

New Star Update

In the current climate, investors need to have confidence in the financial strength of the institutions with which they deal. As a result New Star has been reviewing its level of debts, and has taken decisive steps to restore confidence and stability in it as a business.

If I invested in a New Star fund is my money safe?

Yes. In essence, there was never any security issue regarding investments in New Star funds. The assets in the underlying Unit Trust or OEIC are held with a separate Custodian/Trustee. This safeguards investors' capital and prevents a fund management company ever drawing on the money.

What has happened?

The Board of New Star has concluded that the level of debt held was inappropriate and a cause for concern for clients.

Initially a deal was agreed with the banks to secure their short term financial future. Once this was agreed in principal, New Star invited bids for the business from other Investment Houses.

It has now been confirmed that Henderson Global Investors (Henderson) has announced a deal of £115 million, to acquire New Star Asset Management. There are a number of steps that both companies will need to make before the acquisition is finalised. If approved, the transfer of ownership is likely to take place in early April 2009.

Who are Henderson?

Henderson is a leading global asset management firm. The company provides its institutional, retail and high net worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income and property.

Henderson is one of Europe's largest investment managers, with £52.6 billion assets under management (as at 30 June 2008).

Should I be making any changes?

The nature of any fund and fund manager changes is still unclear. As the acquisition proceeds we will continue to monitor the situation until these major decisions have been made.

We will of course continue to be in contact with New Star and will keep you informed of developments when it is appropriate to do so. If you do have specific queries or concerns then please contact us.