



INTERIM SHORT REPORT

For the six months ended
31 January 2017

Henderson
GLOBAL INVESTORS

Henderson Cautious Managed Fund

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Short Report

For the six months ended 31 January 2017

Investment Fund Managers

Chris Burvill, John Pattulo and Jenna Barnard

Investment objective and policy

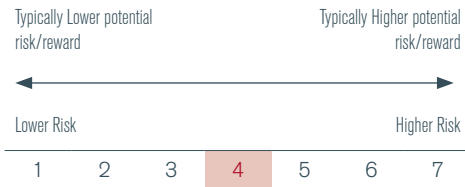
To provide a combination of income and long-term capital growth. Investment will be in a diversified portfolio of equities, bonds and other related investments. At all times the investment in equities will be limited to a maximum of 60% of the value of the fund's portfolio.

The fund may also invest at the ACD's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

Risk and reward profile

The fund currently has 10 types of share class in issue; A accumulation, A income, C accumulation, I accumulation, I income, M accumulation, M income, A EUR (hedged) accumulation, I EUR (hedged) accumulation and I USD (hedged) 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 period¹, 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 share class appears at 4 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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:

Liquidity risk Any security could become hard to value or to sell at a desired time and price, increasing the risk of investment losses.

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

Hedging risk Measures designed to reduce the impact of certain risks may not be available or may be ineffective.

Derivatives risk Derivatives use exposes the fund to risks different from, and potentially greater than, the risks associated with investing directly in securities and may therefore result in additional loss, which could be significantly greater than the cost of the derivative.

Equities risk Shares can lose value rapidly, and typically involve higher risks than bonds or money market instruments. The value of your investment may fall as a result.

Exchange rate risk Changes in currency exchange rates may cause the value of your investment and any income from it to rise or fall.

Interest rate risk When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise. This risk is generally greater the longer the maturity of a bond investment.

Credit risk The value of a bond or money market security may fall if the financial health of the issuer weakens, or the market believes it may weaken. This risk is greater the lower the credit quality of the bond.

Active management risk Active 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 Factors" 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.

¹ Class A EUR (hedged) accumulation, I EUR (hedged) accumulation launched on 4 March 2015 and I USD (hedged) accumulation launched on 11 August 2014, as they do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

Investment review

The continued recovery in the UK equity market over this period allowed the fund to produce a modest positive return of 2.6%. This came despite the first notable sell off in UK gilts for three years, with gilt yields rising by close to 50 basis points. Our performance against our more internationally oriented peer group was held back by the continued weakness of sterling and further outperformance by overseas equity markets. The peer group rise of 3.7% meant that the fund ranked in the 73rd percentile.

These total return figures hide the fact that, at the underlying level, stock picking has been fraught with risks. These have either not been easy to anticipate, coming as they did from unexpected sources including BT's accounting issues with its Italian subsidiary or Vodafone meeting new and intense competition in India, or from further weakness in existing problem areas, such as Pearson's North American higher education division.

This was definitely a period where many internationally oriented FTSE stocks were, for one reason or another, unable to capitalise on the benefits of sterling weakness. On the plus side, the rise in bond yields started to be felt in equities'

performance. We were able to benefit from a gradual recovery in financial stocks, an area we have added to in the last year, with Barclays Bank and Aviva rallying strongly. The sale of National Grid earlier in the review period was helpful, as this well-known bond proxy started to underperform. We were also helped more generally from a switch away from big international earners such as Reckitt Benckiser, BATS and GlaxoSmithKline – all stocks we don't hold or in which we are overweight.

Our bond portfolio benefited over the period from being defensively invested. Being lower duration, with a high weighting in index-linked bonds and some holdings in high yield bonds, helped to cushion the weakness in the overall fixed interest market.

Treacherous environments like today's inevitably demand restraint from even the most cautious of funds. While our overall positioning has been positive, with equities remaining consistently above 50% of the fund, we have been willing to take profits on stocks that we see as being overvalued. We sold out of Sage, Informa, SSE and Severn Trent, and reduced Carnival, Bellway and Elementis. New positions have been taken in WS Atkins and Howdens Joinery, with additions made in some weaker performers, where we are more confident about the longer term outlook, such as Lloyds Banking, BT and Babcock International. A small but general theme for us has been to increase our domestic cyclical weighting, taking advantage of the pronounced weakness we have seen since the Brexit vote for the UK to leave the EU. Not only do some domestic stocks offer outstanding value, they would be immediate beneficiaries of any rally in sterling.

Looking ahead, our more optimistic view of the prospects for the domestic economy puts us at odds with the prevailing wisdom at present. We are acutely aware of the potential political hazards that could impact on UK equities in the coming months, but these issues are widely known and discussed. Few are currently willing to countenance the prospects of a more amicable divorce from Europe. Still fewer have anything good to say about the domestic consumer outlook. But the benefits from a sharp fall in sterling should not be completely ignored, and even a small rise in inflation and interest rates will help certain sections of the economy without causing undue stress elsewhere. The scope for positive surprises both from sterling and for domestic profits, coupled with continued currency benefits for most international earners, suggests to us that the UK equity market still has scope to move higher over the year.

Performance summary

	Six months 31 Jul 16- 31 Jan 17 %	One year 31 Jan 16- 31 Jan 17 %	Five years 31 Jan 12- 31 Jan 17 %	Since launch 03 Feb 03- 31 Jan 17 %
Cumulative performance				
Henderson Cautious Managed Fund	2.6	8.7	38.5	153.0
Mixed Investment 20-60% Shares Sector Average	3.7	13.5	35.8	n/a*

	31 Jan 16- 31 Jan 17 %	31 Jan 15- 31 Jan 16 %	31 Jan 14- 31 Jan 15 %	31 Jan 13- 31 Jan 14 %	31 Jan 12- 31 Jan 13 %
Discrete performance					
Henderson Cautious Managed Fund	8.7	(4.2)	6.9	9.4	13.9

Source: Morningstar – bid to bid and net of fees as at 12 noon valuation point, based on performance of Class A accumulation. Benchmark values are as at close of business.

* Benchmark return is not quoted as the fund's inception date is earlier than the benchmark inception date.

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* 31/01/17 p	Net asset value* 31/07/16 p	Net asset value % change
Class A accumulation	251.90	246.72	2.10
Class A income	150.00	149.00	0.67
Class C accumulation	683.86	667.56	2.44
Class I accumulation	224.89	219.66	2.38
Class I income	121.79	120.67	0.93
Class M accumulation	133.80	131.21	1.97
Class M income	114.14	113.51	0.56
Class A EUR (hedged) accumulation	877.13	847.29	3.52
Class I EUR (hedged) accumulation	887.73	854.91	3.84
Class I USD (hedged) accumulation	877.04	810.26	8.24

* 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

31 January, 31 July

Payment dates

31 March, 30 June, 30 September, 31 December
(Except Class M)

For Class M:

31 August, 30 September, 31 October, 30 November,
31 December, 31 January, Last day of February,
31 March, 30 April, 31 May, 30 June and 31 July

Ongoing charge figure

	31/01/17	31/07/16
	%	%
Class A	1.45	1.45
Class C	0.56	0.57
Class I	0.72	0.72
Class M	1.70	1.70

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).

Net revenue distribution

Share class	31/01/17 p	31/01/16 p
Class A accumulation	3.55	3.13
Class A income	2.14	1.94
Class C accumulation	9.82	8.76
Class I accumulation	3.20	2.86
Class I income	1.75	1.62
Class M accumulation	1.72	1.60
Class M income	1.62	1.50

Share class	31/01/17 Euro cents	31/01/16 Euro cents
Class A EUR (hedged) accumulation	14.21	12.56
Class I EUR (hedged) accumulation	14.61	13.11

Share class	31/01/17 USD cents	31/01/16 USD cents
Class I USD (hedged) accumulation	15.54	13.92

Total dividend distributions for the six months ended 31 January 2017, 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.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A accumulation			
2012	7.85	201.89	179.63
2013	7.53	229.00	202.68
2014	7.04	239.10	226.60
2015	7.05	250.00	231.10
2016	7.84	255.80	223.50
2017	1.35*	258.20+	252.50+
Class A income			
2012	5.47	137.15	124.37
2013	5.05	151.70	137.69
2014	4.57	152.90	145.30
2015	4.44	157.80	143.40
2016	4.79	154.50	137.50
2017	0.81*	154.60+	151.20+
Class C accumulation			
2012	21.30	532.69	471.92
2013	20.31	607.90	534.84
2014	19.51	639.30	604.10
2015	19.61	670.80	621.70
2016	21.77	693.10	602.70
2017	3.72*	700.90+	685.70+
Class I accumulation¹			
2012	1.87	175.95	156.16
2013	6.80	200.70	176.66
2014	6.36	210.80	199.40
2015	6.41	221.10	204.80
2016	7.10	228.00	198.40
2017	1.22*	230.50+	225.50+

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class I income¹			
2012	1.18	109.09	97.87
2013	4.16	121.20	109.53
2014	3.76	122.50	116.70
2015	3.68	127.00	115.80
2016	3.95	125.30	111.10
2017	0.66*	125.50+	122.80+
Class M accumulation²			
2012	3.19	108.34	96.49
2013	3.85	122.70	107.83
2014	3.80	127.70	121.00
2015	3.69	133.30	123.20
2016	3.87	136.00	118.90
2017	0.45*	137.20+	134.20+
Class M income²			
2012	3.15	105.01	95.46
2013	3.68	115.60	104.52
2014	3.56	117.20	110.60
2015	3.44	120.10	109.10
2016	3.59	117.00	104.80
2017	0.42*	117.10+	114.60+
	Net revenue (Euro cents per share)	Highest price (Euro cents per share)	Lowest price (Euro cents per share)
Class A EUR (hedged) accumulation³			
2015	21.74	1,025.00	946.00
2016	31.43	1,040.00	912.70
2017	5.51*	1,047.00+	1,024.00+
Class I EUR (hedged) accumulation⁴			
2015	22.29	1,026.00	949.00
2016	32.50	1,051.00	918.00
2017	5.65*	1,060.00+	1,036.00+

Performance record

Calendar year	Net revenue (USD cents per share)	Highest price (USD cents per share)	Lowest price (USD cents per share)
Class I USD (hedged) accumulation⁵			
2014	6.77	1,031.00	976.60
2015	31.45	1,079.00	998.80
2016	34.31	1,116.99	967.39
2017	5.98*	1,130.74+	1,106.42+

+ to 31 January

* to 31 March

¹ Class I accumulation and Class I income launched on 19 July 2012

² Class M accumulation and Class M income launched on 9 February 2012

³ Class A EUR (hedged) accumulation launched on 4 March 2015

⁴ Class I EUR (hedged) accumulation launched on 4 March 2015

⁵ Class I USD (hedged) accumulation launched on 11 August 2014

Past performance is not a guide to future performance

Major holdings

as at 31/01/17	%
Royal Dutch Shell 'B'	3.48
HSBC Holdings	3.09
US Treasury 0.125% Index-Linked 15/07/2024	2.46
AstraZeneca	2.30
Rio Tinto	2.22
UK Treasury 1.875% Index-Linked 22/11/2022	2.06
Imperial Tobacco	2.05
Vodafone	2.05
Lloyds Banking	1.98
BP	1.88

Asset allocation

as at 31/01/17	%
Equities	53.96
Bonds	31.02
Derivatives	0.19
Other net assets	14.83
Total net assets	100.00

Major holdings

as at 31/07/16	%
Royal Dutch Shell 'B'	3.09
AstraZeneca	2.74
Vodafone	2.41
US Treasury 0.125% Index-Linked 15/07/2024	2.34
HSBC Holdings	2.32
UK Treasury 1.875% Index-Linked 22/11/2022	1.99
Smith & Nephew	1.79
Imperial Tobacco	1.78
BT	1.73
BP	1.68

Asset allocation

as at 31/07/16	%
Equities	52.27
Bonds	31.39
Derivatives	0.03
Other net assets	16.31
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Cautious Managed Fund for the period ended 31 January 2017.

Copies of the annual and 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

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.

Issued by:

Henderson Investment Funds Limited
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Member of the Investment Association and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

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SS15 5FS

Risk warning

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Auditor

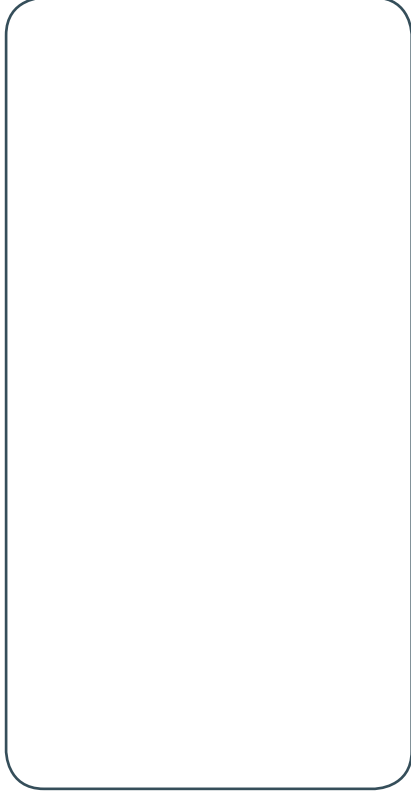
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Depository

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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 January 2017. 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 Cautious Managed 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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