Henderson
GLOBAL INVESTORS

INTERIM SHORT REPORT

For the six months ended
30 November 2015

Henderson Institutional Cash Fund

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Short Report

For the six months ended 30 November 2015

Investment Fund Manager

Angus Teatherton

Other information

Please note Financial class accumulation launched on 19 June 2015.

Investment objective and policy

The investment objective of the Henderson Institutional Cash Fund is to aim to provide a level of income in line with money market rates, commensurate with security of capital, through investment primarily in short term deposits, money market instruments and, at the Manager's discretion, fixed interest securities.

Risk and reward profile

The fund currently has 9 types of units in issue: Corporate class accumulation, Financial class accumulation, Intermediate class accumulation, Retail class accumulation, Corporate class gross accumulation, Financial class gross accumulation, Institutional class gross accumulation, Intermediate class gross accumulation and Retail class gross accumulation.

Each type of unit has the same risk and reward profile which 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 units 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, bank deposits and money market instruments 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. 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.

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.

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 has been no change to the risk rating in the year.

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

Investment review

Highlight

- UK interest rates have remained unchanged at 0.5% for more than six years.
- The UK economic outlook continues to slowly improve, while inflation continues to fall.
- The European Central Bank (ECB) signalled that it is prepared to ease monetary policy further, as deflationary pressures persist in Europe.
- The US Federal Reserve (the Fed) prevaricated over raising rates, though are now expected to act in December.

The July testimony to the Treasury Committee saw the governor of the Bank of England (BoE), along with several members of the monetary policy committee (MPC), flag the possibility of UK interest rates rising sooner than expected as the economy improved. This message was reiterated with the publication of the monthly MPC minutes, when it was revealed that for “a number of members”, the upside risks to medium-term inflation were increasing; in particular, the recent rise in earnings data, generally a precursor to a tightening in the labour market, was cited. Members agreed that it was not the time to raise rates due to uncertainty caused by the summer’s developments in Greece, but noted that their decision would be more “finely balanced” if the situation calmed.

With the approach of the BoE’s first ‘Super Thursday’ – the day on which the MPC’s monetary policy decision is announced, the meeting minutes are immediately released and the inflation report is published – expectations of a split decision grew, with the possibility of two members voting for a rate rise. In fact, only one member, Ian McCafferty, supported an increase in rates. The MPC raised wage and growth forecasts, while markedly cutting the near-term inflation forecast. Although the inflation report was relatively dovish, a number of MPC members all noted later in the month that the economy was improving and that interest rates would soon have to be slowly raised.

Domestic data, however, was overshadowed by the Chinese central bank’s surprise decision to devalue its currency to combat their economy’s slowdown. This caused equity, commodity and currency markets to plummet. While acknowledging the prospects for a continued healthy domestic expansion, the September MPC minutes revealed that the committee was still adopting a cautious stance. They expressed concerns that the slowdown in China and the markedly higher volatility in both commodity prices and global markets would have “the potential to add to the global headwinds to UK growth and inflation”. By the end of the quarter, the market had pushed interest rate expectations back further, with the first projected rise in the UK moving from May to December 2016.

At the beginning of November, MPC members Kristin Forbes and Martin Weale both commented that they were concerned that inflation was set to snap back sharply and that the central bank should get ahead of the curve; however, their concerns failed to materialise into a change in voting, as the November meeting again revealed a 8-1 vote to keep monetary policy unchanged. The November inflation report trimmed the growth forecast slightly, to 2.7% for 2015 and 2.5% for 2016 (versus 2.8% and 2.7% previously), while the near-term inflation outlook was lowered, with consumer price inflation not expected to return to target until the fourth quarter of 2017. However, the minutes noted that there was a “wide spread of views” on this matter. In the press briefing, Governor Mark Carney said there was a clear trade-off between strong domestic strength and foreign weakness, though reiterated that it is not the time for a rate rise. He did note that such a move is still likely in 2016. Later in the month, the BoE’s most dovish member, Andy Haldane, backed away from his stance on the prospect of an interest rate cut in the UK, recognising the strength of domestic demand and the potential for international headwinds to fade.

Following the rise in money market rates given the probability of a split in the voting pattern at the MPC, the fund increased its weighted asset maturity (WAM) by increasing its holding in one- and two-year floating rate notes. The WAM was further increased towards the end of the review period as the majority of MPC members revealed that they were in no rush to change monetary policy. Changes in market dynamics as 2016 approached also had an effect, as did the introduction of stricter balance sheet requirements for banks.

With continued weakening commodity and oil prices putting downward pressure on headline inflation and the UK economy showing signs of slowing down, the markets are currently expecting the first interest rate rise in early 2017. With the exception of Ian McCafferty and the possibility of Kristin Forbes and Martin Weale, who advocate a more proactive stance on interest rates, the members of MPC appear to be in no hurry to change monetary policy. While the

MPC have stated that changes in US policy have little impact in their deliberations, the timing of the UK's first rate rise could be closely tied to how well the probable US December rate rise is received by the markets.

Performance summary

Cumulative performance

	Six months 31 May 15 - 30 Nov 15 %	One year 30 Nov 14 - 30 Nov 15 %	Five years 30 Nov 10 - 30 Nov 15 %	Since launch 7 May 97 - 30 Nov 15 %
Henderson Institutional Cash Fund	0.1	0.2	1.8	64.2
IA OE Money Market	0.1	0.2	1.0	-*

Discrete performance

	30 Nov 14 - 30 Nov 15 %	30 Nov 13 - 30 Nov 14 %	30 Nov 12 - 30 Nov 13 %	30 Nov 11 - 30 Nov 12 %	30 Nov 10 - 30 Nov 11 %
Henderson Institutional Cash Fund	0.2	0.2	0.2	0.7	0.5
IA OE Money Market	0.2	0.2	0.2	0.4	-

Source: Morningstar, bid to bid and net of fees as at valuation point, based on Retail class accumulation.
Benchmark values are at close of business.
Figures in brackets are negative.
* Benchmark return is not quoted as the fund 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

Unit class	Net asset value* 31/11/15 p	Net asset value* 31/05/15 p	Net asset value % change
Corporate class accumulation	105.00	104.83	0.16
Financial class accumulation[1]	100.18	-	-
Intermediate class accumulation	102.50	102.46	0.04
Retail class accumulation	164.21	164.01	0.12
Corporate class gross accumulation	105.82	105.60	0.21
Financial class gross accumulation	167.29	166.90	0.23
Institutional class gross accumulation	115.12	114.76	0.31
Intermediate class gross accumulation	103.08	103.02	0.06
Retail class gross accumulation	107.78	107.61	0.16

* 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.

[1] Financial class accumulation launched on 19 June 2015

Fund facts

Accounting dates	Payment dates
31 May, 30 November	28th day of each month

Ongoing charge figure

	30/11/15 %	31/05/15 %
Corporate class	0.23	0.23
Financial class	0.18	0.18
Institutional class	0.03	0.03
Intermediate class	0.56	0.56
Retail class	0.36	0.36

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

Unit class	30/11/15 p	30/11/14 p
Corporate class accumulation	0.18	0.14
Financial class accumulation[1]	0.17	-
Intermediate class accumulation	0.04	0.01
Retail class accumulation	0.19	0.14
Corporate class gross accumulation	0.22	0.18
Financial class gross accumulation	0.39	0.32
Institutional class gross accumulation	0.36	0.31
Intermediate class gross accumulation	0.05	0.01
Retail class gross accumulation	0.16	0.12

Total interest distributions for the period ended 30 November 2014, comparison is for the same period last year.

[1] Financial class accumulation launched on 19 June 2015

Performance record

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
Corporate class accumulation			
2010	0.69	102.68	101.99
2011	0.69	103.31	102.68
2012	0.73	104.12	103.32
2013	0.39	104.40	104.12
2014	0.29	104.69	104.40
2015	0.34*	105.01+	104.69+
Financial class accumulation			
2015[1]	0.17*	100.20+	100.00+
Intermediate class accumulation			
2010	0.42	101.57	101.14
2011	0.39	101.91	101.57
2012	0.45	102.43	101.91
2013	0.12	102.46	102.41
2014	0.04	102.44	102.40
2015	0.07*	102.50+	102.43+
Retail class accumulation			
2010	0.91	161.39	160.48
2011	0.89	162.18	161.38
2012	0.97	163.29	162.19
2013	0.44	163.55	163.29
2014	0.30	163.86	163.55
2015	0.38*	164.21+	163.85+
Corporate class gross accumulation			
2010	0.85	102.88	102.01
2011	0.87	103.69	102.88
2012	0.92	104.69	103.70
2013	0.49	105.06	104.69
2014	0.36	105.42	105.06
2015	0.43*	105.83+	105.42+

Performance record (continued)

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
Financial class gross accumulation			
2010	1.42	162.24	160.76
2011	1.45	163.60	162.23
2012	1.54	165.26	163.06
2013	0.85	165.93	165.26
2014	0.66	166.59	165.93
2015	0.77*	167.30+	166.59+
Institutional class gross accumulation			
2010	1.14	110.82	109.67
2011	1.16	111.92	110.82
2012	1.22	113.23	111.92
2013	0.75	113.85	113.23
2014	0.62	114.48	113.86
2015	0.70*	115.12+	114.48+
Intermediate class gross accumulation			
2010	0.50	101.93	101.44
2011	0.51	102.38	101.92
2012	0.54	102.99	102.39
2013	0.13	103.03	102.99
2014	0.07	103.01	102.96
2015	0.09*	103.08+	102.98+
Retail class gross accumulation			
2010	0.73	105.44	104.72
2011	0.75	106.13	105.43
2012	0.80	107.01	106.13
2013	0.36	107.25	107.01
2014	0.24	107.49	107.24
2015	0.31*	107.78+	107.48+

* to 24 December
\+ to 30 November
[1] Financial class accumulation launched on 19 June 2015

Past performance is not a guide to future performance

Major holdings

as at 30/11/15	%
Svenska Handelsbanken 0.54% 23/12/2015	2.67
Standard Chartered Bank 0.77% 27/05/2016	2.50
Nordea Bank 0.55% 11/01/2016	2.51
Bank of Nova Scotia FRN 20/09/2016	2.40
Deutsche Bank 0.65% 21/12/2015	2.18
European Investment Bank FRN 05/01/2016	2.16
HSBC Bank FRN 16/05/2016	1.94
DZ Bank 0.62% 09/02/2016	1.76
Den Danske Bank Aktieselskab 0.75% 29/03/2016	1.75
Australia & New Zealand Banking FRN 08/09/2016	1.67

Major holdings

as at 31/05/15	%
DNB Norbank 0.57% 30/09/15	3.62
Citibank 0.56% 05/08/2015	3.29
Nordea Bank 0.54% 07/09/2015	3.29
Commerzbank 0.73% 23/06/2015	3.12
BNP Paribas 0.64% 28/09/15	2.47
UBS 0.55% 23/06/2015	2.47
Den Danske Bank Aktieselskab 0.76% 06/07/15	2.30
Barclays Bank 1.08% 30/06/2015	2.15
Deutsche Bank 0.65% 28/09/15	2.14
HSBC Bank 0.48% 12/06/2015	2.15

Asset allocation

as at 30/11/15	%
Certificates of Deposit	79.28
Bonds	18.29
Treasury Bill	0.77
Other net assets	1.66
Total net assets	**100.00**

Asset allocation

as at 31/05/15	%
Certificates of Deposit	87.36
Bonds	7.78
Treasury Bill	0.82
Other net assets	4.04
Total net assets	**100.00**

Report and accounts

This document is a short report of the Henderson Institutional Cash Fund for the six months ended 30 November 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 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 30 November 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 Cash 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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