ANNUAL SHORT REPORT

Henderson GLOBAL INVESTORS

For the year ended
31 October 2015

Henderson US Equity Long/Short Fund

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Short Report

For the year ended 31 October 2015

Investment Fund Managers

Dan Schiff and Patrick Dunn

Investment objective and policy

The fund aims to generate positive capital returns by investing primarily in a concentrated portfolio (typically 20-50 holdings) of long and short positions that give exposure to securities listed on US stock exchanges. Exposure may be achieved both through direct physical holdings (typically long positions) and through the use of financial derivatives and forward transactions (typically short positions). The fund may also invest in other transferable securities not listed on US stock exchanges, money market instruments, derivatives and forward transactions, cash and near cash.

The fund may also make use of derivatives and forward transactions for the purposes of efficient portfolio management, including the use of hedging techniques and stock lending.

Risk and reward profile

The fund currently has 1 type of share class in issue; Y USD accumulation. 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, 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 focuses on a single region
- As a category, shares are more volatile than either bonds or money market instruments
- The fund's short exposures mean it can lose money if certain shares rise in price

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 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 in the risk rating in the year.

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

* The fund was launched on 4 December 2013, therefore the SRRI is calculated based on historical volatility over a rolling period since inception.

Investment review

Over the year to 31 October 2015, the S&P 500 index returned +5.2%. It wasn't a smooth ride for markets, however, with several surges in volatility over the year. The market had to navigate through the oil price collapse/correction, a strengthening dollar, the Federal Reserve's (Fed) much-discussed rate hike, a possible Greek exit from Europe and reels of contradictory economic data before experiencing an emerging market growth scare led by China.

The first half of the year started with a precipitous rotation out of energy stocks before the market edged higher. In spite of a chequered earnings season, tainted by a rising US dollar and continued distress in energy markets, investors were led by the accommodative Fed and its reassurance that the timing and pace of tightening would be measured and sensitive to real-time economic data. A decline in the dollar midway through the year, after a 15% rise, presented some relief for energy, materials, telecoms and technology stocks.

The second half of the year was led by the threat of a Greek exit from the EU and the worries around the resultant tightening of credit, before the summer months were dominated by headlines about a weakening Chinese economy and its knock-on effects, as many commodity-oriented equities and other cyclicals collapsed. Glencore, one of the largest natural resource producers and trading companies, lost billions of its market capitalisation in a few days, raising questions about its creditworthiness and the threat of a contagious negative effect on the financial system. To add insult to injury, the Volkswagen emissions scandal and an earnings guide-down from Caterpillar (attributable to deteriorating demand in overseas commodity markets) spread the correction that had been seemingly confined to China-sensitive cyclicals to broader, GDP-sensitive stocks.

Markets now expect lower interest rates for longer in the US. In October, further monetary easing from China, coupled with the promise of extended or increased quantitative easing (central-bank liquidity measures) from the European Central Bank, provided the main impetus behind global markets clawing back much of the summer losses.

The fund returned 6.1% (gross basis) during the year to 31 October 2015. The majority of performance came from the long book (+7.1% gross), while the short book was broadly flat (+0.5% gross).

The largest contributor to note was Activision Blizzard, which added 2.9% (gross) to performance. As a reminder, we noted several sources of upside to the video game software developer, which has been a long-held investment in the portfolio. First, the company would benefit from the two major game console manufactures refreshing their products for the first time in seven years. Second, Activision would realise a positive mix-shift from the secular transition from physical game purchases to digital downloads, which would furnish significantly higher margins. During the third quarter, the company beat revenues by 14% and earnings by 12%. It also raised guidance for 2015 by 8%.

Following the same theme, another pleasing positive for performance was Electronic Arts, which reported an improved earnings outlook, and added 1.8% (gross) to returns.

Axalta Holdings was another positive contributor of note. Axalta is a relatively new idea that we entered in the fourth quarter of 2014, returning +1.4% gross over the year. The company is the leader in coatings or paint for the transportation industry and generates 90% of its revenue in markets where it is in first or second position in terms of competition. In line with our philosophy, we have identified several "ways to win" in the stock, including earnings beats, paying down debt and corresponding equity expansion. After initiating our position, Axalta exceeded earnings estimates and, in addition, Warren Buffett's Berkshire Hathaway purchased a 10% stake in the company without any preferential terms.

Other positive returns on the long book came from Lululemon Athletica (+1.3% gross), Berry Plastics (+1.1% gross) and TransDigm Group (+0.8% gross).

The greatest setback on the long side came from Micron Technology, the semiconductor manufacturer, where we overstayed our welcome after generating good returns in 2014. Following a combination of slower than expected volume growth, and weakness in PC DRAM pricing, the holding cost the fund 1.1% and the position was subsequently sold.

Other negative contributors were Cheniere Energy (-1.1% gross) and Akamai Technologies (-0.9% gross).

Returns on the short side were muted, with only a handful of positions worthy of note. Vale SA and Ensco added 0.5% each, while Meritage Homes cost the fund 0.4%.

Our investment philosophy is focused on bottom-up due diligence and continues to guide us to a net long stance. This positioning is corroborated by our top-down sentiment indicators (historically compelling, contrarian leading indicators for stocks) that reveal extreme pessimism in spite of the global backdrop of accommodative policy. Coupled with underleveraged balance sheets and historically high levels of corporate cash, lower rates can continue to drive mergers and acquisitions activity, increased shareholder compensation and earnings acceleration – all of which bode well for US equities. The icing on the cake for us is the continued benefit of cheaper energy costs, which further strengthen the earnings outlook.

Notwithstanding that the global growth outlook is muted, due to weakness in China and other emerging markets, we believe that US stocks can still perform into the year end. For context, US exports to China only represent 1% of GDP and the S&P 500 has limited revenue exposure to China of less than 3%. Even if the contagion from China worsens, all emerging markets in aggregate are less than 7% of the S&P 500's revenues. All the while, the overwhelming majority of central bankers continue to exercise easy policy and the Fed has been clear that the timing and pace of rate hikes will be measured and subject to continued economic improvement. Accordingly, as the elevated volatility represents great pessimism, we will be adding to high-conviction longs that present compelling return-to-risk profiles and covering shorts that no longer do so.

Performance summary

	31 Oct 14 - 31 Oct 15 %	4 Dec 13^ - 31 Oct 14 %
Henderson US Equity Long/Short Fund*	6.1	0.3
3M USD Libor	0.3	0.2

Source : Henderson Global Investors & Russell/Mellon CAPS.
^ Inception date
* Fund returns calculated using close of business prices on a gross asset value basis in USD, on based on class Y USD accumulation.

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* 2015 USD cents	Net asset value* 2014 USD cents	Net asset value* 2014 USD cents
Class Y USD accumulation	10,293.31	9,872.40	4.26

*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

Share class	2015 USD cents	2014 USD cents
Class Y USD accumulation	-	-

Total dividend distributions for the year ended 31 October 2015, comparison is for period 4 December 2013 to 31 October 2014.

Fund facts

Accounting dates	Payment dates
30 April, 31 October	30 June, 31 December

Ongoing charge figure

	OCF* 2015 %	Performance fees 2015 %	OCF* 2014 %	Performance fees 2014 %
Class Y USD	1.90	1.06	1.98	0.08

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).
*The OCF excludes perfomance fees

Performance record

Calendar year	Net revenue (USD cents per share)	Highest price (USD cents per share)	Lowest price (USD cents per share)
Class Y accumulation			
2013^	-	10,070	9,930
2014	-	10,300	9,264
2015	-*	10,630+	10,040+

* to 31 December
+ to 31 October
^ Fund launched 4 December 2013

Past performance is not a guide to future performance.

Major holdings

as at 2015	%
Deutsche Global Liquidity Managed Dollar Fund Platinum Class	7.77
Adobe Systems	5.90
Zayo	5.83
Hanesbrands	5.15
Aramark	4.87
Block (H & R)	4.80
E*TRADE Financial	4.76
Hartford Financial Services	4.65
LKQ	4.54
American International	4.48

Major holdings

as at 2014	%
Activision Blizzard	6.93
Block (H & R)	6.82
Transdigm	6.55
American International	6.52
Monsanto	5.53
Berry Plastics	5.04
Hess	4.91
SanDisk	4.81
Lululemon Athletica	4.77
Microsoft	4.71

Asset allocation

as at 2015	%
Consumer Goods	17.63
Financials	17.52
Technology	9.96
Consumer Services	9.67
Industrials	8.77
Basic Materials	8.15
Telecommunications	5.83
United States	3.50
Derivatives	(0.63)
Collective Investment Schemes	7.77
Other net assets	11.83
Total net assets	**100.00**

Asset allocation

as at 2014	%
Consumer Goods	17.23
Industrials	14.54
Technology	13.74
Financials	10.58
Consumer Services	10.34
Oil & Gas	4.91
Basic Materials	4.64
Utilites	3.81
Derivatives	(0.40)
Other net assets	20.61
Total net assets	**100.00**

Report and accounts

This document is a short report of the Henderson US Equity Long/Short Fund for the year ended 31 October 2015.

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

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.

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

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:
201 Bishopsgate, 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 31 October 2015. 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 Equity Long/Short 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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