

Henderson

Global Focus

Fund

Short Report

For the year ended 31 May 2013

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Fund Manager

Matthew Beesley

Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from global equity markets, by investing in a concentrated portfolio of companies.

The Fund will invest in companies of any market capitalisation. The Fund will invest in a portfolio of typically 30–40 holdings.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Risk and reward profile

The Fund currently has 2 types of shares in issue:

A accumulation and Corporate accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and 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:

- As a category, shares are more volatile than either bonds or money market instruments
- 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.

Derivatives risk Certain derivatives could behave unexpectedly or could expose the Fund to losses that are significantly greater than the cost of the derivative.

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 Factors" section of the Fund's prospectus.

Manager's commentary

The twelve months to 31 May 2013 saw the MSCI World Index return a solid 30.5%. This performance was helped by European Central Bank president Mario Draghi's announcement that he would do "whatever it takes" to preserve the euro and the US Federal Reserve (Fed)'s plan for unlimited quantitative easing until a target unemployment rate was reached. Against a generally lacklustre global economic backdrop, the US stood out as an area of relative strength, evident in improving housing and employment data. Conversely, the emerging markets have struggled as they witness a structural move to lower growth rates, particularly in China. In Europe, political and economic concerns were heightened, but encouragingly the wider market showed greater resilience to these issues. The outperformance of Japanese markets has been a prominent development in 2013, following the new leadership's aim to reinvigorate the Japanese economy and create inflation via aggressive monetary intervention and fiscal policy changes. While Japanese equities gave back some of their gains in May, investors are watching developments and data points closely for evidence of growth and inflation following years of underperformance in the region.

The Fund performed broadly in line with its benchmark returning 30.2% versus the MSCI World Index return of 30.5%. Positive contributions came from stock selection within financials and industrials. The primary detractor was the Fund's overweight allocation to information technology, where reduced corporate IT spending has weighed on US company earnings in the sector. This was evident at US software company Citrix Systems, which has seen a noticeable drop in demand for its desktop software. Stock selection within the energy sector was also a drag on relative returns, notably positions in BG and National Oilwell Varco (NOV). BG's revised production guidance in late 2012 caused many investors to adjust their earnings growth outlook downwards for the UK-headquartered oil & gas company. At NOV disappointing earnings combined with a negative profit margin outlook to weigh on the share price. The long-term case for NOV remains positive, however, as high demand for offshore rig construction and global fleet renewal – which account for almost two-thirds of NOV's operating profit – continue to drive growth.

The standout positive performer over the period was the Fund's holding in US bank Citigroup, which rose over 99% in sterling terms. This strong performance came as the company has simplified and streamlined operations through cost cutting and the divesture of non-core assets in Citi Holdings, which have been a drag on earnings. This has led to multiple earnings surprises over the year and improved capital ratios. Shares in Japanese power tool manufacturer Makita Corporation also rose, benefiting from increased overseas demand from North America as the residential housing market improves and as a weaker yen boosts margins. Bayer also proved a solid investment: growth in its CropScience and HealthCare divisions drove the share price towards our fair value target, prompting us to close the position.

Following years of deflation and yen strength, a number of quality Japanese companies have pared back operational expense in order to maintain profitability. Given the economic changes unfolding, inflation and yen weakness may be catalysts for earnings growth in these companies. With this in mind we increased the Fund's allocation to the region over the period (although we still remain underweight) with purchases of Japanese financial Sumitomo Mitsui Financial, retailer Ryohin Keikaku, and power tool manufacturer Makita Corporation. We have also maintained the Fund's overweight allocation to IT while making some changes in the portfolio, such as switching out of Apple and Broadcom and into Samsung Electronics. Our investment process has also seen the portfolio weighting towards cyclicals increase. This area of the market has been better at providing investment opportunities: companies undergoing change that the market is not fully appreciating. The Fund's positions include Infineon Technologies, KBC Bankverzekering, Lloyds Banking Group, ITV, and Limited brands. In order to fund these changes, we closed some of our more defensive positions, which included Sanofi, General Electric, Kraft, and Vodafone.

Looking ahead to the second half of 2013 and beyond we see an attractive landscape for fundamentals-based stock picking amongst attractively valued, cash flow generative companies on a two-to-three year view. The global economy has shown signs of progress, and while growth prospects in Europe are challenging there is evidence of improving confidence in the region.

Manager's commentary (continued)

The US fiscal cuts introduced in March may cause an economic headwind, but this may also provide the impetus for the Fed to keep the monetary 'taps' open a little longer. This year, we have witnessed risk-adjusted outperformance in the healthcare and consumer staples sectors, which we see as

reflective of ongoing investor appetite for yield within the low interest rate environment. We note that on a simple price-to-earnings basis valuations in these sectors are at five year highs, and with arguably little room for positive earnings surprises it is possible we will soon see a rotation out of defensive sectors and into cyclical.

Performance summary

	1 Jun 12 31 May 13 %	1 Jun 11 31 May 12 %	1 Jun 10 31 May 11 %	1 Jun 09 31 May 10 %	1 Jun 08 31 May 09 %
Henderson Global Focus Fund	30.2	(9.9)	6.6	27.5	(26.5)
MSCI World Index	30.5	(4.3)	13.6	26.7	(19.6)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, GBP.

Figures in brackets are negative.

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.

Summary of Fund performance

Share class	Net asset value+ 2013 p	Net asset value+ 2012 p	Net asset value % change
Class A accumulation	164.00	126.83	29.31
Class Corporate accumulation	134.75	103.44	30.27

+ 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.

Fund facts

Accounting dates	Payment dates	
31 May, 30 November	31 July, 31 January	
Ongoing charge figure	2013 %	2012 %
Class A*	1.58	1.51
Class Corporate	0.84	0.85

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. Ongoing charges are all payments deducted from the assets of the Fund during the year, except for expenses that are explicitly excluded by regulation.

The OCF is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

* If at the end of any month the Fund is not ranked in the top 25% of its sector over a rolling 12 month period, the AMC will be reduced from 2.00% to 1.25% for the following month.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A accumulation			
2008	–	153.81	95.13
2009	0.80	130.13	89.95
2010	0.47	147.04	118.46
2011	0.67	148.96	109.80
2012	0.78	139.25	123.01
2013	0.86 ⁺	168.75 [*]	138.60 [*]
Class Corporate accumulation			
2008 ^{**}	–	107.63	76.01
2009	1.12	104.65	72.01
2010	0.91	118.85	95.53
2011	1.11	120.43	89.16
2012	1.35	113.43	100.31
2013	1.57 ⁺	138.63 [*]	113.59 [*]

* to 31 May

+ to 31 July

** From 4 August 2008 to 31 December 2008.

Net revenue distribution

Share class	2013 p	2012 p
Class A accumulation	0.86	0.78
Class Corporate accumulation	1.57	1.35

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

Past performance is not a guide to future performance.

Major holdings

as at 2013	%
Microsoft	3.88
Praxair	3.31
Occidental Petroleum	3.29
Lloyds Banking Group	3.29
Citigroup	3.23
Pentair	3.18
Infineon Technologies	3.16
National Oilwell Varco	3.14
Bed Bath & Beyond	3.14
Sumitomo Mitsui Financial	3.07

Major holdings

as at 2012	%
Union Pacific	4.47
Apple	4.45
Centrica	4.42
Pfizer	4.34
Sanofi	4.31
CBS	4.15
Occidental Petroleum	4.14
Unilever	3.83
Google	3.48
Vodafone	3.30

Asset allocation

as at 2013	%
United States	55.55
United Kingdom	8.81
Japan	7.37
Switzerland	5.00
Germany	3.16
China (Including Hong Kong)	2.98
Belgium	2.95
Sweden	2.65
Korea	2.40
Turkey	1.28
Indonesia	0.48
Net other assets	7.37
Total	100.00

Asset allocation

as at 2012	%
United States	62.18
United Kingdom	16.66
Germany	6.42
France	4.31
Switzerland	3.06
China (Including Hong Kong)	2.42
Japan	1.47
Net other assets	3.48
Total	100.00

Report and accounts

This document is a short report of the Henderson Global Focus Fund for the year ended 31 May 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

HSBC Bank plc
8 Canada Square, Canary Wharf, London E14 5HQ

From 3 June 2013
National Westminster Bank plc
135 Bishopsgate
London EC2M 3UR

Authorised and regulated by the Financial Conduct Authority.

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.

Important Information

On 3 June 2013, the Depository changed from HSBC Bank plc to National Westminster Bank plc.

Registrar

International Financial Data Services (UK) Limited
IFDS House, St. Nicholas Lane, Basildon SS15 5FS

Authorised and regulated by the Financial Conduct Authority.

Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street, Glasgow G2 7EQ

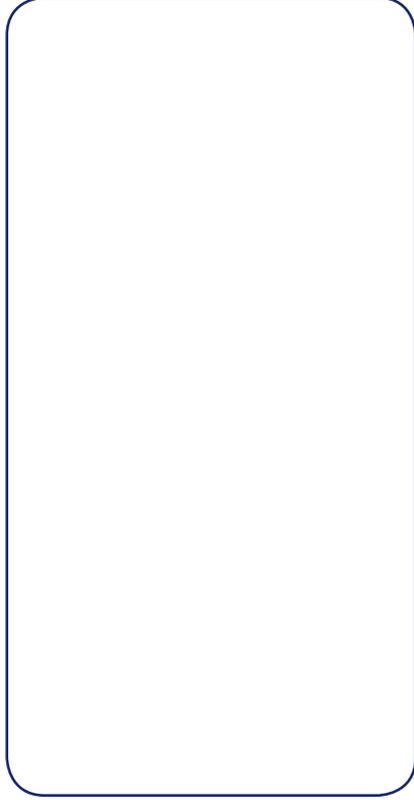
Institute of Chartered Accountants in England and Wales.

Contact us

Client Services 0800 832 832

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Head Office address:
201 Bishopsgate, London EC2M 3AE



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 May 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 Global Focus 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. 17955554), 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 at 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. Ref: 34V

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

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