



Henderson
GLOBAL INVESTORS

Henderson

Diversified Growth

Fund

Short Report

For the year ended 31 January 2013

Henderson Diversified Growth Fund

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Fund Managers

Bill McQuaker and Chris Paine

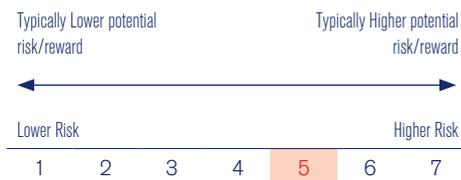
Investment objective and policy

To achieve long term capital growth with some potential for income returns with lower than equity market volatility. The Fund will invest predominantly in regulated collective investment schemes which may in turn invest in transferable securities, money market instruments and deposits. The Fund may also invest in unregulated collective investment schemes which may include limited partnerships. Derivatives and forward transactions may be used by the Fund for investment purposes to achieve asset allocation and for the purposes of efficient portfolio management.

The Fund may also invest directly in transferable securities, fixed income securities, money market instruments, deposits, cash and near cash.

Synthetic risk and reward profile

The Fund currently has 6 type of share in issue: A accumulation, Y accumulation, Z accumulation, K accumulation, K Euro hedged accumulation and K USD hedged accumulation. The risk and reward profile of each type of share is as follows:



The value of an investment in the Fund can go up or down. When you sell your shares they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/

reward level could change. The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- The Fund invests in, or otherwise gains exposure to, a mix of different asset classes.
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks such as:

Counterparty risk The Fund could lose money if an entity with which it interacts becomes unwilling or unable to meet its obligations to the Fund.

Focus risk The Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event.

Liquidity risk Certain securities could become hard to value or sell at a desired time and price.

Management risk Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

The full list of the Fund's risks are contained in the "Risk Warnings" section of the Fund's prospectus.

Managers' report

The total return for the Henderson Diversified Growth Fund (NURS) for the 12-month review period to 31 January 2013 was 7.5%. The Fund outperformed its Libor benchmark, which returned 0.8%, and its target return (Libor+4%). Markets continued to be volatile over the review period with regional equity markets reacting to external forces including economic crisis, political hesitation, and central bank announcements. Despite the volatility most regions made positive returns. Global equities gained 16%, with Europe

leading the way (+21%), followed closely by the Pacific ex-Japan region (+19%).

After a strong start at the beginning of the period equity markets declined in the second quarter (Q2) of 2012 as Spain's banking crisis, the French Presidential elections, and the Greek general elections brought concerns about the European debt crisis once again to the forefront of investors' minds. This trend reversed in September 2012 when Mario Draghi, the European Central Bank (ECB) President, delivered on his promise to do "whatever it takes" to preserve the euro by announcing the outright monetary transactions (OMT) programme. In the US, disappointing economic data led the Federal Reserve (Fed) to announce a third round of quantitative easing (QE) in September. The programme largely surpassed market expectations, as neither a limit on size or time on its purchases was imposed. Although the Fed's actions were very supportive of US equities, tensions in the market mounted after the presidential election passed and markets awaited results of the 'fiscal cliff' negotiations. Over the period as a whole the MSCI USA Index rose 16.2%. Within equities the Fund's allocation to Europe ex-UK equities was the strongest contributor to performance, followed by the UK and US.

In the bond markets, fears for a possible fragmentation of the euro area and global growth concerns saw investors seeking perceived 'safe havens' for their money. This led to falling yields (rising prices) in the 'core' government bond markets of countries such as the UK, the US and Germany. At the same time, the yields on some European countries' government bonds rose to dangerous levels, close to 7% and above, where borrowing in the market becomes increasingly difficult and unaffordable. However, positivity about the ECB's OMT programme helped bring these yields back to more manageable levels over the latter part of the year. Given the low yield environment for 'core' government bonds, investors were attracted to the yields on offer in the corporate bond markets. Strong corporate balance sheets and a low rate of companies defaulting on their debt in many areas of the market have driven a solid performance from the asset class, in particular from lower-rated and higher yielding issuers. The Fund's holdings in government and corporate bonds benefited performance.

Oil prices were volatile over the 12-month period. Prices declined from April and fell sharply in May on expectations that global demand would slow, but rose again from late July given rising tensions in the Middle East and the expectation for, and delivery of, more QE. The Fund trimmed its holding in May; consequently, this position contributed negatively to Fund performance. Elsewhere, gold followed the same volatile trend as markets went through a risk on-off environment, but eventually declining 4.3% over the review period.

The Fund saw broad asset allocation changes over the 12 months. At the beginning of Q2 of 2012, weak economic data and the eurozone debt crisis led to a risk-off environment. Accordingly, the portfolio was de-risked with the equity allocation reduced from 29% at the end of the first quarter of 2013 to 17% at the end of Q2 whilst the exposure to fixed income was increased from 22% to 31%. Towards the end of July, as markets experienced a significant reduction in tail risks after the ECB announced its bond buying programme, equity risk was gradually added to the portfolio, taking the allocation to equities to 40% at the end of January 2013. Within commodities, the Fund's exposure to oil was trimmed in May and the Fund opportunistically traded in and out of gold over the period.

Worries of a 'hard landing' in China have receded as recent economic indicators have shown signs of improvement. The Chinese authorities continue to try to move the economy away from its heavy reliance on exports and, instead, refocus on Chinese domestic consumption. Although Europe made some progress in 2012, there are still considerable challenges for the region, not least of which is how to grow the economy given the headwind of austerity measures. Politics will continue to play a role, with the upcoming German elections in the third quarter of 2013. In the US, negotiations around the raising of the debt ceiling and planned spending cuts continue. As a result, the global economic and political backdrop remains challenging, and market volatility is likely to remain as a result.

All returns are sourced from Thomson Reuters Datastream and Bloomberg. Returns are MSCI regional indices, total returns in sterling unless otherwise stated.

Discrete annual performance

	1 Feb 12- 31 Jan 13	28 Feb 11 [†] - 31 Jan 12
	%	%
Henderson Diversified Growth Fund	7.5	(2.2)
3 Month Libor	0.8	0.8

Source: Morningstar, mid to mid, basic tax rate, GBP.

Figures in brackets are negative.

[†] Inception date.

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Fund facts

Accounting dates

31 January, 31 July

Payment dates

31 May

Ongoing charge figure

	2013	2013	TER
	%	%	2012
			%
Class A	1.86	n/a	1.83
Class Y	0.81	n/a	0.79
Class Z	0.37	n/a	0.34
Class K	1.66	3.34*	n/a
Class K Euro hedged	1.67	4.43*	n/a
Class K US Dollar hedged	1.67	3.47*	n/a

The annualised ongoing charge figure (OCF) of the Fund, calculated as the ratio of the total ongoing charges to the average net asset value for twelve months.

This Fund is a non-UCITS retail fund and we have adopted this disclosure to enable comparison across our fund range.

* Including Performance fees.

The OCF includes a synthetic element of 0.30% (2012: 0.39%) to incorporate the OCF of underlying funds.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A accumulation			
2011 **	-	50.90	47.03
2012	-	49.54	47.28
2013	0.02 *	51.18 +	49.51 +
Class Y accumulation			
2011 ***	-	102.40	94.88
2012	0.63	100.90	95.76
2013	0.28 *	104.30 +	100.80 +
Class Z accumulation			
2011 ****	-	103.00	95.55
2012	1.24	102.00	96.50
2013	0.35 *	105.50 +	101.90 +
Class K accumulation			
2012	-	1,030.00	983.20
2013^	- *	1,061.00 +	1,032.00 +

	Net revenue (Euro cent per share)	Highest price (pence per share)	Lowest price (pence per share)
Class K Euro hedged accumulation			
2012	-	1,027.00	1,000.00
2013^^	- *	1,056.00 +	1,029.00 +

	Net revenue (USD cent per share)	Highest price (USD cent per share)	Lowest price (USD cent per share)
Class K US Dollar hedged accumulation			
2012	-	1,029.00	1,000.00
2013^^^	- *	1,058.00 +	1,031.00 +

* to 31 May

+ to 31 January

** Share Class A launched 6 April 2011

*** Share Class Y launched 1 April 2011

**** Share Class Z launched 28 February 2011

^ Share Class K launched 30 April 2012

^^ Share Class K EURO Hedged launched 11 July 2012

^^^ Share Class K USD Hedged launched 11 July 2012

Past performance is not a guide to future performance.

Net revenue distribution

Share class	2013	2012
	p	p
Class A accumulation	0.02	-
Class Y accumulation	0.28	0.63
Class Z accumulation	0.35	1.24
Class K accumulation	-	n/a
Class K Euro hedged accumulation	-	n/a
Class K US Dollar hedged accumulation	-	n/a

Total dividend distributions for the year ended 31 January 2013, comparison is for the same period last year.

Summary of Fund performance

Share class	Net asset value*	Net asset value*	Net asset value
	2013	2012	% change
	p	p	
Class A accumulation	50.95	48.05	6.04
Class Y accumulation	103.82	96.49	7.60
Class Z accumulation	104.98	97.82	7.32
Class K accumulation	1055.99	n/a	n/a
Class K Euro hedged accumulation	900.13	n/a	n/a
Class K US Dollar hedged accumulation	664.22	n/a	n/a

*The net asset value is calculated as at close of business on the last business day of the accounting period. The investments are valued at fair value which is generally deemed to be the bid market price.

Major holdings

as at 2013	%
Deutsche Global Liquidity Managed Platinum	11.89
Henderson Institutional European Enhanced Equity Z Acc *	5.27
Old Mutual Global Strategic Bond 'B' Income	4.99
Henderson Horizon Total Return Bond 'Z' Acc *	4.94
Henderson All Stocks Credit 'Z' Acc Gross *	4.87
Henderson Credit Alpha 'Z' Acc Gross *	3.97
ETFs Physical Gold	3.44
First State Asia Pacific Leaders 'B'	3.43
Henderson Institutional Overseas Bond 'Z' Acc Gross *	3.30
Henderson Institutional North American Enhanced Equity 'Z' Acc *	3.19

* A related party to the Fund.

Major holdings

as at 2012	%
Henderson All Stocks Credit 'Z' Acc Gross *	7.16
Henderson Credit Alpha 'Z' Acc Gross *	6.19
Henderson Overseas Bond 'Z' Acc Gross *	5.79
First State Asia Pacific Leaders 'B'	5.30
Henderson Emerging Market Debt Absolute Return 'Z' Acc Gross *	4.22
Blackrock Gold & General Income	4.09
BH Global	3.92
Henderson Horizon European Growth 'Z' Acc *	3.75
Henderson US Growth 'I' Acc *	3.55
Bluecrest Allblue	3.52

Asset allocation

as at 2013	%
Other	34.00
Global fixed interest	23.76
Europe ex UK	8.28
Specialist	7.15
UK equities	7.13
UK fixed interest	6.91
Asia ex Japan	6.06
North America	5.85
Japan	2.36
Futures	0.25
Forward foreign exchange contracts	(0.11)
Net other liabilities	(1.64)
Total	100.00

Report and accounts

This document is a short report of the Henderson Diversified Growth Fund for the year ended 31 January 2013.

Copies of the annual and half yearly long form report and financial statements of this Fund are available on our website www.henderson.com or contact client services on the telephone number provided.

Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the year it covers and the results of those activities at the end of the year.

Issued by:

Henderson Investment Funds Limited
Registered office:
201 Bishopsgate,
London EC2M 3AE
Member of the IMA and authorised and regulated
by the Financial Conduct Authority.
Registered in England No 2678531

Depository

National Westminster Bank Plc
135 Bishopsgate
London EC2M 3UR

Asset allocation

as at 2012	%
Other	42.67
Global fixed interest	11.97
UK equities	8.74
UK fixed interest	8.15
Europe ex UK	6.98
North America	6.90
Asia ex Japan	5.30
Japan	4.60
Specialist	4.09
Forward foreign exchange contracts	0.24
Futures	(0.48)
Net other assets	0.84
Total	100.00

Risk warning

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

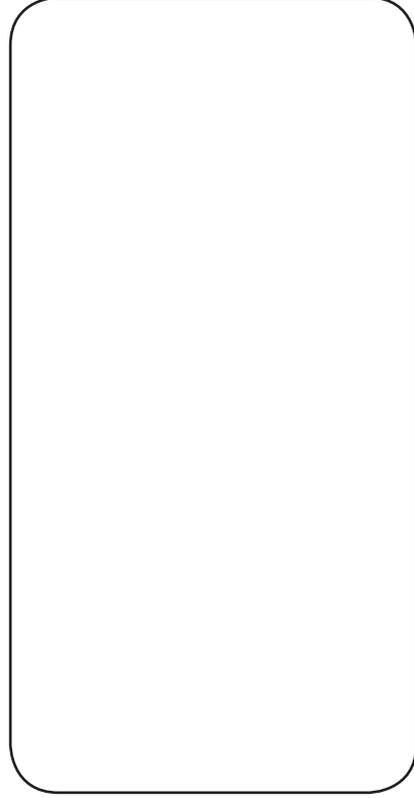
Auditor

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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 January 2013. If you have confirmed a change of address with us since that date we will ensure all future correspondence will be sent to your new address.

Online valuations

You can value your Henderson Diversified Growth Fund at any time by logging on to www.henderson.com. Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of shares.

Any questions?

Further information about the activities and performance of the Fund for this and previous periods can be obtained from the Investment Manager. If you have any questions please call our Client Services Team on 0800 832 832 or email support@henderson.com.

Important Information

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), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored.

Unless otherwise stated, all data is sourced by Henderson Global Investors.

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