



INTERIM SHORT REPORT

For the six months ended
31 July 2016

Henderson
GLOBAL INVESTORS

Henderson Core 4 Income Fund

Henderson Core 4 Income Fund

Short Report

For the six months ended 31 July 2016

Investment Fund Managers

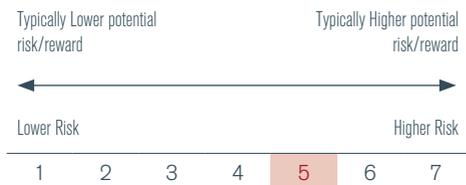
Henderson Multi-Asset Team

Investment objective and policy

To provide a sustainably high income return with the prospect for some capital growth whilst maintaining a moderate to moderately low level of volatility (variation of returns) over the medium to long term. The fund is managed so that it aims not to deviate from predetermined parameters of forecast volatility, as measured by an independent risk rating body, over a medium to long term rolling period of at least 5 years. However, during this period the fund's forecast volatility may be outside of such parameters if the portfolio manager believes it is expedient to do so in order to improve investment performance. Observing the forecast volatility parameters will be prioritised over the generation of income. The fund will invest in a combination of transferable securities, fixed income securities, investment companies, collective investment schemes, exchange traded funds (ETFs), money market instruments, deposits, cash and near cash. 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.

Risk and reward profile

The fund currently has 2 types of share class in issue: I income and I accumulation. The risk and reward profile of each type of share class 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 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 fund targets a risk profile of 4 as calculated by Distribution Technology who is engaged by Henderson as an independent provider of risk profiling tools to funds and investment advisers. Distribution Technology profiles funds using a rating scale of 1-10 and takes into consideration risk targets and other factors as well as past data. Investors should note that the Distribution Technology risk profile is different to the 'Risk and Reward Profile' scale above, which is an industry standard required by the FCA using a scale of 1-7 and which only takes into account past data.

For further information on the Distribution Technology risk profile please contact us or refer to the fund's prospectus.

The following risks apply to investments in the fund. These could be triggered or made worse by unusual market conditions or unpredictable market events.

The rating does not reflect the possible effects of unusual market conditions or unpredictable market events. Under normal market conditions the following risk may apply:

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

Default risk The issuers of certain bonds could become unable to make payments on their bonds.

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 Warnings" section of the Fund's prospectus.

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

The SRR1 conforms to the ESMA guidelines for the calculation of the SRR1.

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

*The fund was launched on 10 May 2013, therefore, the SRR1 is calculated based on historical volatility over a rolling period since inception.

Investment review

The fund returned 9.0% over the period.

The underlying portfolio delivered a strong positive contribution across the multi-asset and multi-instrument holdings. International equity holdings benefited from region specific dynamics and sterling weakness towards the end of the period. The JP Morgan Emerging Markets Income Trust performed well, as previously unloved cyclical emerging market stocks saw a reversal in investor sentiment. US equities continued to push to all-time highs as markets rewarded positive earnings growth, which was captured by the S&P 500 contracts for difference (CFD) and the direct holdings in Chevron and Verizon Communications. UK equity holdings saw international revenue streams perform strongly in the post-referendum environment, which supported large-cap holdings, including the RWC Enhanced Income Fund and direct holdings in British American Tobacco and Rio Tinto.

Elsewhere, market volatility led to high duration (a measure of interest rate sensitivity) assets faring particularly well over the period, with US dollar denominated assets seeing their returns amplified by currency movements. The iShares II US Treasury 7-10 Year ETF and the iShares II US TIPS ETF both benefited from the dual elements of this dynamic, while higher risk fixed instruments, such as the iShares II USD High Yield Corporate Bond, also delivered substantial returns. Emerging market bonds saw a rotation in investor sentiment and experienced strong performance. This environment presented a good opportunity for positive returns from strategic bond funds, with the Henderson Fixed Interest Monthly Income Fund participating in the general fixed income rally.

The weakest performance came from UK commercial property holdings as sentiment towards sterling (GBP) real assets waned after a prolonged period of positive returns. The Henderson UK Property PAIF saw a change to its pricing and valuation methodologies, while listed property investment companies also saw deterioration in capital values.

Equity holdings were trimmed over the course of the period, with proceeds allocated to increase weights in fixed income assets and cash. A new UK holding was added in the Henderson Institutional High Alpha UK Equity Fund, but overall exposure to the UK was reduced as the iShares UK Dividend ETF was trimmed and the direct holding in Investec was completely sold. US equities were increased by adding to the S&P 500 CFD, while Europe was trimmed by reducing the SPDR Euro Dividend Aristocrats ETF. Asian and emerging markets were maintained at their present weights and holdings.

High yield bonds were increased in allocation through a new holding in the Henderson Horizon Global High Yield Bond Fund and by adding to the position in the iShares Euro High Yield Bond ETF. Government bonds were also topped up, by adding to the iShares JP Morgan USD Emerging Market Bond ETF and the SPDR Emerging Markets Local Bond UCITS ETF.

Within alternatives, profits were taken from property in the run up to the EU referendum vote against a backdrop of deteriorating flows and liquidity. The Henderson UK Property PAIF was trimmed while the holding in the UK Commercial Property Trust was completely sold. Elsewhere, the BH Macro Trust was replaced by the International Public Partner Trust.

Given the recent strength of cross-asset performance, we are beginning to take a more cautious stance in our portfolios. In particular, certain assets appear to have experienced unsustainable price movements, with low volatility equities, investment grade credit and unhedged, non-sterling equities all showing signs that they have been overbought. However, we are reluctant to rotate into the laggards just yet, as liquidity and market fundamentals such as earnings growth remain poor.

From an economic perspective, nominal growth remains subdued, and this provides continued support for global bond yields. Nevertheless, the increasing propensity to implement fiscal over monetary policy may begin to reverse this relationship to a degree. We are still overweight equities relative to duration assets, and we see credit as more attractive than government bonds in our fixed income allocations. Our cash levels remain above average and we maintain an underweight in sterling relative to other international currencies.

Performance summary

	Six months	One year	Since launch
	31 Jan 16-31 Jul 16	31 Jul 15-31 Jul 16	10 May 13-31 Jul 16
	%	%	%
Cumulative performance			
Henderson Core 4 Income Fund	9.0	5.9	10.3
	31 Jul 15-31 Jul 16	31 Jul 14-31 Jul 15	31 Jul 13-31 Jul 14
	%	%	%
Discrete year performance			
Henderson Core 4 Income Fund	5.9	2.7	2.9

Source: Morningstar - Bid to Bid and net of fees as at 12 noon valuation point, GBP, based on performance of Class I income.

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

	Net asset value* 31/07/16 p	Net asset value* 31/01/16 p	Net asset value* % change
Share class			
Class I accumulation	109.92	101.29	8.52
Class I income	96.95	91.22	6.28

*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 July, 31 January	Monthly (last business day of each month)

Ongoing charge figure

	31/07/16 %	31/01/16 %
Class I	0.71	0.78 ¹

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 0.18% (31/01/16: 0.18%) to incorporate the OCF of underlying funds.

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

The ACD made a contribution to limit the fund OCF ratio.

¹ With effect from 1 October 2015, the annual management charge decreased from 0.60% to 0.50%.

This fund is a non-UCITS retail 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)
Class I accumulation			
2013 ²	1.94	101.40	94.54
2014	3.89	104.40	96.92
2015	3.90	108.30	100.60
2016	2.56*	110.30+	98.79+
Class I income			
2013 ²	1.94	101.40	94.54
2014	3.89	98.72	94.17
2015	3.88	100.80	91.34
2016	2.50*	97.59+	88.95+

* to 31 August

+ to 29 July

² Class I launched 10 May 2013.

Net revenue distribution

Share class	31/07/16 p	31/07/15* p
Class I accumulation	2.03	1.91
Class I income	1.99	1.91

Total dividend distributions for the six months ended 31 July 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.

* Distribution is shown net of 10% notional tax credit.

Past performance is not a guide to future performance.

Major holdings

as at 31/07/16	%
Henderson Fixed Interest Monthly Income Fund +	8.28
SSGA SPDR Barclays Capital UK Corporate Bond Fund	3.56
Henderson UK Property PAIF +	3.30
Henderson Horizon Global High Yield Bond Z3 Income +	3.07
iShares USD Corporate Bond UCITS ETF	2.96
RWC Enhanced Income Fund	2.85
iShares II USD TIPS ETF	2.78
JPMorgan Global Emerging Markets Fund	2.47
Blackstone	2.05
AXA US Short Duration High Yield Bond Fund	2.03

+ Related party to the fund

Asset allocation

as at 31/07/16	%
High Yield Bonds	15.89
Europe ex UK Equity	10.95
UK Equity	9.79
Diversified Bonds	9.24
Investment Grade Bonds	8.78
Government Bonds	7.61
Property	6.22
Asia ex Japan Equity	4.08
North America Equity	3.95
Commodities	2.47
Global Emerging Market Equity	2.47
Alternatives	1.98
Specialist Equity	1.79
Private Equity	0.58
Derivatives	(0.12)
Other net assets	14.32
Total net assets	100.00

Major holdings

as at 31/01/16	%
Henderson Fixed Interest Monthly Income Fund +	7.34
Henderson UK Property PAIF +	5.73
SSGA SPDR Barclays Capital UK Corporate Bond Fund	4.68
London (City of) Investment Trust	4.00
iShares USD Corporate Bond UCITS ETF	3.31
RWC Enhanced Income Fund	2.69
iShares UK Dividend	2.45
iShares II USD TIPS ETF	2.06
Carador Income Fund 'C'	1.98
Blackstone	1.96

Asset allocation

as at 31/01/16	%
UK Equity	13.66
Europe ex UK Equity	11.11
High Yield Bonds	10.70
Investment Grade Bonds	9.61
Property	9.25
Diversified Bonds	8.69
Government Bonds	5.38
Asia Ex Japan Equity	3.94
North America Equity	3.34
Alternatives	1.92
Specialist Equity	1.56
Global Emerging Market Equity	1.34
Commodities	1.29
Private Equity	0.86
Derivatives	(0.61)
Other net assets	17.96
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Core 4 Income Fund for the six months ended 31 July 2016.

Copies of the annual half yearly long form reports of this fund are available on our website www.henderson.com or contact client services on the telephone number provided.

Other information

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.

Issued by:

Henderson Investment Funds Limited
Registered office:
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authorised and regulated
by the Financial Conduct 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

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 July 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 Core 4 Income 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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