

Henderson
UK Alpha Fund

Short Report

For the year ended 31 August 2011

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On 25 February 2011 the Henderson UK Opportunities & Henderson UK Equity Funds merged into the Henderson UK Alpha Fund. On 12 August 2011 the Gartmore UK Alpha & Gartmore UK Growth Funds also merged into the Henderson UK Alpha Fund.

Investment objective and policy

To achieve capital growth through a relatively concentrated portfolio. The Fund will invest principally in the securities of UK companies. The Fund also invests in fixed interest securities, preference shares, debt securities convertible into ordinary stock, money market instruments and deposits. The Fund may also invest outside of the UK if the investment adviser believes that it is in the interest of the Fund.

Risk profile

The Fund is a specialist country-specific or geographical region fund, the investment carries greater risk than a fund diversified across more countries. Funds investing in smaller companies may carry a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. The Fund holds a more concentrated portfolio than the average fund. Whilst this can increase the potential reward, the nature of these funds can increase risk. Returns may be volatile and will be impacted more by fluctuations in the value of underlying stock.

Market performance

The FTSE All Share Total Return Index returned 7.3% during the period, whilst the Henderson UK Alpha Fund returned 1.4%. During the first half of the period, the Fund outperformed the index, returning 26.6% against a market return of 16.5%. The first half of the period saw buoyant markets characterised by strong performances from

cyclical stocks in particular. Markets were driven by improving economic conditions in the US and in Western Europe as well as the anticipation of further quantitative easing in the US (which eventually materialised). The second half of the period, however, saw investors increasingly concerned about the sustainability of high levels of sovereign debt in Europe. We also began to see a weakening of leading economic indicators which gathered pace over the summer. We underperformed during the second half with the Fund returning (-19.9%) against a (-7.9%) return for the index.

Fund performance and stock level attribution

Operational performance from the vast majority of our companies has been strong during the period. During the first half of the period, company-specific progress was generally rewarded and we saw strong share price performance from African Minerals, European Goldfields and Exillon Energy amongst others. African Minerals has made exceptional progress towards shipping their first iron ore, which we expect towards the end of this calendar year. Exillon Energy has conducted a very successful exploration campaign. European Goldfields made significant progress towards obtaining full permitting for their Greek gold project (permitting has since been achieved). Our underweight exposure to financials also served the Fund well as did our positions in Balfour Beatty and Signet Jewelers.

During the second half of the period, investors became much more risk averse, and even though operational performance continued to be strong, a number of our positions suffered from this heightened risk-aversion. Examples include Vedanta Resources, Allied Gold and Ncondezi Coal. In addition, companies that disappointed versus market expectations were punished harshly in this nervous market environment; for example, BowLeven and Petroceltic both suffered from disappointments in their drilling campaigns and were punished accordingly. Our positions in William

Hill and FirstGroup were material outperformers during this period.

Investment Activity

Early in the period, we initiated a position in Resolution. The group looked well positioned to extract synergies from their newly purchased businesses as well as grow cash flows to a level high enough to fund another acquisition. We also participated in the IPO of Caparo Energy, an Indian wind power developer. This company has a contract to build 3GW of wind power production capacity between now and 2015 and gives the fund exposure to the attractive Indian renewable energy sector. We sold our positions in Jupiter Fund Management and Aggreko following their strong performances.

Later in the period, we initiated a position in Ryanair. The company is well-set for strong topline growth (notwithstanding the current lowered global growth expectations) and should see substantial free cash flow generation in the coming years. The current high oil price is a negative (this has fallen since period-end), but Ryanair is best placed amongst the airlines to deal with higher input costs. We also initiated a position in Chemring through participating in a placing of new shares; we see this as an

opportunity to gain exposure to a group with superior growth characteristics, both organic and acquisitive in nature. Finally, we sold out of our holding in British Sky Broadcasting in June, as we saw limited upside in risk/reward terms. This decision was justified when the NewsCorp attempted acquisition fell through in July.

Outlook

August and September have proved to be very poor months for risk assets. We have seen a very sharp sell-off in UK equities as investors grapple with the twin concerns of a deteriorating global economic outlook and a crisis of confidence in the ability of Eurozone politicians to control the escalating sovereign debt crisis. Much negativity has now been priced into equities and we are of the view that equities look very good value versus other asset classes. Going forward, we expect a slowing in global growth rather than a deep recession and we are confident that steps are finally being taken (or at least discussed) to shore up confidence in the Eurozone and its banking system.

Stephen Peak
27 September 2011

Discrete annual performance

	1 Sep 10- 31 Aug 11 %	1 Sep 09- 31 Aug 10 %	1 Sep 08- 31 Aug 09 %	1 Sep 07- 31 Aug 08 %	1 Sep 06- 31 Aug 07 %
Henderson UK Alpha Fund	1.4	8.8	(21.4)	(8.0)	19.0
FTSE All-Share Index	7.3	10.6	(8.2)	(8.7)	11.8

Source: Morningstar, mid to mid, basic rate tax, GBP.

Figures in brackets are negative.

Please remember that past performance is not a guide to future performance. The value of an investment and the income 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 2011 p	Net asset value 2010 p	Net asset value % change
Class A accumulation	83.51	82.48	1.25
Class P accumulation	445.60	n/a	n/a
Class I accumulation	178.59	175.46	1.78
Class A Euro accumulation	289.74	286.52	1.12
Class I Euro accumulation	463.41	451.18	2.71

Fund facts

Accounting dates	Payment dates
28 February, 31 August	31 October

Total expense ratio	2011 %	2010 %
Class A	1.73	1.76
Class I	1.07	1.10
Class P	0.58	n/a
Class A Euro	1.75	1.65
Class I Euro	0.17	0.17

The total expense ratio (TER) of the Fund is the ratio of the Fund's total operating costs to its average net assets for twelve months.

Net revenue distribution

Share class	2011 p	2010 p
Class A accumulation	0.01	0.17
Class P accumulation	0.15	n/a
Class I accumulation	1.18	1.37
	2011 Euro cents	2010 Euro cents
Class A Euro accumulation	0.61	1.65
Class I Euro accumulation	8.86	5.15

Total revenue distribution for the year ended 31 August 2011, comparison for the same period last year.

Performance record

Calendar year	Net revenue per share p	Highest price per share p	Lowest price per share p
Class A accumulation			
2006	0.51	97.77	79.38
2007	0.63	110.90	94.95
2008	0.92	106.90	54.57
2009	1.65	81.50	53.35
2010	0.17	102.50	77.44
2011	0.01*	107.30+	78.75+
Class P accumulation			
2011 ^	0.15*	446.70+	420.10+

Performance record

Calendar year	Net revenue per share p	Highest price per share p	Lowest price per share p
Class I income			
2006	2.66	160.60	132.00
2007	2.92	182.50	156.30
2008	3.09	175.40	88.26
2009#	-	103.60	94.35
Class I accumulation			
2006	2.16	203.70	164.70
2007	2.56	232.40	198.10
2008	2.83	224.70	115.10
2009	18.12	178.60	112.70
2010	1.37	218.60	164.50
2011	1.18*	228.90+	168.40+
Calendar year	Net revenue Euro cents per share	Highest price Euro cents per share	Lowest price Euro cents per share
Class A Euro accumulation			
2007	0.05	556.00	460.00
2008	0.14	407.00	211.00
2009	0.19	328.00	202.00
2010	1.65	417.00	302.00
2011	0.61*	445.00+	311.00+
Class I Euro accumulation			
2008	-	482.00	325.00
2009	13.36	511.00	311.00
2010	5.15	660.00	486.00
2011	8.86*	704.00+	498.00+

* to 31 October.

+ to 31 August.

closed on 19 February 2009.

Past performance is not a guide to future performance.

Major holdings

2011	%
BP	7.02
Tesco	5.17
African Minerals	4.75
Cobham	3.40
Smith & Nephew	3.34
Morrison (Wm) Supermarkets	3.32
Kalahari Minerals	2.95
Chemring Group	2.43
FirstGroup	2.42
African Petroleum	2.28

Major holdings

2010	%
BP	7.55
Lloyds TSB	3.88
Essar Energy	3.46
African Minerals	3.28
National Grid	3.24
British Sky Broadcasting	3.04
Rio Tinto	3.04
African Petroleum	2.84
Tesco	2.44
FirstGroup	2.35

Asset allocation

2011	%
United Kingdom:	
Mining	18.98
Oil & gas producers	16.34
Food & drug retailers	8.86
Aerospace & defence	7.58
Travel & leisure	3.95
Healthcare equipment & services	3.34
Life insurance	3.10
Others	17.98
Overseas:	
Australia	4.94
Ireland	4.87
Others	9.04
Net other assets	1.03
Total	100.00

Asset allocation

2010	%
United Kingdom:	
Oil & gas producers	26.79
General financial	6.88
Media	4.19
Travel & leisure	3.94
Mining	3.89
Banks	3.88
Support services	3.54
Construction & materials	3.05
Others	25.85
Overseas:	
Australia	7.30
Bermuda	5.00
Others	4.55
Net other assets	1.14
Total	100.00

Report and accounts

This document is a short report of the Henderson UK Alpha Fund for the year ended 31 August 2011.

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 investor 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.

Important information

On 1 October 2011, the Depositary changed from The Royal Bank of Scotland plc to National Westminster Bank plc.

Issued by:

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate,
London EC2M 3AE

Member of the IMA and authorised and regulated by the Financial Services Authority.
Registered in England No 2678531

Depositary

From 1 October 2011

National Westminster Bank plc
135 Bishopsgate
London EC2M 3UR

Auditor

PricewaterhouseCoopers LLP

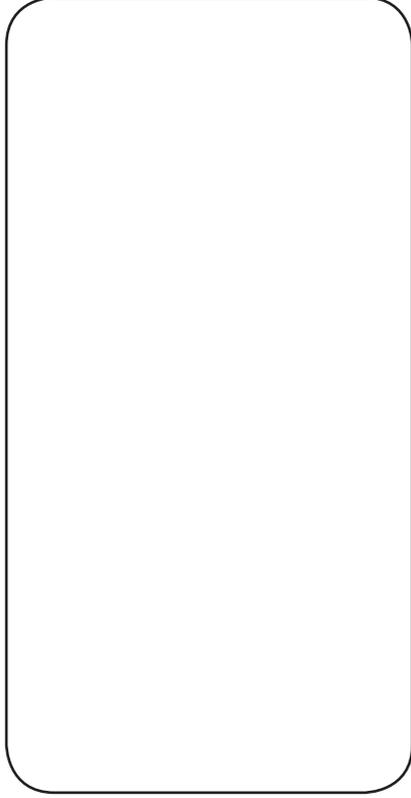
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Changes of address - regulatory requirements

FSA regulation requires us to send this report mailing to the address held on file on the ex-dividend date of 31 August 2011. 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 UK Alpha 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. 9063355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE), Gartmore Investment Limited (reg. no. 1508030), Gartmore Fund Managers Limited (reg. no. 1137353), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Services Authority to provide investment products and services. Telephone calls may be recorded and monitored.

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