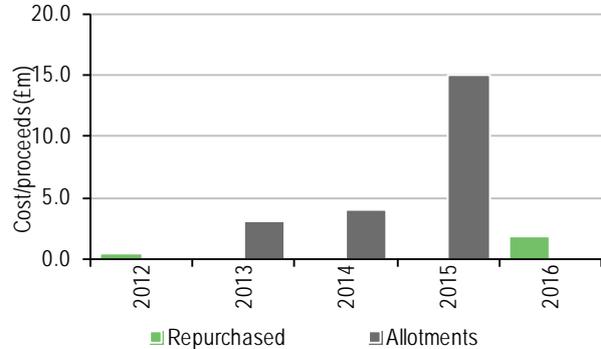
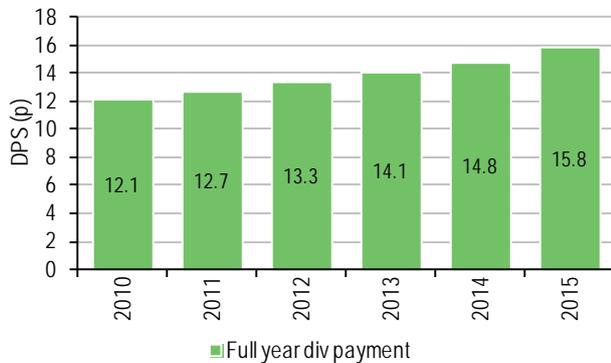
Loan facilities	Various, £75m
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### Dividend policy and history

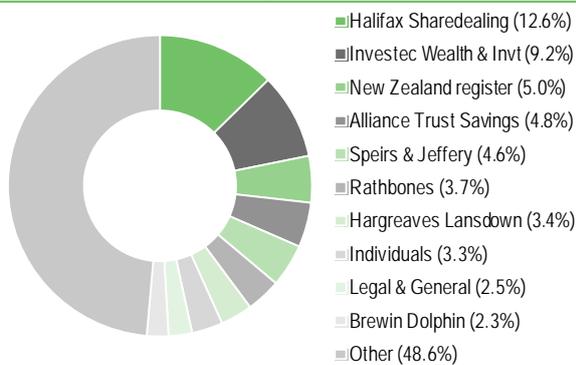
Dividends paid quarterly in May, August, November and February. The trust has paid a dividend in all but two of its 127 years of existence and has grown its annual dividend in each of the last 49 years.

### Share buyback policy and history

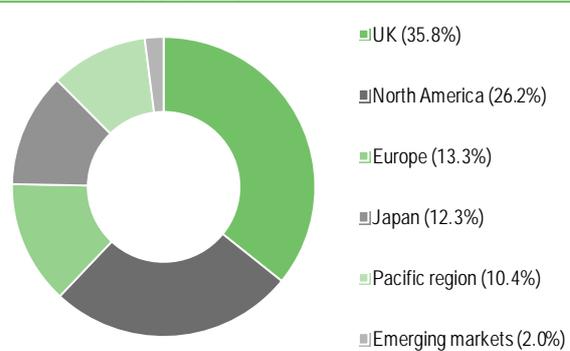
BNKR seeks authority annually to buy back its shares at a discount or issue at a premium to NAV in order to manage supply and demand.



### Shareholder base (as at 29 February 2016)



### Portfolio exposure by geography (as at 17 March 2016)



### Top 10 holdings (as at 17 March 2016)

Company	Country of listing	Sector	Portfolio weight %	
			17 March 2016	31 August 2015*
BP	UK	Oil & gas	1.7	1.7
British American Tobacco	UK	Personal & household goods	1.6	1.4
Delphi Automotive	US	Automobiles & parts	1.4	1.4
ITV	UK	Media	1.3	1.4
Apple	US	Technology	1.3	1.3
CVS Health	US	Healthcare retailer	1.3	1.3
American Tower	US	Telecommunications	1.3	N/A
Galliford Try	UK	Construction & materials	1.3	1.5
Roper Technologies	US	Technology	1.2	N/A
Royal Dutch Shell	UK	Oil & gas	1.2	N/A
<b>Top 10 (% of portfolio)</b>			<b>13.6</b>	<b>14.5</b>

Source: The Bankers Investment Trust, Edison Investment Research, Morningstar, Thomson. Note: \*N/A where not in August 2015 top 10.

## Proposed benefits and features of the deal

Given HINT has historically traded close to NAV or at a small premium, HGL investors who roll over to HINT could potentially see the discount narrow on their investment. HINT will benefit from a larger pool of assets, enabling the trust to appeal to a wider range of investors and potentially improving liquidity, as well as spreading fixed costs over an enlarged asset base, resulting in a lower total expense ratio. HINT will also reduce its management fee from 0.75% to 0.65% of NAV (0.6% above £250m). By rolling their investment into HINT or BNKR, HGL investors will avoid crystallising any tax liability that could have been triggered by a straightforward liquidation; dealing costs will be kept to a minimum by transferring HGL's holdings to HINT or BNKR where practicable. HINT will see its board enlarged with the appointment of HGL directors Richard Hills and Aidan Lisser. Following combination of HGL and HINT, a tender offer of up to 20% at NAV minus costs is proposed if HINT's discount to NAV exceeds 5% on average in the 90 days after completion. HGL will pay a special dividend of 2.5p per share to investors on its register at 8 April. HINT and BNKR have brought forward the dates of their May dividends so the first dividends due to former HGL shareholders will be paid in August.

### Exhibit 3: Comparison of key features of HGL, HINT and BNKR

	HGL	HINT	BNKR
AIC sector	Global	Global Equity Income	Global
Assets under management	£150m	£109m	£748m
Number of holdings	65	59	191
Main geographical exposures	US 53.9%, Europe ex UK 16.7%, UK 9.4%, Asia ex Japan 7.0%, Japan 6.7%	US 38.8%, Europe ex UK 37.1%, Asia ex Japan 17.4%, Japan 1.4%	UK 35.8%, Nth America 26.2%, Europe 13.3%, Japan 12.3%, Asia ex Japan 10.4%
Three-year cumulative NAV TR to 29 Feb	11.8%	23.5%	22.1%
Management fee/latest ongoing charge	0.6%/0.85%	0.75%*1.11%	0.45%**0.52%
Three-year average cum-income discount	10.3%	0.1%	1.8%
Dividend yield	2.7%	3.9%	2.8%

Source: Henderson Global Investors. Correct as at 29 February 2016 (HGL)/17 March (HINT, BNKR). Note: \*HINT management fee will fall to 0.65% following the deal. \*\*BNKR fee falls to 0.4% above £750m net assets.

## Timescale for investors

Shareholders in HGL, HINT and BNKR have been sent a circular outlining the terms of the deal. Investors in HGL must elect to transfer their holding to HINT or BNKR by 14 April. Those who make no election will receive shares in HINT. Shareholder meetings of all three trusts to vote on the proposals take place on 15 April. If the resolutions are passed, it is expected that the new shares in HINT and BNKR will be admitted to trading on 26 April.

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