



INTERIM SHORT REPORT

For the six months ended
30 November 2016

Henderson
GLOBAL INVESTORS

Henderson Multi-Manager Diversified Fund

Henderson Multi-Manager Diversified Fund

Short Report

For the six months ended 30 November 2016

Investment Fund Manager

Henderson Multi-Asset Team

Investment objective and policy

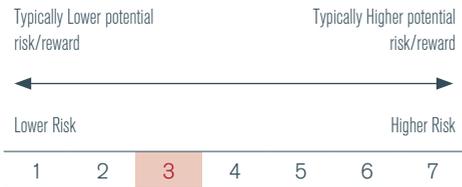
To achieve long term total return (capital growth with income) through a diverse portfolio of both UK and overseas investments.

The fund will maintain a low level of exposure to equities. The fund will invest in units/shares of collective investment schemes, transferrable securities, money market instruments, deposits, cash and near cash. Derivatives and forward foreign exchange contracts may be used to achieve the investment objective and for the purposes of Efficient Portfolio Management.

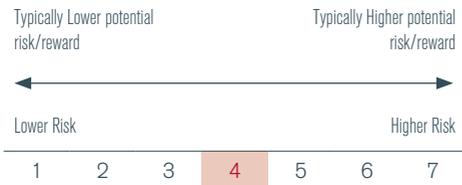
Risk and reward profile

The fund currently has 6 types of unit class in issue; A (accumulation & income), B accumulation, I (accumulation & income) and I Euro accumulation.

For A (accumulation & income), B accumulation and I (accumulation & income), the risk and reward profile is as follows:



For I Euro accumulation the risk and reward profile is as follows:



The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and

updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment in the fund can go up or down. When you sell your units 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. Under normal market conditions the following risks may apply:

Counterparty risk The fund could lose money if a counterparty with which it transacts becomes unwilling or unable to meet its obligations to the fund.

Derivatives risk Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative instrument.

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 In difficult market conditions 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.

There have been no changes to the risk rating in the period for all unit classes.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

Investment review

The fund returned 3.6% over the period, underperforming the IA Mixed Investment 0-35% Shares sector, which returned 5.0%.

In absolute terms, nearly all asset classes within the portfolio recorded positive returns over the period. In the UK, a holding in the Jupiter UK Special Situations Fund delivered a very strong contribution, benefiting from its value style and large-cap bias. Elsewhere, the fund's global equity holdings also performed well, with returns boosted by the weakness in sterling. Of particular note was JPM Emerging Markets Income, which was up over 25% in the period under review, benefiting from improved fundamentals in the region.

Despite these positive contributors, the fund's overall performance was held back by our longstanding underweight to fixed income. We have struggled for a while to find any real value in bonds, concerned by stretched valuations and an increasingly asymmetric risk/return profile. While we do have fixed income exposure within the portfolios, it is diversified and fairly opportunistic in nature, and we remain underweight in aggregate versus the sector average.

What is interesting is that there are signs that our relative underweight here is starting to bear fruit. Since the surprise election of Donald Trump, the likelihood of a reflationary regime in the US has increased. Trump has pledged to implement wide-ranging fiscal measures which could significantly boost economic growth, prompting a more hawkish stance from the Federal Reserve over the medium term. Such forces would likely compound the loss of momentum in the global liquidity trades that have dominated asset markets since the advent of quantitative easing (central bank liquidity measures). It is quite possible that Trump's election could mark the end of the 35-year bull market in bonds.

In terms of activity, there was a number of changes made to the portfolio during the period under review. As we entered 2016, we started to reduce areas that we felt were particularly vulnerable to a Brexit scenario. This included making a significant reduction to our UK commercial property exposure, with proceeds allocated to alternatives and areas such as high yield, where market volatility had created an attractive entry

point. In addition, we continued to tilt our UK equity exposure up the market cap scale, adding to existing holdings such as the Artemis Income Fund and Jupiter UK Special Situations Fund. As a result, the portfolio was well diversified going into the referendum, with our balanced stance on currency hedging being a key positive contributor to performance.

In the immediate aftermath of the Brexit referendum, cash in the portfolio was raised as concerns about the impact of the vote weighed on the outlook for risk assets and future economic activity in the UK and Europe. Allocations were reduced by selling Euro Stoxx 50 index futures and by scaling back the holding in the Majedie UK Income Fund. Other changes in June included fully redeeming the holding in the Kames High Yield Bond Fund following an announcement regarding a change to the portfolio manager.

In August, a new holding was added to the portfolio within fixed income: the AXA US Short Duration High Yield Fund. The high yield market has rallied strongly from the lows seen earlier in the year, and we believe that the shorter duration portion of the high yield market seems much more attractive at the current juncture – it offers a more attractive risk-return profile than the broader high yield market, and it also has the attraction of being less sensitive to interest rate changes than longer-dated issues. The AXA fund captures most of the yield of the broader high yield market, something we find very appealing, especially for a fund like Distribution, which seeks to deliver a yield, but with significantly less volatility.

Following the result of the US presidential election, portfolio activity included trimming allocation to emerging market equities. This is an area that performed particularly strongly in the portfolio this year, but we feel could be at risk if some of Trump's more protectionist policies came to pass. We also took some profits by significantly reducing our position in Empiric Student Property. This closed-end investment trust operates student accommodation within the UK, and has performed strongly this year.

Looking forward into 2017, it is clear that some of the trends that are emerging from the latter half of 2016 will be important drivers of markets. The positive thrust from fiscal policy and slow reduction in central bank activity is likely to weigh heavily on government bond markets, while cyclical assets are likely to continue their recovery. We are holding a relatively balanced stance, with few significant regional equity bets and a pragmatic approach to currencies and fixed income. We believe that there will be opportunities for tactical trades across all asset classes in the coming months.

Performance summary

Cumulative performance

	Six months 31 May 16 - 30 Nov 16 %	One year 30 Nov 15 - 30 Nov 16 %	Five years 30 Nov 11 - 30 Nov 16 %	Since launch 29 May 91 - 30 Nov 16 %
Henderson Multi-Manager Diversified Fund	3.6	4.3	28.4	245.5
IA OE Mixed Investment 0-35% Shares Sector	5.0	6.3	26.8	-*

Discrete performance

	30 Nov 15 - 30 Nov 16 %	30 Nov 14 - 30 Nov 15 %	30 Nov 13 - 30 Nov 14 %	30 Nov 12 - 30 Nov 13 %	30 Nov 11 - 30 Nov 12 %
Henderson Multi-Manager Diversified Fund	4.3	(0.3)	3.0	10.2	8.9

Source: Morningstar, bid to bid and net of fees as at valuation point, based on Class A accumulation.

Benchmark values are as at close of business.

* Benchmark return is not quoted as the fund inception date is earlier than the benchmark 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.

Summary of fund performance

Unit class	Net asset value* 30/11/16 p	Net asset value* 31/05/16 p	Net asset value % change
Class A accumulation	81.26	78.46	3.57
Class A income	110.31	108.21	1.94
Class B accumulation	161.40	155.30	3.93
Class I accumulation	107.76	103.75	3.87
Class I income	112.03	109.55	2.26
Class I Euro accumulation	88.19	84.90	3.88

*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.

Net revenue distribution

Unit class	30/11/16	30/11/15
	p	p
Class A accumulation	1.29	1.11
Class A income	1.72	1.54
Class B accumulation	2.58	2.24
Class I accumulation	1.67	1.45
Class I income	1.75	1.57
	Euro cents	Euro cents
Class I Euro accumulation	1.60	1.66

Total dividend distributions for the six months ended 30 November 2016, comparison is for the same period last year.

Dividend distributions paid to unitholders after 6 April 2016 are paid gross as the government has abolished the dividend tax credit.

Fund facts

Accounting dates	Payment dates
30 November, 31 May	31 October, 31 January, 30 April, 31 July

Ongoing charge figure

	30/11/16	31/05/16
	%	%
Class A	1.91	1.89
Class B*	1.17	1.14
Class I	1.22	1.20
Class I Euro	1.22	1.20

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

The OCF includes a synthetic element of 0.49% (31/05/16: 0.47%) to incorporate the OCF of underlying funds.

The OCF is calculated in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

* Class B accumulation is closed to new investment

Performance record

Calendar year	Net revenue (pence per unit)	Highest offer price (pence per unit)	Lowest bid price (pence per unit)
Class A accumulation			
2012	0.93	70.00	62.86
2013	1.90	76.04	69.98
2014	2.00	78.11	75.52
2015	2.02	81.32	76.62
2016	2.42	82.96 +	74.70+
2017	0.62*	-	-
Class A income			
2012 ¹	1.21	106.20	97.58
2013	2.85	113.30	106.20
2014	2.91	113.00	109.60
2015	2.84	116.50	107.40
2016	3.17	113.60 +	104.70+
2017	0.82*	-	-
Class B accumulation²			
2012	2.72	135.20	120.50
2013	4.01	148.30	135.20
2014	3.99	153.10	147.10
2015	4.07	159.80	151.30
2016	4.74	164.60 +	147.70+
2017	1.24*	-	-
Class I accumulation			
2014 ³	1.51	102.50	98.64
2015	2.63	107.00	101.20
2016	2.98	109.90 +	98.78+
2017	0.80*	-	-
Class I income			
2012 ⁴	0.10	105.10	101.00
2013	2.90	112.80	105.20
2014	2.85	113.40	110.00
2015	2.87	117.10	108.50
2016	3.18	115.20 +	105.80+
2017	0.84*	-	-

Performance record (continued)

	Net revenue (Euro cents per unit)	Highest offer price (Euro cents per unit)	Lowest bid price (Euro cents per unit)
Class I Euro accumulation			
2014 ⁵	0.70	107.10	100.30
2015	2.90	122.60	106.60
2016	3.14	114.30 +	99.19+
2017	0.77*	-	-

¹ Class A income launched 30 March 2012

² Class B accumulation is closed to new investment

³ Class I accumulation launched 17 January 2014

⁴ Class A income launched 1 August 2012

⁵ Class I Euro accumulation launched 20 May 2014

* to 31 January
+ 30 November

Past performance is not a guide to future performance

Major holdings

as at 30/11/16	%
Deutsche Global Liquidity Managed Sterling Platinum Income	8.68
Henderson Horizon Total Return Bond Fund+	7.52
PIMCO Global Investors Series Income Fund	6.08
CF Morant Wright Nippon Yield	5.01
RWC Enhanced Income Fund	4.81
PFS TwentyFour Dynamic Bond	4.20
AXA US Short Duration High Yield Bond Fund	4.20
RWC Global Enhanced Dividend Income Fund Class B	3.76
Jupiter UK Special Situations	3.70
Absolute Insight Emerging Market Debt Fund Accumulation	3.59

+ Related party to the fund

Asset allocation

as at 30/11/16	%
Diversified Bonds	17.80
Alternatives	14.67
UK Equity	11.13
Government Bonds	10.55
Cash	8.68
High Yield Bonds	6.68
Global Equity	5.80
Europe ex UK Equity	5.35
Asia Ex Japan Equity	5.07
Japan Equity	5.01
Commodities	3.40
Investment Grade Bonds	2.48
Global Emerging Market Equity	1.94
Property	0.49
Private Equity	0.42
Derivatives	0.08
Other net assets	0.45
Total net assets	100.00

Major holdings

as at 31/05/16	%
Henderson Horizon Total Return Bond Fund+	6.91
Deutsche Global Liquidity Managed Sterling Platinum Income	5.80
BlackRock Continental European Income Fund	5.28
PIMCO Global Investors Series Income Fund	4.80
Majedie UK Income Fund	4.48
Kames Capital High Yield Bond Fund B Income	4.04
PFS TwentyFour Dynamic Bond	3.87
RWC Enhanced Income Fund	3.76
CF Morant Wright Nippon Yield	3.68
Invesco Perpetual European Equity Income	3.55

Asset allocation

as at 31/05/16	%
Diversified Bonds	15.58
Alternatives	12.56
UK Equity	11.73
High Yield Bonds	9.28
Government Bonds	8.88
Europe ex UK Equity	8.83
Cash	5.80
Global Equity	5.68
Property	3.79
Japan Equity	3.68
Commodities	3.40
Asia Ex Japan Equity	3.26
Global Emerging Market Equity	2.58
Investment Grade Bonds	2.02
Specialist Equity	1.11
Private Equity	0.41
Derivatives	0.32
Other net assets	1.09
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Multi-Manager Diversified Fund for the six months ended 30 November 2016.

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 period it covers and the results of those activities at the end of the period.

Issued by:

Henderson Investment Funds Limited
Registered office:
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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.

Trustee/Depositary

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Auditor

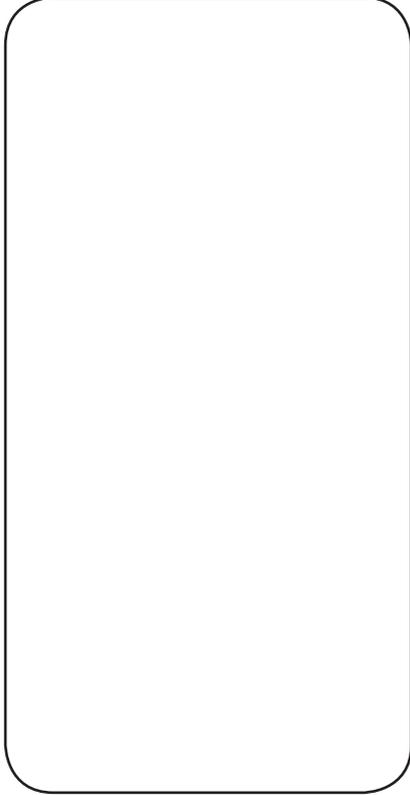
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 30 November 2016. 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 Multi-Manager Diversified 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), AlphaGen Capital 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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