

Henderson

# Multi-Manager Managed

Fund

**Short Report**

For the six months ended 31 July 2012

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## Short Report

For the six months ended 31 July 2012

### Fund Managers

Bill McQuaker and Tony Lanning

### Investment objective and policy

To achieve capital growth through exposure to UK and overseas equities and fixed interest securities. The Fund may invest in collective investment schemes, exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money-market instruments and deposits. Investment will not be confined to a particular sector.

### Risk profile

Where the Fund invests in assets (including cash) which are denominated in currencies other than the base currency (pounds sterling) then currency exchange rate movements may cause the value of investments to fall as well as rise.

With the Fund investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of shares is likely to fall, and vice versa. In addition to the interest rate risk, bond investments are also exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the redemption date). The risk of this happening is usually higher with bonds classified as 'sub-investment grade'.

These may produce a higher level of income but at a higher risk than investments in 'investment grade' bonds. In turn, this may have an adverse impact on the Fund that invest in such bonds.

The Fund may invest in other types of collective investment schemes including property funds, commodity funds and hedge funds. Such schemes may expose investors to increased risk due to restrictions on withdrawals, less strict regulation and use of derivatives.

### Manager's commentary

Over the review period the MSCI World total return index experienced significant volatility returning 3.3% (in GBP terms).

Momentum from strong rallies in January, and the European Central Bank's (ECB's) decision to offer three-year loans to European banks at an interest rate of 1% as part of its longer-term refinancing operations (LTROs), kept risk assets in favour during February and March. The rallies were supported by positive surprises in US economic data and banking stress tests. Elsewhere in February central banks continued to ease monetary policy with the UK and Japan extending asset purchasing programmes – fuelling further rallies. However, the ongoing concerns over the Eurozone did not disappear as negotiations over the second bailout in Greece were underway causing Europe to lag. By the end of March it was evident that momentum in stock prices was fading as the more cyclical sectors that led the Q1 rallies started to falter.

Weaker consumer spending and export growth data coming out of the US in April made investors question whether or not positive surprises in Q1 were an anomaly caused by an abnormally mild winter. Moreover falling inflation and softer economic data released from China all culminated in a sobering sharp retracement in markets in April and May.

During the review period Greece continued to struggle to implement public spending cuts against an uncertain political backdrop. A pro-Eurozone prime minister, Antonis Samaras, was eventually elected in June allaying fears of an imminent Greek exit. In May concerns mounted in Europe over the solvency of Spain and Italy as the countries fell back into recession and banking sector woes returned to focus, leading to sharp falls in global equity markets.

By the end of the period under review, however, markets bounced following ECB president Draghi's pledge to do 'whatever it takes to preserve the euro'.

## Performance and activity

The Henderson MM Managed Fund gained 0.5% whilst the IMA Mixed Investment 40%-85% shares sector gained 1.9% in the six months to 31 July 2012.

At the start of 2012 the portfolio moved towards a more neutral equity position, reflecting our acknowledgment that LTROs had lessened the risk of financial failure as well as an acknowledgment of the increased liquidity within the system. Fundamentally, however, we still felt risks remained to western economies so equity exposure continued to focus on managers with a defensive tilt, exposed to high quality businesses with strong balance sheets, management and cash flow generation.

This cautious positioning was continued until the end of the period under review. It was altered following Draghi's statement that he would do 'whatever it takes to preserve the euro' as well as the increased possibility of further stimulus by the ECB. As a result of these more positive developments we closed our long running underweight position in Europe and increased our overall equity exposure. At the time of writing, we continue to monitor economic and political events closely with a view to being proactive with the Fund's positioning.

Turning to fund performance over the period, the main detractors were holdings in BlackRock Gold and General Fund, GLG Japan CoreAlpha Fund and Thesis Australian Natural Resources Fund. Top positive contributors to fund performance came from the Fund's exposure to equities, namely holdings in Findlay Park American Fund, CF Lindsell Train UK Equity Fund and Invesco Perpetual Income Fund. The Fund's UK equity holdings as a whole

were strong contributors to performance, which was largely due to the underweight in this asset class closing significantly during the period under review.

A few new positions were initiated in the period including a holding in the Nomura Voltage Mid-Term Source exchange traded fund (ETF), which was acquired in March as a hedge against equity market volatility. Other additions included the purchase of JO Hambros UK Opportunities Fund, which was bought to increase exposure to defensive stocks. A new position was also initiated in the Old Mutual Global Strategic Bond Fund.

Sales over the period included Hexam Global Emerging Markets Fund and Pictet Emerging Local Currency Debt Fund, which were sold due to a deteriorating outlook for emerging markets. Positions were trimmed in the BlackRock Gold and General Fund when the commodity's traditional correlation with the market broke down and its performance became more akin to a risk asset.

## Outlook

Investors and markets should be braced for an eventful ending to 2012 as geopolitics take centre stage. With the US general election in November and a Chinese leadership transition later in the year, markets can only receive more clarity over how the US fiscal cliff will be tackled and what plans policymakers have for the Chinese economy. Furthermore, if Draghi delivers on his pledge to do 'whatever it takes to preserve the euro' perhaps the clouds may finally part over Europe? Whilst the Fund remains well diversified and relatively defensively positioned, tactical exposures are in place to allow the Fund to benefit from a more positive global economic outlook. Despite ongoing high levels of volatility, we are confident that global markets will provide us with opportunities.

## Discrete annual performance

	1 Aug 11 - 31 Jul 12 %	1 Aug 10 - 31 Jul 11 %	1 Aug 09 - 30 Jul 10 %	1 Aug 08 - 31 Jul 09 %	1 Aug 07 - 31 Jul 08 %
Henderson Multi-Manager Managed Fund	(5.0)	8.5	15.3	(19.4)	(8.0)
IMA Mixed Investment 40-85% Shares sector average*	(0.4)	10.6	14.7	(6.9)	(8.6)

Source: Morningstar, mid to mid, basic rate tax GBP. Figures in brackets are negative.

\*The Benchmark changed from IMA Balanced Managed Sector Average to IMA Mixed Investment 40-85% Shares Sector Average as at 1 January 2012. The performance shown reflects this change.

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*	Net asset value*	Net asset value
	31/07/12	31/01/12	% change
	p	p	
Class A income	172.21	171.30	0.53
Class A accumulation	174.04	173.07	0.56
Class I income	172.16	171.34	0.48
Class I accumulation	173.40	172.54	0.50
Class Y accumulation	454.12	450.74	0.74

\* 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 January, 31 July	31 May	
Total expense ratio	31/07/12	31/01/12
	%	%
Class A	2.44	2.41
Class I	2.44	2.42
Class Y	1.94	1.92

The TER includes a synthetic element of 1.06% (31/01/12: 0.99%) to incorporate the TER of underlying funds.

The TER of the Fund is the ratio of the Fund's total operating costs to its average net assets for twelve months.

### Ongoing charge figure\*

	31/07/12
	%
Class A	2.44
Class I	2.44
Class Y	1.94

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 fund and we have adopted this disclosure to enable comparison across our fund range.

## Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
<b>Class A income</b>			
2007	-	206.50	183.80
2008	-	201.90	136.00
2009	0.49	167.30	133.30
2010	-	186.40	158.90
2011	-	188.80	160.50
2012	-	176.86 +	165.50 +
<b>Class A accumulation</b>			
2007	-	207.60	184.80
2008	-	203.00	136.80
2009	0.54	165.60	132.10
2010	-	188.40	160.60
2011	-	190.80	162.20
2012	0.08 *	178.74 +	167.20 +
<b>Class I income</b>			
2007	-	206.50	183.80
2008	-	202.00	136.10
2009	0.53	166.60	132.80
2010	-	186.40	158.90
2011	-	188.70	160.40
2012	-	176.82 +	165.40 +
<b>Class I accumulation</b>			
2007	-	206.70	184.00
2008	-	202.20	136.30
2009	0.55	165.70	132.20
2010	-	187.80	160.00
2011	-	190.10	161.60
2012	1.80 *	178.10 +	167.10 +
<b>Class Y accumulation</b>			
2011*	-	495.20	420.90
2012	-	464.10 +	436.00 +

\* to 31 May

+ to 31 July

• Y accumulation share class was launched on 12 May 2011

**Past performance is not a guide to future performance.**

## Major holdings

as at 31/07/12	%
Deutsche Global Liquidity Managed Platinum	13.03
Invesco Perpetual Income	7.33
CF Lindsell Train UK Equity Income	6.60
Brown Advisory US Equity Value	6.50
Artemis Income	6.45
Findlay Park American	6.21
Schroders ISF Asian Total Return	4.83
Neptune European Opportunities 'B'	4.28
Old Mutual UK Dynamic Equity Fund	4.12
Thames River Global Bond	3.99

## Asset allocation

as at 31/07/12	%
United Kingdom	29.17
North America	15.18
Other	18.84
Global bond	15.16
Europe	7.30
Japan	5.67
Asia Pacific ex Japan	5.56
Emerging markets	2.58
Futures	0.14
Forward foreign exchange contracts	0.02
Net other assets	0.38
<b>Total</b>	<b>100.00</b>

## Major holdings

as at 31/01/12	%
Deutsche Global Liquidity Managed Platinum	10.21
Invesco Perpetual Income	6.21
CF Lindsell Train UK Equity Income	6.20
Artemis Fund Managers Income	6.02
Thames River Global Bond	5.90
Brown Advisory US Equity Value	5.87
Findlay Park American	5.57
Old Mutual Dublin UK Dynamic Equity	4.53
Schroders ISF Asian Total Return	4.15
BlackRock Gold & General Income	4.01

## Asset allocation

as at 31/01/12	%
United Kingdom	29.08
North America	17.94
Other	15.43
Global bond	12.33
Europe	7.10
UK bonds	5.90
Japan	5.45
Emerging markets	4.59
Asia Pacific ex Japan	4.15
Futures	0.07
Net other liabilities	(2.04)
<b>Total</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson Multi-Manager Managed Fund for the six months ended 31 July 2012.

Copies of the annual and half yearly long form report and financial statements of this Fund are available on our website [www.henderson.com](http://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 year.

### Issued by:

Henderson Investment Funds Limited

Registered office:

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Member of the IMA and authorised and regulated by the Financial Services Authority.  
Registered in England No 2678531

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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.

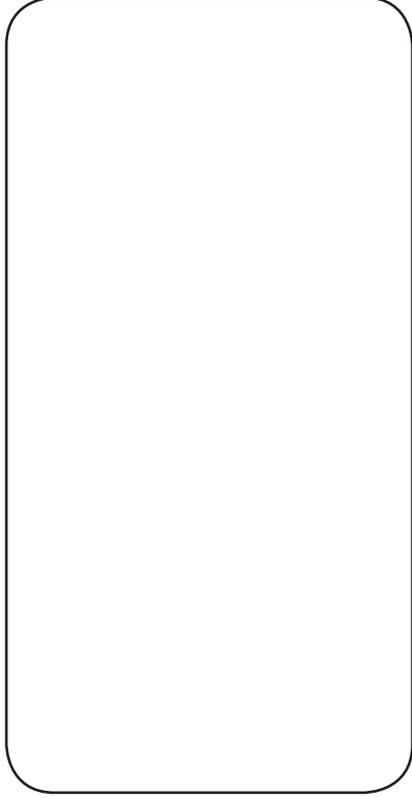
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### Changes of address - regulatory requirements

FSA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 July 2012. 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 Managed Fund at any time by logging on to [www.henderson.com](http://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](mailto: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 at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Services 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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