



ANNUAL SHORT REPORT

For the year ended
31 October 2016

Henderson
GLOBAL INVESTORS

**Henderson Institutional Asia Pacific
ex Japan Enhanced Equity Fund**

Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund

Short Report

For the year ended 31 October 2016

Investment Fund Manager

Henderson Multi Strategy Equities Team

Investment objective and policy

The fund aims to provide consistent capital growth relative to the FTSE World Asia Pacific ex Japan Index (or such other index as may from time to time may replace it) through investing primarily in Asia Pacific ex Japan companies. There are no restrictions on the size of the companies in which the fund may invest.

The fund aims to provide an annual return above that of the FTSE World Asia Pacific ex Japan Index, whilst controlling risk. The fund will invest primarily in Asia Pacific ex Japan companies included within the FTSE World Asia Pacific ex Japan Index. Additionally, the fund can invest in companies listed on other exchanges which are associated with FTSE World Asia Pacific ex Japan Index listed shares or other Asia Pacific ex Japan companies.

The fund will not attempt to replicate identically the share composition of the FTSE World Asia Pacific ex Japan Index, and the Investment Fund Manager will actively review the shares within the portfolio, and effect adjustments as necessary in order to achieve the investment objective.

The fund may invest the property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Risk and reward profile

The fund currently has 3 types of share class in issue; I accumulation, Y accumulation and Z accumulation. Each type of share class has the same risk and reward profile which 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 focuses on a single region
- As a category, shares are more volatile than either bonds or money market instruments
- The fund invests in a broad range of securities and countries and uses a broad range of strategies
- 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.

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

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

The SRRRI conforms to the European Securities and Markets Authority guidelines for the calculation of the SRRRI.

Investment review

The FTSE All World Developed Asia Pacific ex Japan Index rose by 39.7% in sterling terms over the year to 31 October 2016. The materials sector was a major contributor to returns as commodities began to recover. Healthcare lagged over the year.

China struggled at the end of 2015 as residual effects from the summer's steep equity market falls continued to take their toll. Early in January, China's new 'circuit breaker' system, designed to automatically halt trading upon stocks moving by 7% within a day, was cancelled after it was triggered twice in one week. Additionally, the reserve requirement ratio (cash deposits that banks must hold rather than lend out) in China was slashed multiple times. The disappointing data led the People's Bank of China to announce that it had lowered its forecast for 2016 growth to a range of 6.5–7.0%, news that was followed and justified by the revelation of severely diminished February export figures (though these rebounded somewhat in March following the Lunar New Year holiday). In August, the Chinese economy showed signs of stabilising, and profits in the industrial sector rose at the quickest pace in three years. GDP growth held steady at 6.7% in the third quarter, and inflation increased to 1.9% on higher food prices.

Offsetting some weaker economic data in the region was a strong upward swing in commodity prices and mining stocks. Oil, gold and copper prices all rose in the first three months of 2016, benefiting major producers such as Australia. Accommodative central banks also boosted markets. The Reserve Bank of Australia cut to a record low of 1.5% in August. Bank Indonesia made several cuts to its benchmark interest rate during the year, and policymakers in India enacted a 25-basis-point decrease in April. The country was later boosted by a favourable monsoon season that attracted foreign investment. But the September inflation rate of 4.3% was the lowest rate in a year due to easing food price rises, and the Reserve Bank of India slashed rates again in October.

Performance summary

	31 Oct 15- 31 Oct 16 %	31 Oct 14- 31 Oct 15 %	31 Oct 13- 31 Oct 14 %	31 Oct 12- 31 Oct 13 %	31 Oct 11- 31 Oct 12 %
Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund*	40.2	(8.9)	1.6	14.4	7.6
FTSE Custom All World Dev Asia Pacific ex Japan Index	39.7	(8.8)	1.6	14.2	7.6

Source : Henderson Global Investors & FTSE

* Fund returns calculated using close of business prices on a gross asset value basis in GBP, based on performance of Class Z accumulation.

** Customised net dividends reinvested (Market Capitalisation weighted index of Australia, New Zealand, Hong Kong, Singapore, Taiwan and Korea).

Figures in brackets are negative.

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.

Fund facts

Accounting dates

30 April, 31 October

Payment dates

30 June, 31 December

Ongoing charge figure

	2016 %	2015 %
Class I	0.83	0.83
Class Y	0.83	0.83
Class Z	0.08	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.

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

Comparative tables

	Class I accumulation			Class Y accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share						
Opening net asset value per share	190.67	210.87	209.35	190.26	210.40	208.91
Return before operating charges*	76.53	(18.48)	3.21	76.33	(18.42)	3.18
Operating charges	(1.78)	(1.72)	(1.69)	(1.78)	(1.72)	(1.69)
Return after operating charges*	74.75	(20.20)	1.52	74.55	(20.14)	1.49
Distributions on accumulation shares	(6.82)	(4.98)	(4.66)	(6.78)	(4.97)	(4.65)
Retained distributions on accumulation shares	6.82	4.98	4.66	6.78	4.97	4.65
Closing net asset value per share	265.42	190.67	210.87	264.81	190.26	210.40
* after direct transaction costs of:	-	-	0.12	-	-	0.12
Performance						
Return after charges	39.20%	(9.58%)	0.73%	39.18%	(9.57%)	0.71%
Other information						
Closing net asset value (£000s)	12,362	9,995	12,566	25,211	18,113	19,982
Closing number of shares	4,657,365	5,241,736	5,959,224	9,520,438	9,520,438	9,497,211
Operating charges	0.83%	0.83%	0.83%	0.83%	0.83%	0.83%
Direct transaction costs	0.00%	0.00%	0.06%	0.00%	0.00%	0.06%
Prices						
Highest share price (pence)	269.22	232.67	222.35	268.64	232.16	221.86
Lowest share price (pence)	178.19	169.11	187.68	177.80	168.74	187.26

Past performance is not a guide to future performance.

Comparative tables

	Class Z accumulation		
	2016 (pence per share)	2015 (pence per share)	2014 (pence per share)
Change in net assets per share			
Opening net asset value per share	283.05	310.69	306.29
Return before operating charges*	113.67	(27.39)	4.64
Operating charges	(0.26)	(0.25)	(0.24)
Return after operating charges*	113.41	(27.64)	4.40
Distributions on accumulation shares	(12.08)	(9.66)	(9.11)
Retained distributions on accumulation shares	12.08	9.66	9.11
Closing net asset value per share	396.46	283.05	310.69
* after direct transaction costs of:	-	-	0.18

Performance

Return after charges	40.07%	(8.90%)	1.44%
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Other information

Closing net asset value (£000s)	107,735	93,059	125,319
Closing number of shares	27,174,158	32,876,934	40,336,029
Operating charges	0.08%	0.08%	0.08%
Direct transaction costs	0.00%	0.00%	0.06%

Prices

Highest share price (pence)	402.62	343.94	327.25
Lowest share price (pence)	265.02	250.70	275.01

Performance values are at close of business and may differ from the performance summary.

Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

Major holdings

as at 2016	%
Samsung Electronics	5.26
Taiwan Semiconductor Manufacturing	5.19
Commonwealth Bank of Australia	3.41
Westpac Banking	2.76
AIA	2.75
Australia & New Zealand Banking	2.20
BHP Billiton	2.08
National Australia Bank	2.02
Hon Hai Precision Industries	1.48
CSL	1.30

Major holdings

as at 2015	%
Samsung Electronics	4.94
Taiwan Semiconductor Manufacturing	3.89
Commonwealth Bank of Australia	3.58
Westpac Banking	2.74
AIA	2.73
National Australia Bank	2.15
Australia & New Zealand Banking	2.14
BHP Billiton	2.04
CK Hutchison Holdings	1.48
Hon Hai Precision Industries	1.42

Asset allocation	
as at 2016	%
Australia	32.47
South Korea	21.45
Taiwan	18.41
Hong Kong	16.21
Singapore	5.59
China	1.66
New Zealand	1.21
United Kingdom	0.62
Ireland	0.26
United States	0.10
Spain	0.09
Italy	0.07
France	0.03
Russian Federation	0.02
Derivatives	(0.04)
Other net assets	1.85
Total net assets	100.00

Asset allocation	
as at 2015	%
Australia	31.73
South Korea	22.26
Taiwan	17.20
Hong Kong	16.78
Singapore	6.29
China	1.76
New Zealand	1.02
United Kingdom	0.61
Ireland	0.21
United States	0.08
Italy	0.07
Spain	0.05
France	0.02
Russian Federation	0.02
Derivatives	0.07
Other net assets	1.83
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund for the year ended 31 October 2016.

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.

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

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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 October 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 Institutional Asia Pacific ex Japan Enhanced Equity 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. 17955354), 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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