



INTERIM SHORT REPORT

For the six months ended
31 December 2016

Henderson
GLOBAL INVESTORS

Henderson UK Equity Income & Growth Fund

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Short Report

For the six months ended 31 December 2016

Investment Fund Managers

James Henderson and Laura Foll

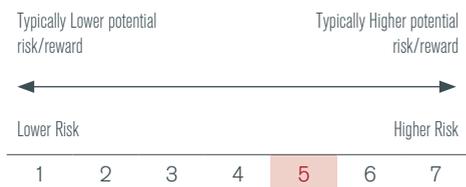
Investment objective and policy

The fund aims to provide dividend income with prospects for both income and capital growth over the medium to long term by investing primarily in United Kingdom companies. The fund may invest in fixed interest and convertible securities as well as ordinary shares. The fund may invest in other transferable securities, money market instruments, deposits and units in collective investment schemes. Derivatives and forward transactions may be used for the purposes of efficient portfolio management only.

Risk and reward profile

The fund currently has 9 types of share class in issue; A accumulation, A accumulation (EUR hedged), A accumulation (USD hedged), A income, C income, I accumulation, I income, Z accumulation and Z income.

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:

- As a category shares are, in general, more volatile than either bonds or money market instruments.
- The fund focuses on a single country.
- 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.

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.

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.

¹ Class A accumulation gross was launched 22 April 2014 and both Class A accumulation (EUR hedged, USD hedged) launched 18 November 2013, as these do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

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.

Investment review

During the six months, the fund rose 14.7%, while the FTSE All Share rose 12.0%. The two income distributions over the period came to 9.55p, an increase of 2.14%, compared with the equivalent period last time.

The equity market moved forward on a mix of relief that the economy grew at a faster rate than had been anticipated and that the weakness of sterling increased the value of overseas earnings. The fall of sterling also helped selective UK exporting companies become more competitive. Therefore, competitive UK companies selling products globally looked to be of compelling value to overseas buyers.

During the period, there was a cash bid from a US company for E2V Technologies. This is an example of industrial buyers for assets demonstrating to investors the value of selective UK smaller companies. This resulted in renewed interest in the area, and small company share-price performances improved as a result. This served as a reminder that it is valuations and company management that drive share prices over the medium term, rather than economic forecasts or politics.

The projections for the UK economy for next year deteriorated as inflation projections rose. The result of this was that, during the period under review, UK gilt yields increased (prices move inversely to yields) from historically low levels. Certain equities, deemed 'bond proxies' due to their stable characteristics such as lower volatility and steady returns, experienced relative share price weakness. We believe they are of limited interest, and that the best opportunities lie in the next generation of growth companies.

During the period, we added to our existing holding in Royal Dutch Shell. Following its acquisition of BG Group, the company is making good progress on cost cutting to the degree that, even at the current oil price, it is estimated that it can cover its dividend organically in a few years' time. This leaves Royal Dutch Shell's over 6% dividend yield looking attractive.

We reduced positions that have re-rated (undergone a company reassessment by the market) materially on valuations multiples, such as healthcare tape company Scapa. The position in Weir Group, an industrial pumps company, was sold, as it appeared to be factoring in a strong recovery in margins within its oil and gas division.

In contrast, we added a new position in Petrofac, which, despite the recent rise in the oil price, did not appear to be pricing in a recovery in its order book. A position was also added in International Consolidated Airlines Group, the owner of British Airways, where strong management action should lead to better underlying profit performance and a growing dividend yield.

Economic forecasters have very divergent views about future growth. Most forecasters, however, believe inflation is increasing. There could be a squeeze on consumers as wages may not be able to keep pace with the jump in inflation. The fund has low holdings in general retailers as a result of these concerns. There is no holding in large retailers. The stocks held are specialists serving a clear market, such as Halfords.

UK industrials are expected to weather the difficult domestic economy, as they are generally selling and operating overseas. The fall in sterling will benefit them, as will the continued growth of the global economy. Within the sector, there are leading companies that provide excellent products and services. These are qualities we look for in all the investments we make for the fund.

Performance summary

Cumulative performance	Six months	One year	Five years	Since launch
	30 Jun 16- 31 Dec 16	31 Dec 15- 31 Dec 16	31 Dec 11- 31 Dec 16	04 Oct 74- 31 Dec 16
	%	%	%	%
Henderson UK Equity Income & Growth Fund	14.7	8.6	86.2	16,573.5
FTSE All-Share Index	12.0	16.8	61.8	-*

Discrete performance

	31 Dec 15- 31 Dec 16	31 Dec 14- 31 Dec 15	31 Dec 13- 31 Dec 14	31 Dec 12- 31 Dec 13	31 Dec 11- 31 Dec 12
	%	%	%	%	%
Henderson UK Equity Income & Growth Fund	8.6	2.2	(0.2)	35.2	24.4

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

*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

Share class	Net asset value*	Net asset value*	Net asset value
	31/12/16	30/06/16	% change
	p	p	
Class A accumulation	703.45	619.09	13.63
Class A income	619.42	553.56	11.90
Class C income	175.28	156.64	11.90
Class I accumulation	1,287.81	1,128.37	14.13
Class I income	693.42	617.37	12.32
Class Z accumulation	206.84	180.54	14.57
Class Z income	213.86	189.67	12.75
Class A accumulation (EUR hedged)	969.66	834.32	16.22
Class A accumulation (USD hedged)	930.66	755.44	23.19

*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 December, 30 June

Payment dates

30 November, Last day of February, 31 May, 31 August

Ongoing charge figure

	31/12/16 %	30/06/16 %
Class A	1.70	1.70
Class C	1.70	1.70
Class I	0.84	0.84
Class Z	0.06	0.06
Class A accumulation (EUR hedged)	1.70	1.70
Class A accumulation (USD hedged)	1.70	1.70

The ongoing charge figure (OCF) of the fund, 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	31/12/16 p	31/12/15 p
Class A accumulation	10.72	10.09
Class A income	9.55	9.35
Class C income	2.70	2.65
Class I accumulation	20.23	18.91
Class I income	11.03	10.73
Class Z accumulation	3.27	2.40
Class Z income	3.42	3.31

Share class	31/12/16 Euro cents	31/12/15 Euro cents
Class A accumulation (EUR Hedged)	17.56	16.33

Share class	31/12/16 USD cents	31/12/15 USD cents
Class A accumulation (USD Hedged)	17.03	16.19

Total dividend distributions for the six months ended 31 December 2016, comparison is for the same period last year.

Dividend distributions paid to shareholders after 6 April 2016 were 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			
2014 ¹	9.44	662.20	582.10
2015	22.58	699.70	623.00
2016	25.22	704.90+	573.50+
2017	4.42*	-	-
Class A income			
2012	15.59	481.50	400.30
2013	19.68	623.60	485.30
2014	18.69	648.70	555.40
2015	21.27	658.50	581.20
2016	22.99	624.60+	525.00+
2017	3.92*	-	-
Class C income			
2012	4.41	136.30	113.30
2013	5.57	176.50	137.30
2014	5.29	183.60	157.10
2015	6.02	186.30	164.50
2016	6.50	176.70+	148.60+
2017	1.11*	-	-
Class I accumulation			
2012	27.46	834.60	667.10
2013	35.93	1,132.00	846.90
2014	35.50	1,186.00	1,045.00
2015	41.97	1,263.00	1,121.00
2016	47.26	1,288.00 +	1,042.00+
2017	8.42*	-	-
Class I income			
2012	17.64	523.20	431.60
2013	22.17	682.70	527.20
2014	21.18	711.10	611.50
2015	24.23	728.50	645.70
2016	26.27	697.90+	583.90+
2017	4.56*	-	-

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class Z accumulation			
2012	3.05	130.00	102.20
2013	5.64	177.60	131.90
2014	5.63	186.70	165.10
2015	6.08	200.40	177.40
2016	7.60	206.50+	166.20+
2017	1.37*	-	-
Class Z income			
2012	5.25	156.60	127.80
2013	6.71	205.90	157.80
2014	6.46	214.70	186.50
2015	7.43	222.00	197.60
2016	8.12	215.00+	178.90+
2017	1.42*	-	-

Calendar year	Net revenue (Euro cents per share)	Highest price (Euro cents per share)	Lowest price (Euro cents per share)
Class A accumulation (EUR hedged) (Euro cents per share)			
2013 ²	-	1,032.00	922.00
2014	28.04	1,078.00	945.00
2015	36.58	1,133.00	1,010.00
2016	41.20	1,140.00 +	926.90+
2017	7.28*	-	-

Calendar year	Net revenue (USD cents per share)	Highest price (USD cents per share)	Lowest price (USD cents per share)
Class A accumulation (USD hedged) (USD cents per share)			
2013 ²	-	1,031.00	922.00
2014	28.01	1,078.00	944.20
2015	36.75	1,132.00	1,009.00
2016	40.45	1,151.00 +	927.20+
2017	7.32 *	-	-

* to 28 February

+ to 31 December

¹Class A accumulation launched on 22 April 2014.

²Class A accumulation (EUR hedged) and Class A accumulation (USD hedged) launched on 18 November 2013.

Major holdings

as at 31/12/16	%
BP	4.14
Phoenix Holdings	3.33
HSBC Holdings	3.06
Hiscox Insurance	2.94
Royal Dutch Shell 'A'	2.52
GKN	2.52
Rio Tinto	2.42
Chesnara	2.35
Senior	2.20
Hill & Smith Holdings	1.78

Asset allocation

as at 31/12/16	%
Financials	34.45
Industrials	26.57
Oil & Gas	10.76
Basic Materials	8.21
Consumer Services	7.21
Consumer Goods	5.42
Health Care	4.68
Telecommunications	1.64
Utilities	1.19
Other net liabilities	(0.13)
Total net assets	100.00

Major holdings

as at 30/06/16	%
BP	4.07
Hiscox Insurance	3.41
Senior	2.66
Phoenix Holdings	2.62
Rio Tinto	2.54
HSBC Holdings	2.45
AstraZeneca	2.40
Royal Dutch Shell 'A'	2.40
GKN	2.34
Hill & Smith Holdings	2.21

Asset allocation

as at 30/06/16	%
Financials	33.13
Industrials	27.41
Oil & Gas	10.30
Basic Materials	8.51
Consumer Services	7.62
Consumer Goods	5.55
Health Care	4.85
Telecommunications	2.43
Utilities	1.18
Other net liabilities	(0.98)
Total net assets	100.00

Past performance is not a guide to future performance

Report and accounts

This document is a short report of the Henderson UK Equity Income & Growth Fund for the six months ended 31 December 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 period it covers and the results of those activities at the end of the period.

Issued by:

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201 Bishopsgate,
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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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135 Bishopsgate
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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.

Auditor

PricewaterhouseCoopers LLP
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Glasgow
G2 7EQ

Shareholder Administrator

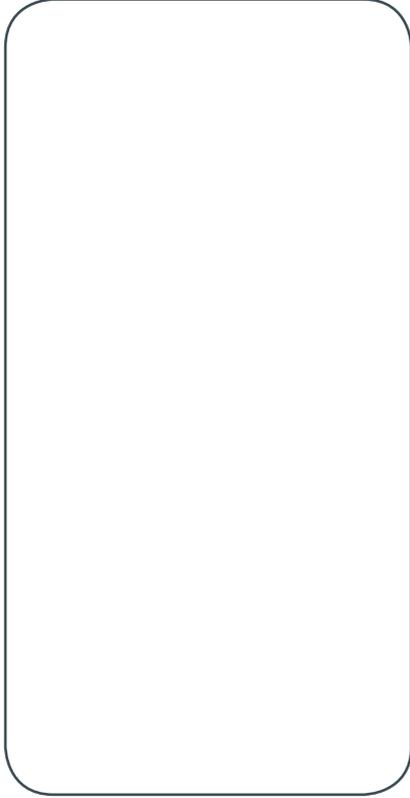
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 December 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 UK Equity Income & Growth 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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