



# ANNUAL SHORT REPORT

For the year ended  
31 October 2015

**Henderson**  
GLOBAL INVESTORS

**Henderson Institutional Emerging Markets Fund**

# Henderson Institutional Emerging Markets Fund

## Short Report

For the year ended 31 October 2015

### Investment Fund Manager

Henderson Multi-Strategy Equity Team

### Other information

Please note it is management's intention to merge Henderson Institutional Emerging Markets Fund into Henderson Emerging Markets Opportunities Fund (a sub-fund of Henderson Investment Funds Series I) during the next year and commence the process of terminating the closing fund. Therefore, the fund is not considered to be a going concern and as such the financial statements have been prepared on a basis other than going concern.

### Investment objective and policy

To aim to provide capital growth by investing in emerging market companies. These companies will either be incorporated in emerging markets or, if incorporated elsewhere, derive a majority of their revenue from, or from activities related to, emerging markets. For the avoidance of doubt the fund may also invest in securities of other investment vehicles whose objectives are compatible with that of the fund.

### Risk and reward profile

The fund currently has 3 types of share class in issue; A accumulation, I accumulation and Z accumulation. Each 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 countries that have less developed markets.
- 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.

**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.

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 year.

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

## Investment review

The MSCI Emerging Markets Index fell by 11.1% in sterling terms over the year to 31 October 2015, bogged down by Chinese market falls and a significantly decreased oil price.

Early in the year, investors grew increasingly convinced that the Chinese government would intervene to boost the economy, which it duly did. Surprise interest-rate cuts in November and again in February prompted stock-market rallies, but were not enough to stave off the market tumult that was to come. By mid-summer, China's heavy stock-buying activity ended in earnest, and Monday 24 August saw the biggest one-day drop in the Shanghai Composite Index since 2007. The People's Bank of China immediately enacted moves that it hoped would downplay the effects of market falls; these included cutting interest rates multiple times, so that they ended the year at 4.35%. The reserve requirement that banks are obliged to hold was also lowered twice in the latter half of the year. Earlier in August, the central bank had devalued the yuan in an attempt to create a more favourable exchange rate for markets.

Emerging markets in other parts of the world also suffered; a collapse in the oil price in the second half of 2014 was particularly keenly felt. While net

oil importers enjoyed an unexpected benefit, large exporters saw their stock markets and currencies weaken dramatically. Russia was a prime example, although it also suffered from the effects of Western sanctions. While the rouble and the Russian stock market recovered strongly in the first quarter of 2015, this was not enough to outweigh losses earlier in the year under review. India, despite benefiting from oil-price savings given its status as an importer, still deemed monetary easing necessary: a fourth interest-rate reduction this year was employed in the final days of September, when the Reserve Bank of India cut rates to 6.75%.

In Latin America, Brazil was far from immune to concerns about the lower price of oil and other commodities, and the election victory of incumbent President Dilma Rousseff also damaging sentiment: investors had hoped for a new, more fiscally accommodative administration. These troubles were expounded in 2015 as the president contended with a government scandal regarding corruption at oil giant Petrobras and later, accusations of election tampering.

## Performance summary

	31 Oct 14 - 31 Oct 15 %	31 Oct 13 - 31 Oct 14 %	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %
Henderson Institutional Emerging Markets Fund	(12.8)	(0.6)	4.8	(1.4)	(7.7)
MSCI Emerging Markets Index	(11.1)	1.4	7.2	3.2	(8.3)

Source: Morningstar, bid to bid and net of fees, as at valuation point, based on performance of Class A accumulation. Benchmark values are as at close of business. 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.

## Summary of fund performance

Share class	Net asset value* 2015 p	Net asset value* 2014 p	Net asset value % change
Class A accumulation	221.48	255.34	(13.26)
Class I accumulation	239.37	274.09	(12.67)
Class Z accumulation	269.17	305.20	(11.81)

\* 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 p	2014 p
Class A accumulation	0.69	0.17
Class I accumulation	2.20	1.62
Class Z accumulation	5.47	4.41

Total dividend distributions for the year ended 31 October 2015, comparison is for the same period last year.

## Fund facts

Accounting dates	Payment dates
30 April, 31 October	31 December

## Ongoing charge figure

	2015 %	2014 %
Class A	1.74	1.73
Class I	1.10	1.07
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.

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>			
2010	1.27	288.10	223.60
2011	1.99	291.90	211.70
2012	1.88	267.30	220.20
2013	1.62	279.40	225.10
2014	0.17	274.40	220.70
2015	0.69 *	284.60 +	199.20 +
<b>Class I accumulation</b>			
2010	3.49	303.30	232.30
2011	4.08	305.30	222.60
2012	3.87	281.90	231.80
2013	3.41	296.80	239.50
2014	1.62	294.30	235.80
2015	2.20 *	306.40 +	215.10+
<b>Class X accumulation</b>			
2010 <sup>1</sup>	-	239.60	229.70
<b>Class Z accumulation</b>			
2010	6.05	324.80	246.60
2011	8.96	327.10	240.40
2012	8.86	306.60	250.50
2013	7.53	325.00	263.10
2014	4.41	327.20	260.60
2015	5.47 *	342.70 +	241.40+

+ to 31 October

\* to 31 December

<sup>1</sup> Class X accumulation merged with Class A accumulation on 11 January 2010

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

## Major holdings

as at 2015	%
US Treasury 0% 10/12/2015	7.37
US Treasury 0% 31/12/2015	7.36
Deutsche Global Liquidity Managed Dollar Fund Platinum Class	6.45
Samsung Electronics	3.36
Tencent Holdings	2.49
iShares MSCI Taiwan	2.10
China Mobile	1.93
Naspers 'N'	1.72
Industrial & Commercial Bank of China	1.45
Infosys Technologies ADR	1.40

## Asset allocation

as at 2015	%
China	17.18
United States	15.13
South Korea	11.21
India	6.65
Collective Investment Schemes	6.45
South Africa	5.05
Brazil	3.11
Russian Federation	3.00
Mexico	2.96
Indonesia	2.32
Taiwan	2.10
Malaysia	2.03
Thailand	1.93
Turkey	1.14
Chile	1.07
Poland	0.94
Belgium	0.77
Philippines	0.55
Greece	0.38
Peru	0.37
Colombia	0.31
Czech Republic	0.28
Hungary	0.14
Hong Kong	0.02
Derivatives	1.27
Other net assets	13.64
<b>Total net assets</b>	<b>100.00</b>

## Major holdings

as at 2014	%
US Treasury 0% 04/12/2014	9.02
Deutsche Global Liquidity Managed Dollar Fund Platinum Class	7.21
iShare MSCI Taiwan	4.87
Samsung Electronics	2.93
Tencent Holdings	1.84
China Mobile	1.52
China Construction Bank 'H'	1.49
Naspers 'N'	1.39
Banco Itau Financeira Preference Shares	1.38
Petroleo Brasileiro Preference Shares	1.09

## Asset allocation

as at 2014	%
China	14.69
South Korea	10.81
United States	9.02
Brazil	6.60
South Africa	5.34
India	5.33
Mexico	3.95
Russian Federation	3.65
Malaysia	3.03
Indonesia	2.15
Thailand	1.77
Turkey	1.44
Poland	1.06
Chile	1.00
Belgium	0.81
Colombia	0.58
Philippines	0.54
Peru	0.53
Czech Republic	0.44
Greece	0.28
Egypt	0.18
Taiwan	0.14
Hong Kong	0.13
Hungary	0.08
Collective Investment Schemes	12.08
Derivatives	(0.10)
Other net assets	14.47
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson Institutional Emerging Markets Fund for the year ended 31 October 2015.

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 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

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Member of The Investment Association (formerly Investment Management Association) and authorised and regulated

by the Financial Conduct Authority.

Registered in England No 2678531

### Shareholder Administrator

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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.

### Depository

National Westminster Bank Plc

135 Bishopsgate

London

EC2M 3UR

### Auditor

PricewaterhouseCoopers LLP

141 Bothwell Street

Glasgow

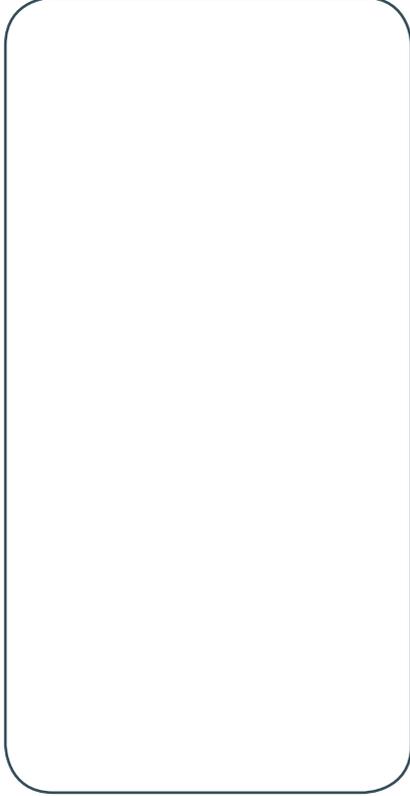
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# Contact us

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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 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 Institutional Emerging Markets 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: 34V

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

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