Henderson
GLOBAL INVESTORS

INTERIM SHORT REPORT

For the six months ended
31 December 2016

Henderson Buy & Maintain Credit Fund

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Short Report

For the six months ended 31 December 2016

Investment Fund Manager

James Briggs

Investment objective and policy

To provide income and growth by investing primarily in sterling denominated investment grade corporate bonds. The fund may invest in other transferable securities (including high yield bonds), gilts, money market instruments, deposits and collective investment schemes.

Risk and reward profile

The fund currently has 1 type of share class in issue; Z income gross. The risk and reward profile is as follows:

Typically Lower potential risk/reward | Typically Higher potential risk/reward

Lower Risk | Higher Risk

1	2	3	4	5	6	7

The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period[1], 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:

- As a category, bonds are less volatile than shares
- 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.

Default risk The issuers of certain bonds could become unable to make payments on their bonds. The risk of default may be higher where the fund invests in sub-investment grade bonds.

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.

Geographic risk The fund's value may fall where it has concentrated exposure to a particular country or region that is heavily affected by an adverse event.

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.

There has been no change to the risk rating in the period.

The full list of the fund's risks are contained in the "Risk Factors" section of the fund's prospectus.

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

[1] Class Z income gross launched 16 September 2013, as it does not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

Investment review

The fund performed well over the review period, benefiting from a tightening in credit spreads and a fall in government bond yields, although the latter rose sharply over the final quarter of the year as inflation expectations rose and economic data strengthened, defying the post-UK referendum gloom. The biggest driver was further monetary policy easing measures announced by the Bank of England (BoE) following the vote to leave the European Union (EU). This comprised a 0.25% cut in the base rate, a new term funding scheme for banks, an expansion of the government asset purchase scheme by £60bn and the introduction of a new £10bn Corporate Bond Purchase Scheme (CBPS). The surprise US presidential election win by Donald Trump was seen as supportive for risk assets, particularly financials and cyclicals, and the quarter ended with the US Federal Reserve raising interest rates by 0.25%. The outperforming sectors were utilities, financials and consumer non-cyclicals.

Performance benefited from our holdings in banks and insurers, consumer non-cyclicals and utilities, while industrials and covered bonds contributed the least. German utility RWE continued to perform well, as it benefited from corporate restructuring that distanced bondholders from nuclear liabilities, positive ratings action and a ruling by the German Federal Constitutional Court that stated that utilities are entitled to compensation following the shutdown of nuclear plants in 2011. E.ON was the other standout performer in the utilities space following positive restructuring plans. It also benefited from inclusion in the BoE's CBPS. We participated in a new issue from Severn Trent in late November, which performed well, and tendered our holding of National Grid bonds at attractive levels. We repurchased a holding in National Grid towards the end of the period.

Financials also contributed significantly during the review period. The largest contribution came from the banking sector, where positions in Standard Chartered, HSBC and Citigroup performed well. Insurers also contributed positively, with Scottish Widows the stand-out performer. Real estate companies benefited performance, with the best returns coming from our position in Welltower, a US healthcare real estate investment trust (REIT) alongside positions in Australian REITs Scentre Group and Goodman. We added to our real estate holdings during the period through a new issue from ATF Netherlands.

Our holding in Tesco performed well over the summer, benefiting from the outperformance of lower rated issuers and improving corporate earnings. The position in Walmart also performed well, along with holdings in telecommunications, where Verizon and Time Warner Cable were the largest contributors. A position in AT&T performed less positively after the company announced a deal to acquire Time Warner, which saw spreads widen. In the communications sector, we added two new holdings over the period; one from Orange, a French telecommunications operator, and a long-dated Vodafone new issue, which had been negatively impacted by the sharp rise in government bonds towards the end of the year.

In terms of other activity, new positions were initiated in Microsoft through a new issue, and in RAC and Heathrow via the secondary market. We also added to our holding in Heathrow.

Political risk is likely to continue to play a major role in the direction of markets over the next year as President-elect Trump begins his tenure, negotiations regarding the UK's exit from the EU commence and general elections are held in the Netherlands, France, Germany and possibly Italy. Momentum heading into 2017 remains strong, with economic data in Europe and the US continuing to improve, which should be supportive of credit spreads in the short term. However, current valuations and the potential for a large new issue calendar at the start of the year may limit the scope for further spread tightening. We maintain a constructive view on sterling corporate bond spreads as we enter 2017, but anticipate a volatile year ahead, and one in which name selection will be paramount.

Performance summary

Cumulative performance	Six months 30 Jun 16- 31 Dec 16 %	One year 31 Dec 15- 31 Dec 16 %	Since launch 16 Sep 13- 31 Dec 16 %
Henderson Buy & Maintain Credit Fund	3.9	11.9	27.9

Discrete performance	30 Dec 15- 31 Dec 16 %	31 Dec 14- 31 Dec 15 %	31 Dec 13- 31 Dec 14 %	16 Sep 13- 31 Dec 13 %
Henderson Buy & Maintain Credit Fund	11.9	0.2	12.8	1.1

Source: BNP Paribas Security Services close of business net of fees , based on performance of class Z income gross.

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* 31/12/16 p	Net asset value* 30/06/16 p	Net asset value % change
Class Z income gross	113.36	110.99	2.14

*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 December, 30 June	30 November, Last day of February, 31 May, 31 August

Ongoing charge figure

	31/12/16 %	30/06/16 %
Class Z income gross	0.04	0.04

The 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.

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

Net revenue distribution

Share class	31/12/16 p	31/12/15 p
Class Z income gross	2.01	2.04

Total interest distributions for the six months ended 31 December 2016, comparison is for the same period last year.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class Z income gross			
2013[1]	-	103.90	99.51
2014	4.00	110.20	100.20
2015	3.86	114.10	105.20
2016	3.89	120.60+	111.90+
2017	1.00*	-	-

* to 28 February
+ to 31 December
[1] The fund launched on 16 September 2013.

Major holdings

as at 31/12/16	%
GE Capital UK Funding 8% 14/01/2039	1.25
GlaxoSmithKline Capital 5.25% 19/12/2033	1.21
Wal-Mart Stores 5.25% 28/09/2035	1.21
High Speed Rail Finance 4.375% 01/11/2038	1.20
Wessex Water Services Finance 5.75% 14/10/2033	1.18
AT&T 5.5% 15/03/2027	1.17
Citigroup 7.375% 01/09/2039	1.17
Commonwealth Bank of Australia 3% 04/09/2026	1.17
BHP Billiton Finance 3.25% 25/09/2024	1.15
Centrica 4.375% 13/03/2029	1.15

Major holdings

as at 30/06/16	%
GE UK Funding 8% 14/01/2039	1.30
AT&T 5.5% 15/03/2027	1.24
Wal-Mart Stores 5.25% 28/09/2035	1.24
Commonwealth Bank of Australia 3% 04/09/2026	1.23
GlaxoSmithKline Capital 5.25% 19/12/2033	1.23
High Speed Rail Finance 4.375% 01/11/2038	1.19
Wessex Water Services Finance 5.75% 14/10/2033	1.19
Citigroup 7.375% 01/09/2039	1.17
Procter & Gamble 6.25% 31/01/2030	1.17
Centrica 4.375% 13/03/2029	1.16

Asset allocation

as at 31/12/16	%
United Kingdom	53.41
United States	18.87
Germany	6.71
Australia	4.28
France	4.04
Italy	2.26
Denmark	1.42
Netherlands	1.06
Norway	1.05
New Zealand	0.96
Mexico	0.89
Belgium	0.77
Switzerland	0.65
Sweden	0.57
Japan	0.50
Derivatives	0.03
Other net assets	2.53
Total net assets	**100.00**

Asset allocation

as at 30/06/16	%
United Kingdom	52.78
United States	19.13
Germany	5.95
Australia	4.41
France	3.23
Italy	2.36
Denmark	1.45
Norway	1.09
Netherlands	1.05
New Zealand	1.00
Mexico	0.89
Belgium	0.79
Switzerland	0.60
Sweden	0.58
Japan	0.52
Derivatives	(0.15)
Other net assets	4.32
Total net assets	**100.00**

Report and accounts

This document is a short report of the Henderson Buy & Maintain Credit Fund for the six months ended 31 December 2016.

Copies of the half annual and 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.

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 December 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 Buy & Maintain Credit 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.

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