



# INTERIM SHORT REPORT

For the six months ended  
30 November 2016

**Henderson**  
GLOBAL INVESTORS

**Henderson US Growth Fund**

# Henderson US Growth Fund

## Short Report

For the six months ended 30 November 2016

### Investment Fund Managers

Derek J. Pawlak, Michelle J. Picard and W. Scott Priebe

### 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 US equity markets, primarily by investing in companies incorporated in the US or having their registered office in the US, or companies that are not incorporated in the US, or do not have their registered office in the US but either (i) carry out a predominant proportion of their business activity in the US, or (ii) are holding companies which predominantly own companies with registered offices in the US.

The fund is expected to invest in large capitalisation companies.

The return is expected to be mainly growth of capital.

The fund may invest up to 15% in cash or cash-equivalents from time to time. This is unlikely to exceed 15%. In the event that the Manager is anticipating exceptional redemption requests or in exceptional circumstances the level may exceed this amount.

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 3 types of share class in issue:

A accumulation, C accumulation and I accumulation.

The risk and reward profile of each type of share class is as follows:



The Synthetic Risk and Reward Indicator (SRRRI) 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 SRRRI level. The SRRRI 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 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 focuses on a single country.
- As a category, shares are, in general, 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. 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.

**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 Factors" section of the fund's prospectus.

There have been no changes to the risk rating in the period.

## Investment review

During the six-month period ended 30 November 2016, US equity markets were up strongly, with the S&P 500 Index up 23.5% in sterling terms and over 6% in local terms. The majority of the strong performance came in November after Donald Trump was elected president; his pro-growth policies, in particular his plans for corporate tax reform, infrastructure spending and reductions in regulation, powered equity markets and helped to strengthen the US dollar. The US economy continued to expand during the period, with third-quarter GDP growth coming in at 3.2% (annualised) and strong employment growth in evidence.

During the period, the fund returned 18.8% on an absolute basis, yet underperformed its benchmark by roughly 470 basis points due to an incredibly low quality rally during the third quarter. During said quarter, high quality stocks (those rated B+ or better) returned 2.5% (USD returns) versus low quality stocks (those rated B or worse) returning 8.6% (USD returns), signaling a strong bias for growth. In starker contrast, C and D rated companies returned 12.9% (USD returns) versus 0.2% (USD returns) for those rated A+.

From a sector perspective, the fund experienced weakness in nearly every sector, which is consistent with the low quality rally. In particular, the weakness was concentrated in the financial services and energy sectors. Within the financial services sector, the underperformance was driven by the fund's underweight to banks and insurance companies, which were up 43.6% and 30.0%, respectively. The rally in financials was spurned by the election of Mr. Trump as markets began to forecast higher rates and less financial regulation. Underperformance in the energy sector was the result of being under-allocated to the sector, which was up 29% during the period; this underweight was a result of the fund's growth bias, as energy companies don't meet our criteria for high quality growth. Also detracting from performance during the period were positions in Tractor Supply, Henry Schein and Cognizant Technology. Contributing to performance was the fund's overweight position in the producer durables sector; this sector was one of the best performing sectors during the period, and four of the top 10 contributors came from this area.

A new position was initiated in Thermo Fisher Scientific towards the end of the period as a replacement for Perrigo. Thermo Fisher Scientific develops, manufactures and distributes scientific instruments, equipment and consumables. The company operates in four segments: Life Sciences Solutions, Analytical Instruments, Specialty Diagnostics, and Laboratory Products and Services. Perrigo was sold from the fund due to a long-term modification in its operations; the company recently went through a management change and is experiencing pricing pressure in its generic drug business. In addition, the fund added to positions in Walt Disney Company, Alphabet and Salesforce (among other positions) in a move to gain more ground in the technology and consumer discretionary space. Trimmed from the fund were positions in Tractor Supply and Cognizant Technology Solutions; these companies experienced weakness during the period and these positions were decreased – the team will re-evaluate the long-term prospects for these companies.

Looking towards 2017, investors have begun to focus on the incoming administration's plans and policies. Given what we know today, we would expect a large infrastructure package to be passed, inclusive of investments in roads, bridges and airports but also an investment in energy infrastructure. Tax policy will certainly be in play, as Republicans will likely look to reform the corporate

## Investment review (continued)

tax code, including a repatriation of monies overseas. We expect changes to the Affordable Care Act, if not an outright repeal of the legislation, but details to this point have been few and far between. Immigration reform will also be near the top of the incoming president's to-do list, but we fear his hardline policies may hurt US growth, specifically if it impacts the availability of H-1B visas, which some believe are needed to fill the talent gap in the country. A renegotiation of the US trade pacts was a key message of Mr. Trump's campaign, so we would expect to see him put these plans into action shortly after taking office. The wild card in much of this is Republicans' willingness to run a larger budget deficit or find ways to offset much of the increased spending.

The unpredictability of Mr. Trump leaves us leery of getting too excited about 2017; we worry markets have gone too far too fast. If Mr. Trump is able to push through his agenda of tax reform and infrastructure spending, we would expect markets to react favourably; this would be especially positive for small and mid cap companies, but we believe it may prove difficult. We expect markets to be especially volatile next year, and this should be a positive for high quality equities. As always, we will continue to adhere to our high quality philosophy, and the nature of our companies – specifically, companies with high degrees of recurring revenue, earnings visibility and high organic growth rates – are exactly the types of businesses investors should look to in an environment such as this.

### Performance summary

	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 26 Jan 76- 30 Nov 16 %	
<b>Cumulative performance</b>					
Henderson US Growth Fund	18.8	14.8	101.4	4,331.2	
S&P 500 Index	23.5	30.2	147.2	13,036.8	
	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 %
<b>Discrete performance</b>					
Henderson US Growth Fund	14.8	5.2	17.5	29.4	9.7

Source: Morningstar – bid to bid and net of fees as at 12 noon valuation point, based on performance of Class A accumulation.

Benchmark values are as at close of business.

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

<b>Share class</b>	<b>Net asset value* 30/11/16 p</b>	<b>Net asset value* 31/05/16 p</b>	<b>Net asset value % change</b>
Class A accumulation	908.08	774.89	17.19
Class C accumulation	806.89	684.68	17.85
Class I accumulation	262.21	222.81	17.68

\* 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

<b>Accounting dates</b>	<b>Payment dates</b>
30 November, 31 May	31 January, 31 July

### Ongoing charge figure

	<b>30/11/16 %</b>	<b>31/05/16 %</b>
Class A	1.70	1.70
Class C	0.56	0.56
Class I	0.84	0.84

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

## Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
<b>Class A accumulation</b>			
2012	–	534.14	473.12
2013	–	658.40	495.11
2014	–	769.80	610.50
2015	–	835.30	699.70
2016	–	922.90+	684.60+
2017	–*	–	–
<b>Class C accumulation</b>			
2012	2.48	449.37	396.87
2013	4.01	565.50	420.16
2014	1.13	669.30	526.30
2015	1.66	728.60	613.00
2016	1.03	820.00+	602.80+
2017	2.39*	–	–
<b>Class I accumulation</b>			
2012	0.17	148.03	130.89
2013	0.85	185.30	138.03
2014	–	218.70	172.30
2015	–	237.90	199.90
2016	–	266.50+	196.30+
2017	0.45*	–	–

\* to 31 January.

+ to 30 November.

## Revenue distribution

Share class	30/11/16 p	30/11/15 p
Class A accumulation	–	–
Class C accumulation	2.39	–
Class I accumulation	0.45	–

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

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

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

## Major holdings

as at 30/11/16	%
Fiserv	3.98
Starbucks	3.94
Adobe Systems	3.85
Microchip Technology	3.77
TJX	3.63
Walgreens	3.43
Intuit	3.35
Costco Wholesale	3.23
The Walt Disney Company	3.17
Visa	3.12

## Major holdings

as at 31/05/16	%
Fiserv	4.61
Starbucks	3.84
Adobe Systems	3.82
TJX	3.63
Henry Schein	3.58
Nike 'B'	3.38
Danaher	3.33
Costco Wholesale	3.30
Visa	3.27
Intuit	3.23

## Asset allocation

as at 30/11/16	%
Information Technology	25.55
Consumer Discretionary	19.19
Industrials	16.56
Health Care	12.63
Consumer Staples	11.78
Financials	4.83
Materials	4.78
Telecommunication Services	2.40
Other net assets	2.28
<b>Total net assets</b>	<b>100.00</b>

## Asset allocation

as at 31/05/16	%
Information Technology	25.29
Consumer Discretionary	21.49
Industrials	17.13
Consumer Staples	11.86
Health Care	11.00
Materials	4.76
Financials	4.51
Telecommunication Services	2.07
Other net assets	1.89
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson US Growth Fund for the six months ended 30 November 2016.

Copies of the annual and half yearly long form reports 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 period.

### Issued by:

Henderson Investment Funds Limited  
Registered office:  
201 Bishopsgate  
London EC2M 3AE

Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.  
Registered in England No 2678531

### Depositary

National Westminster Bank plc  
135 Bishopsgate  
London EC2M 3UR

## 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

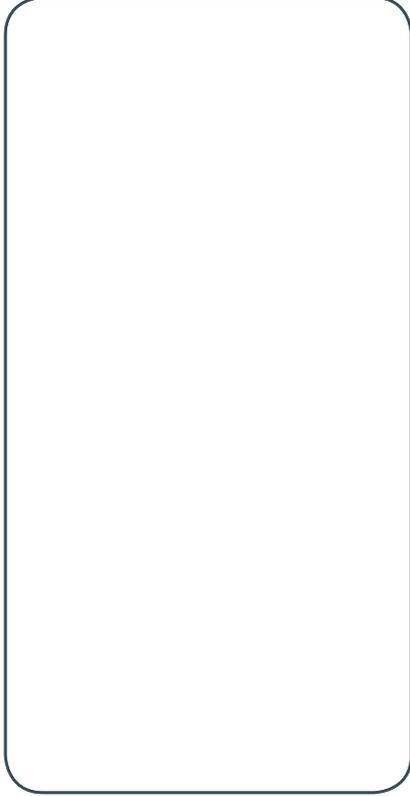
PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow G2 7EQ

### Shareholder Administrator

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

**Contact us**  
**Client Services 0800 832 832**  
**www.henderson.com**

**Head Office address, 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 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 US Growth 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), 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: 34Y

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

HGI44316/1116