

**Henderson**  
GLOBAL INVESTORS



Henderson

# Investment Funds

Series I

**Interim Report & Accounts**  
For the six months ended 30 November 2012



# Who are **Henderson Global Investors?**

**Established in 1934 to administer the estates of Alexander Henderson, the first Lord Faringdon, Henderson Global Investors (Henderson) is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. With its principal place of business in London, Henderson is one of Europe's largest investment managers, with £64.8<sup>†</sup> billion assets under management (as at 30 September 2012) and employs around 1,000 people worldwide.**

In Europe, Henderson has offices in Amsterdam, Dublin, Edinburgh, Frankfurt, Luxembourg, Madrid, Milan, Paris, Vienna, Zurich and London. Henderson has had a presence in North America since 1999, when it acquired US real estate investment manager Phoenix Realty Advisers, and has offices in Chicago and Hartford. In Asia, Henderson has offices in New Delhi, Singapore (Asia headquarters), Hong Kong, Tokyo and Beijing as well as Sydney. Henderson Group plc acquired New Star Asset Management Group PLC in April 2009 and Gartmore Group Limited in April 2011.

With investment expertise across every asset class, Henderson's skillful investment managers invest in every major market around the globe. They are supported by a global team of researchers and economists who have a keen understanding of the economic forces driving the security markets and who undertake rigorous sector and theme analysis. Underpinning this process is a comprehensive risk-control framework to ensure that investment views are translated into portfolios managed in line with investors risk and return requirements.

## **What do we do?**

At Henderson Global Investors we do one thing and we do it really well – investment management. As a company, we are totally focused on this core activity and it underpins everything we do.

We do this by providing a range of investment products and services including:

- Open ended funds – offshore funds, unit trusts, OEICs
- Investment trusts
- Individual Savings Accounts
- Pension fund management
- Management of portfolios for UK and international institutional clients

<sup>†</sup> Source: Henderson Global Investors.

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## Authorised Corporate Director's (ACD) report

We are pleased to present the Interim Report and Accounts for Henderson Investment Funds Series I for the six months ended 30 November 2012.

### Authorised status

Henderson Investment Funds Series I (the "Company") is an open ended investment company ("OEIC") with variable capital authorised, under regulation 12 (Authorisation) of the OEIC regulations, by the Financial Services Authority on 11 June 2002. It is an umbrella company, comprising various sub-funds. The investment objective for each sub-fund and the policy for achieving that objective is given in the 'Investment Objective' section of each sub-fund's report. The investment activities of each sub-fund are given in the Manager's Report section of each sub-fund's report. The portfolio of investments of each sub-fund are given in the 'Portfolio Statement' of each sub-fund's report. Shareholders are not liable for the debts of the Company.

### Other information

Since the issue of the last annual report at 31 May 2012, the Funds listed below terminated on 29 November 2012 and are no longer available for investment:

Henderson Japan Absolute Return Fund  
Henderson US Opportunities Fund

### Fund liabilities

As a sub-fund is not a legal entity, if the assets attributable to any sub-fund were insufficient to meet the liabilities attributable to that Fund, the shortfall might have to be met out of the assets attributable to one or more other sub-funds of the Company.

## Authorised Corporate Director's (ACD) report (continued)

### Advisers

	<b>Name</b>	<b>Address</b>	<b>Regulator</b>
<b>Authorised Corporate Director</b>	<b>Henderson Investment Funds Limited</b> Member of IMA The ultimate controlling party is Henderson Group plc.	Registered Office: 201 Bishopsgate, London EC2M 3AE. Registered in England No 2678531. Telephone – 020 7818 1818 Dealing – 0845 608 8703 Enquiries – 0800 832 832	Authorised and regulated by the Financial Services Authority.
<b>Investment Manager</b>	<b>Henderson Global Investors Limited</b> The ultimate controlling party is Henderson Group plc.	201 Bishopsgate, London EC2M 3AE	Authorised and regulated by the Financial Services Authority.
<b>Registrar</b>	<b>International Financial Data Services (UK) Limited</b>	IFDS House St Nicholas Lane Basildon, Essex SS15 5FS	Authorised and regulated by the Financial Services Authority.
<b>Depository</b>	<b>HSBC Bank plc</b>	8 Canada Square, Canary Wharf, London E14 5HQ	Authorised and regulated by the Financial Services Authority.
<b>Independent Auditors</b>	<b>PricewaterhouseCoopers LLP</b>	141 Bothwell Street, Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales.
<b>Legal Adviser</b>	<b>Eversheds LLP</b>	One Wood Street, London EC2V 7WS	The Law Society.

Events in the six months to 30 November 2012 continued to be dominated by the European debt crisis and measures taken to mitigate it. Investors became increasingly concerned that debt 'contagion' could spread to the larger economies of Spain and Italy. In order to stabilise capital markets and support their ailing economies, central banks took decisive action: in September the US and Japanese central banks stepped up their asset purchase programmes. But it was the European Central Bank's (ECB's) outright monetary transactions (OMTs) bond-buying programme that has largely been credited with removing much of the economic tail risks associated with the eurozone, lifting investor sentiment and driving equity markets higher. Over the six months the MSCI World Total Return Index returned 8.6%.

In the UK, the economy was in a technical recession at the start of the period, with fiscal austerity and household deleveraging providing a troubling backdrop. Assessing the prospects for economic recovery was also made problematic due to a number of one-off factors including additional holidays and the Olympics. Finally, however, gross domestic product (GDP) data confirmed the economy had grown by 0.9% for the third quarter (quarter-on-quarter). While this was welcome news, hopes that real income growth would receive a boost from falling inflation were thwarted. Although the annual consumer price index inflation rate dropped from 2.8% in May to 2.2% by September, it ticked up again in October, and remained the same in November, defying the Bank of England's (BoE) 2% target. Despite the economic challenges, sentiment has been supported by the BoE's commitment to quantitative easing (QE). Over the review period, UK equities, as represented by the FTSE All-Share Total Return Index returned 12.8%.

On the European continent, while the appointment in June of the pro-eurozone New Democracy party to lead a new coalition soothed immediate euro 'exit' fears for Greece, Spain came under increased scrutiny. Investors became anxious about the levels of non-performing loans on Spanish banks' balance sheets, potential bankruptcies at the regional government level, and persistently high unemployment. As yields on Spanish government bonds rose to levels deemed to be 'unsustainable' to the funding of its debt, pressure built on European authorities to produce more concrete action. In September, ECB President Mario Draghi followed through on his promise to preserve the euro by unveiling OMTs. While this bond-buying programme seems to have provided a creditable 'backstop' solution to the crisis, the main caveat is that a country must first apply to the European Stability Mechanism for a provisional bailout, which will only be granted with austerity conditions attached. At the end of the period, eurozone lenders agreed to release €34bn in aid to Greece, sending European shares higher. The FTSE World Europe ex-UK Total Return Index returned 20.6% over the period. In the US, the signs became clearer that economic momentum was stalling. In response, the Federal Reserve (Fed) slashed growth forecasts and extended its 'Operation Twist' programme. As key macroeconomic measures continued to disappoint, the Fed deployed QE3 in September. The programme largely surpassed market expectations, as neither a limit on size or time was imposed. The Fed pledged to buy US\$40bn of mortgage-backed securities each month until the employment picture improves substantially. At the same time, expectations for US interest rates to stay at effectively zero were extended through to mid-2015. Although these actions were positive for US equities, tensions in the market mounted following the presidential election in early November. The Democrats under President Obama must now negotiate policy compromises with the Republicans if the 'fiscal cliff' – US\$600 billion of automatic tax increases and spending cuts due to come into effect on 1 January 2013 – is to be averted. The S&P 500 Total Return Index returned 5.0% over the six month period.

In Asia, China had a poor start to the period as economic growth continued to moderate, and as the political environment remained uncertain ahead of the transition of power to a new generation of leaders. However, authorities have increased spending on infrastructure, and have room to do more as inflation remains low. More clarity on the political front has been provided now that the new Standing Committee of the Politburo has been officially unveiled. There were also signs that the Chinese recovery was taking hold, with manufacturing PMI expanding at the end of the period.

Over the period, the MSCI Zhong Hua Index returned 13.1% and the MSCI Asia Pacific ex Japan Index returned 12.7%. In Japan, a strong yen, weak domestic growth, and disputes with China over the sovereignty of a group of islands in the East China Sea were all causes for concern. In an effort to boost its flagging economy, the Japanese government unveiled further stimulus measures to rebuild areas hit by the March 2012 earthquake, support jobs and finance small businesses. Meanwhile, the Japanese parliament was dissolved in mid-November, with former prime minister Shinzo Abe the frontrunner. The MSCI Japan Index returned 0.7% over the review period.

## Market review (continued)

### Outlook

With global growth remaining lacklustre central banks have tried to boost sentiment by easing policy; however, market concerns persist. In the US fears about policy 'gridlock' related to the fiscal cliff and associated growth implications are at the forefront of investors' minds. Risks related to the European sovereign debt crisis still remain, but the probability of extreme outcomes has been reduced, mainly by the ECB's recent policy action. While the risk of a 'hard landing' in China has ebbed, as data suggests the economy may be bottoming, uncertainty persists over upcoming policy decisions from the new leadership.



## Aggregated statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		318,331		(583,380)
Revenue	25,230		33,464	
Expenses	(24,603)		(29,287)	
Finance costs: Interest	(29)		(17)	
		<u>          </u>	<u>          </u>	
Net revenue before taxation	598		4,160	
Taxation	(2,029)		(2,451)	
		<u>          </u>	<u>          </u>	
Net (expense)/revenue after taxation		(1,431)		1,709
<b>Total return before distributions</b>		316,900		(581,671)
Finance costs: Distributions		(6,197)		(7,107)
<b>Changes in net assets attributable to shareholders from investment activities</b>		<u>          </u>		<u>          </u>
		<b>310,703</b>		<b>(588,778)</b>

## Aggregated statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>2,979,803**</b>		<b>4,194,273</b>
Amounts receivable on issue of shares	111,328		333,386	
Amounts transferred to merged Fund*	–		(252,592)	
Amounts payable on cancellation of shares	(430,762)		(429,733)	
		<u>          </u>	<u>          </u>	
		(319,434)		(348,939)
Stamp duty reserve tax		(13)		(44)
Change in net assets attributable to shareholders from investment activities (see previous page)		310,703		(588,778)
Retained distributions on accumulation shares		5,511		6,568
Unclaimed distributions over six years old		–		73
		<u>          </u>		<u>          </u>
<b>Closing net assets attributable to shareholders</b>		<b>2,976,570</b>		<b>3,263,153</b>

\* Details of mergers can be found in the financial statements of each Fund.

\*\*The opening net assets attributable to shareholders differs from the closing net assets of the previous year, as the movement relating to the terminated Fund Japan Absolute Return, £2,789,000, has been excluded from the current year figures. Please see note 1(k) Aggregation.

## Aggregated balance sheet as at 30 November 2012 (unaudited)

	30/11/12		31/05/12	
	£000	£000	£000	£000
<b>Assets</b>				
Investment assets		2,876,355		2,707,558
Debtors	40,629		41,659	
Cash and bank balances	129,865		322,752	
Total other assets		<u>170,494</u>		<u>364,411</u>
<b>Total assets</b>		<b>3,046,849</b>		<b>3,071,969</b>
<b>Liabilities</b>				
Investment liabilities		(2,900)		(9,053)
Creditors	(50,282)		(65,622)	
Bank overdrafts	(17,097)		(14,475)	
Distribution payable on income shares	—		(227)	
Total other liabilities		<u>(67,379)</u>		<u>(80,324)</u>
<b>Total liabilities</b>		<b>(70,279)</b>		<b>(89,377)</b>
<b>Net assets attributable to shareholders</b>		<b><u>2,976,570</u></b>		<b><u>2,982,592</u></b>

## Certification of financial statements by Directors of the ACD

In accordance with the requirements of the Financial Services Authority's Collective Investment Schemes Sourcebook, I hereby certify the investment report and financial statements on behalf of the Directors of Henderson Investment Funds Limited.



Lesley Cairney  
(Director)

18 January 2013

## 1 Accounting policies

### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) issued by the Investment Management Association (IMA) in October 2010.

### (b) Basis of valuation of investments

The valuation of the Company's listed investments, for the purposes of preparing this report, has been based at market value, excluding any accrued interest in the case of fixed interest and floating rate securities, at the close of business valuation point of the last day of the accounting period in accordance with the provisions of the Prospectus.

Market value is defined by the SORP as fair value which is generally the bid value of each stock.

Investments in Collective Investment Schemes (CIS) have been valued at bid prices, adjusted to take account of the discounts available to the Authorised Corporate Director (ACD) from the charges on the underlying portfolio. For those CIS funds that are not dual priced, mid prices are used.

Contracts for Difference are value based on the price of the underlying equity to which they refer. This valuation is based at market value, and is rectified by the Authorised Corporate Director (ACD) at regular intervals.

Forward foreign exchange contracts are valued based on the movements between the contracted forward currency exchange rate and the closing market forward currency exchange rate at 30 November 2012.

Future contracts are shown at market value representing the gain or loss that would be made on the contract if it were to be closed out at 30 November 2012.

Suspended, delisted and unquoted securities are shown at a valuation determined by the ACD based upon, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Non-eligible securities indicate investments held or traded on non-eligible stock markets. Information about eligible stock markets is available in the Prospectus.

### (c) Recognition of revenue

Dividends receivable from quoted equity and non equity shares are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the dividend is announced.

Distributions from Collective Investment Schemes are recognised as revenue and included in the amount available for distribution.

Overseas dividends are grossed up at the appropriate rate of withholding tax and these consequences are shown within the tax charge.

Interest on debt securities has been accounted for on an effective yield basis. Effective yield is a calculation that reflects the amount of amortisation of any discount or premium on the purchase price over the remaining life of the security.

Bank interest, interest on margin and revenue earned on other securities is recognised on an accruals basis.

Management fee rebates received from the managers of Collective Investment Schemes are recognised on an accruals basis, and are recognised as either capital or income depending on the nature of the underlying Fund's fee structure.

## Aggregated notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### (c) Revenue recognition (continued)

Dividend equivalent values on CFDs are recognised when the securities are quoted ex-dividend and are included in revenue as 'Income from derivative contracts' as the net of dividends received/(paid) on long/(short) positions.

Income can be earned or paid on the financing costs and/or the interest on any realised profit/loss of Contracts for Difference. This is accounted for net of short and long positions in Revenue under Income from derivative contracts.

Income distributions from Real Estate Trusts (UK REITs) will be split into two parts, a Property Income Distribution (PID) made up of rental revenue and non-PID element, consisting of non-rental revenue. The PID element is subject to Corporation Tax, while the UK dividend will be treated as franked revenue.

If any revenue receivable at the balance sheet date is not considered recoverable, provision is made for the relevant amount.

#### (d) Treatment of stock dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Company. Any enhancement above the cash dividend is treated as capital and included in net capital gains.

#### (e) Treatment of special dividends

Special dividends are treated as capital or revenue depending on the nature and circumstances of the dividend receivable.

#### (f) Stock lending income

Revenue from stock lending is accounted for net of bank and agent fees and is recognised on an accruals basis.

#### (g) Treatment of expenses (including ACD expenses)

All expenses (other than those relating to the purchase and sales of investments and stamp duty reserve tax arising on sales and repurchase of shares in the Fund) are charged against revenue on an accruals basis.

The ACD's annual management charge is calculated daily on the total net assets by Henderson Investment Funds Limited.

#### General Administration Charge

All fees with the exception of the ACD's annual management charge, Depository, FTSE tracker and Safe Custody fees, have been replaced by a single ad valorem charge, the General Administration Charge (GAC) which was introduced on 11 July 2011. The ACD believes that the GAC creates more efficiency around the charging process than more traditional methods.

For further details please refer to the Prospectus.

#### Performance Fee

Global Focus, European Absolute Return and UK Absolute Return sub-funds may pay a performance related fee.

The European Absolute Return Performance Fee will be 20% of the outperformance of the current day Net Asset Value (NAV) relative to the prior day NAV subject to maximum and minimum limits where applicable. On UK Absolute Return the Performance Fee will be 20% of the outperformance of the current day NAV relative to the prior day NAV plus the Hurdle rate, based on the last published Bank of England Base rate, subject to maximum and minimum limits where applicable.

The Global Focus performance related fee is incurred if at the end of any month the Fund is ranked in the top 25% of its sector on a rolling 12 month basis, the ACD will increase the standard management charge from 1.25% per annum for the Fund for the following month to 2%. Full details can be found in the Prospectus.

The current day NAV is the published NAV less the performance fee accrual. Full details can be found in the Prospectus.

## Aggregated notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### (h) Allocation of revenue and expenses to multiple share classes

With the exception of the ACD's annual management charge, and the GAC which are directly attributable to individual share classes, all revenue and expenses are allocated to share classes pro rata to the value of the net assets of the relevant share class on the day that the revenue or expense is incurred.

#### (i) Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at close of business on the last business day of the accounting period.

Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions.

Exchange differences on such transactions follow the same treatment as the principal amounts.

#### (j) Taxation

Provision for corporation tax is based, as appropriate, on the excess of taxable revenue over allowable expenses.

Deferred tax is provided for at a rate which taxation is likely to become payable in respect of all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets are only recognised to the extent that they are regarded as recoverable. Deferred tax assets are not discounted to reflect the time value of money.

Stamp Duty reserve Tax, if any, suffered on surrender of shares is deducted from capital.

#### (k) Aggregation

During the year the following Funds terminated on the 29 November 2012: Henderson Japan Absolute Return Fund and Henderson US Opportunities Fund. These Funds have been excluded from the long report of the ongoing umbrella company for the current accounting period. The aggregation for the accounting period does not include amounts for the final period of account of the terminated Funds. The comparative figures for the aggregation have not been adjusted.

The aggregated accounts represent the sum of individual sub-funds within the umbrella company. Further analysis of the distribution and the net asset position can be found within the financial statement of the individual sub-funds.

#### (i) Treatment of derivatives

##### Future contracts

The unrealised gain/(loss) on open future contracts is disclosed in the portfolio statement. The margins paid on these contracts are included in the amounts held at derivative clearing houses and brokers.

##### Contracts for Difference

The unrealised gain/(loss) on open Contracts for Difference are disclosed in the portfolio statement. Any margins to be paid or received on these contracts are included in the amounts held at derivative clearing houses and brokers. Any income received on these contracts is treated as revenue for the purposes of calculating the distribution.

##### Forward currency contracts

Open forward currency contracts are shown in the Portfolio Statement at fair value and the net gains/(losses) are reflected in the net capital gains/(losses) on investments.

## Aggregated notes to the financial statements (continued)

### 2 Distribution policy

The distribution policy of each Fund is to distribute/accumulate all available revenue, after deduction of expenses properly chargeable against revenue, subject to any of the ACD's periodic charge or other expense which may currently be transferred to capital.

Gains and losses on investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

Stock dividends are not taken into account when determining the amount available for distribution.

Revenue attributed to accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

For the purpose of calculating the distribution, income on debt securities is computed as the higher of the amount determined on an accrual of coupon basis and an effective yield basis.

If one share class is in profit and another share class in deficit, the share class in deficit will transfer a portion of its ACD fees to capital in order to allow the profit making share class to make a distribution.

For all the sub-funds, the policy of the Company is to make dividend distributions on a half yearly basis with an interim and a final distribution being made for each financial year. The ACD reserves the right not to make interim distributions from low yielding sub-funds.

### Equalisation

Income equalisation currently applies to all Funds.

Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

### 3 Risk

In pursuing its investment objective, each Fund holds a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Funds operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue. The Fund may also enter into derivative transactions. The purpose of these financial instruments is efficient portfolio management. The main risks arising from financial instruments are interest rate, credit, foreign currency, liquidity and market price risks.

#### (a) Market Risk

Market risk is the risk that the value of the Funds' investments or the benefits arising thereon will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk, and other price risk.

#### Foreign currency risk

Foreign currency risk is the risk that the value of the Funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

For those Funds where a proportion of the net assets of the Fund are denominated in currencies other than sterling, the balance sheet can be affected by movements in exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies.

#### Interest rate risk

Interest rate risk is the risk that the value of the Funds' investments and revenue may fluctuate as a result of interest rate changes. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Fund Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of debt securities may be affected by interest rate movements or the expectation of such movements in the future.

## Aggregated notes to the financial statements (continued)

### 3 Risk (continued)

#### Interest rate risk (continued)

The majority of the Funds' financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the Funds' exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior period.

Interest earned and paid on bank balances during the period was at a variable rate. The interest rates on sterling bank accounts at the end of the period were 0% on credit balances up to £5m and 0.10% on credit balances above £5m (31.05.12: 0% on credit balances up to £5m and 0.10% on credit balances above £5m) and 1.50% on overdraft balances (31.05.12: 1.50%).

#### Other price risk

Other price risk is the risk that the value of the Funds' investments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Other price risk arises mainly from uncertainty about future prices of financial instruments the Funds might hold. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD in pursuance of their investment objectives and policies as set out in the Prospectus.

#### (b) Liquidity risk

Liquidity risk is the risk that the Funds cannot raise sufficient cash to meet their liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, the Funds will remain close to fully invested. However, where circumstances require: for example because of illiquid securities markets or high levels of redemptions in the Funds, the Funds may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The ACD manages the Funds' cash to ensure they can meet their liabilities. The ACD receives daily reports of subscriptions and redemptions enabling the ACD to raise cash from the Funds portfolio in order to meet redemption requests. Funds' cash balances are monitored daily by the ACD and Administrator. Where investments cannot be realised in time to meet any potential liability, the Funds may borrow up to 10% of their value to ensure settlement. All of the Funds' financial liabilities are payable on demand or in less than one year.

#### (c) Credit and counterparty risk

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments there is the possibility of default of the issuer and default in the underlying assets meaning the Funds may not receive back the full principal originally invested. Thirdly, there is settlement risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Funds have fulfilled their responsibilities, which could result in the Funds suffering a loss.

In order to manage credit risk the Funds are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the Funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed by the Henderson Credit Risk Committee along with set limits and new counterparty approval.

A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the Financial Services Authority (FSA) Register or whose Home State authorisation, permits it to enter into the transaction as a principal off-exchange.

The Funds adhere to investment guidelines and to investment and borrowing powers set out in the instrument of incorporation, the Prospectus and in the Financial Services Authorities Collective Investment Schemes Sourcebook. This mitigate the risk of excessive exposure to any particular type of security or issuer.

## Aggregated notes to the financial statements (continued)

### 4 Portfolio transaction costs

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>1,847,801</u>	<u>2,225,967</u>
Commissions	2,245	2,490
Expenses	427	95
Taxes	<u>457</u>	<u>828</u>
Total purchase transaction costs*	<u>3,129</u>	<u>3,413</u>
<b>Purchases including transaction costs</b>	<b><u>1,850,930</u></b>	<b><u>2,229,380</u></b>
Sales in period before transaction costs	<u>1,976,844</u>	<u>2,517,945</u>
Commissions	(2,521)	(2,765)
Expenses	(122)	(94)
Taxes	<u>(447)</u>	<u>(490)</u>
Total sale transaction costs*	<u>(3,090)</u>	<u>(3,349)</u>
<b>Sales net of transaction costs</b>	<b><u>1,973,754</u></b>	<b><u>2,514,596</u></b>
<b>Transaction handling charges*</b>	<b><u>154</u></b>	<b><u>211</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).



# Henderson European Focus Fund

## Manager's report

### Fund Manager

John Bennett

### Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets (excluding the United Kingdom), by investing in a concentrated portfolio of companies having their registered office in Europe (excluding the United Kingdom) and companies that do not have their registered office in Europe (excluding the United Kingdom) but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe (excluding the United Kingdom).

The Fund will invest in companies of any market capitalisation. The Fund will invest in a portfolio of typically 30–40 holdings.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager'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 stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

### Performance summary

	<b>1 Dec 11- 30 Nov 12</b>	<b>1 Dec 10- 30 Nov 11</b>	<b>1 Dec 09- 30 Nov 10</b>	<b>1 Dec 08- 30 Nov 09</b>	<b>1 Dec 07- 30 Nov 08</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Henderson European Focus Fund</b>	23.4	(4.8)	(7.5)	25.9	(36.1)
<b>FTSE World Europe Ex UK Index</b>	13.8	(5.9)	(0.1)	36.5	(33.6)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, 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 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
Novartis (registered)	4,487	Société BIC	2,462
Roche Holding – participating	4,454	AstraZeneca	2,373
Henkel preference shares	3,822	Deutsche Post	2,304
Reed Elsevier	3,470	Sanofi	2,201
Sanofi	2,999	Akzo Nobel	2,092
Valeo	2,667	Heineken	1,866
Dassault Systemes	2,623	Dassault Systemes	1,787
Bayer	2,600	Electrolux 'B'	1,762
SAP	2,549	Aryzta	1,744
AstraZeneca	2,409	Fred Olsen Energy	1,708

### Performance

Over the six months to 30 November the Fund returned 20.0% compared with a return of 20.6% for its benchmark index FTSE World Europe excluding UK (GBP).

European equity markets made strong gains over the period, confounding the gloomy consensus of only a year ago.

Mr Draghi's vow during the summer to make "unlimited" purchases of Spanish and Italian government bonds together with Mr Bernanke's "QE infinity" (unlimited quantitative easing) represented a powerful combination, tantamount to an intoxicating monetary sugar rush. It remains to be seen whether this will prove enough to stop the rot. For the time being at least "tail risk" has been summarily chopped. What we cannot be sure of are the longer term implications of global money printing on such a scale. Our own view is that bond investors should be especially worried.

The main contributor to performance over the period was the oil and gas sector. Our lack of exposure to the telecommunications and utilities sector also contributed. The main detractor was financials, to which we remain underweight.

At the stock level the top contributor was Dutch publisher Reed Elsevier having delivered on its targets as well as showing an improving growth profile. French pharmaceutical company Sanofi also performed well and healthcare remains the single largest overweight in the Fund. Fred Olsen Energy, the Norwegian oil service company, which reported strong numbers, also contributed. The main laggards were French bank BNP Paribas and Novartis (registered) of Switzerland. Our lack of exposure to Spanish stocks also detracted from performance.

### Investment Activity

Our decision to establish pharmaceuticals as our biggest sector theme was taken almost two years ago and our conviction that the sector stands to undergo a major upward rerating has only grown. One further factor has emerged to strengthen that conviction. The investment world faces two major scarcities, or put another way, it craves two certainties: growth and income. Whilst craving the former risks pushing so called growth stocks to unworthy multiples, pharmaceuticals will, in our view, come to be seen as offering the best of both worlds: growth at a value price as well as outstanding yield characteristics. Having rerated food, drinks and tobacco stocks over the past decade the market, we believe, is beginning a similarly durable process with drug stocks.

As well as pharmaceuticals, we retained positions in technology where our favoured names are SAP and Dassault Systemes. Our key underweights have remained financials, utilities and telecoms. The latter two industries represent the side of Europe we consider vulnerable. Their assets are largely stranded in Europe, serve a European client base and require heavy investment. So, while their dividend yields may look high, we consider those dividends to be vulnerable to an ongoing cash squeeze. Telecoms in particular look destined for margin and cash flow compression.

Over the period we took positions in financials BNP Paribas and ING to narrow our long-standing underweight. We introduced reinsurance stocks Muenchener Rueckversicherungs and Swiss Reinsurance in anticipation of a rebound in global insurance premiums. Unlike other financial stocks we view the dividend yields of these two names as secure. We introduced Swiss elevator manufacturer Schindler Holding participation certificates and participated in two German initial public offerings (IPOs): reinsurer Talanx and Telefonica Deutschland.

We disposed of auto manufacturers Renault and Daimler as we became concerned about the deteriorating earnings and profit outlook for 2013. Other sales included AstraZeneca, Unilever and oil major Total.

### Outlook

As we have repeatedly pointed out, equities may have plenty of headwinds, not least 2013 earnings forecasts, which are so fanciful as to question what sell side analysts actually analyse. Yet, rather like the manifold macroeconomic worries which seem to force institutional as well as retail investors to adopt the "ABE" approach to investing: "Anything But Equity", such concerns are, in the case of Europe, well known and well worn. If they are well known, they are likely to be in the price. We can only say this with confidence if we adopt a proper investment horizon: whether this ageing bear market ends in the next year or in the next two years, we remain convinced that those able and willing to take a five plus year view will be rewarded by a more than acceptable total return from a bruised but deeply attractive asset class.

## Comparative tables as at 30 November 2012

### Net asset value per share

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	18,486,433	18,486,433	16,785,349	110.13
31/05/2011	29,550,933	29,550,933	20,921,160	141.25
31/05/2012	28,219,104	28,219,104	23,370,190	120.75
30/11/2012	68,592,802	56,451,640	38,845,464	145.32
<b>Class I accumulation*</b>				
30/11/2012	68,592,802	12,141,162	10,953,252	110.85

\* Share class I accumulation launched on 1 August 2012.

### Performance record

<b>Calendar year</b>	<b>Net revenue (pence per share)</b>	<b>Highest price (pence per share)</b>	<b>Lowest price (pence per share)</b>
<b>Class A accumulation</b>			
2007	1.21	149.78	130.24
2008	2.03	148.68	82.76
2009	2.26	122.69	79.65
2010	0.25	133.78	105.60
2011	0.92	144.22	109.39
2012	1.11	145.53*	118.86*
2013	-+	-	-
<b>Class I accumulation</b>			
2012**	-	111.00*	100.89*
2013	-+	-	-

+ to 31 January

\* to 30 November

\*\*From 1 August 2012 to 30 November 2012

## Ongoing charge figure

The annualised 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. Ongoing charges are all expenses deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	1.85	2.33
<b>Class I accumulation</b>	0.97	–

## Synthetic risk and reward profile

The Fund currently has 2 types of share in issue:  
A accumulation and I accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- The Fund focuses on a single region
- As a category, shares are 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value £000	Percentage of total net assets %
<b>BELGIUM – 0.99% (31/05/12: 0.00%)</b>			
36,253	KBC Bankverzekerings	681	0.99
<b>CYPRUS – 1.45% (31/05/12: 1.41%)</b>			
188,441	Prosafe	991	1.45
<b>DENMARK – 2.61% (31/05/12: 4.04%)</b>			
18,070	Novo Nordisk 'B'	1,791	2.61
<b>FINLAND – 0.93% (31/05/12: 1.26%)</b>			
32,063	Sampo Oyj	639	0.93
<b>FRANCE – 16.89% (31/05/12: 22.24%)</b>			
<b>Equities – 16.89% (31/05/12: 22.25%)</b>			
19,673	BNP Paribas	686	1.00
46,642	Carrefour	719	1.05
26,583	Dassault Systemes	1,877	2.74
40,751	Legrand Promesses	1,030	1.50
62,789	Sanofi	3,499	5.10
20,334	Société BIC	1,585	2.31
47,772	Valeo	1,413	2.06
57,841	Vivendi Universal	775	1.13
<b>Futures – 0.00% (31/05/12: (0.01%))</b>			
		11,584	16.89
<b>GERMANY – 31.72% (31/05/12: 17.72%)</b>			
<b>Equities – 31.72% (31/05/12: 17.74%)</b>			
17,451	Adidas-Salomon	959	1.40
11,357	Allianz (registered)	923	1.35
23,638	BASF	1,324	1.93
41,781	Bayer	2,363	3.44
34,261	BMW	1,897	2.77
10,213	Continental	701	1.02
85,419	Freenet	993	1.45
14,448	Fresenius	1,041	1.52
33,036	Fuchs Petrolub	1,318	1.92
69,074	Henkel preference shares	3,606	5.26
8,569	Muenchener Ruecker	914	1.33
65,451	SAP	3,184	4.64
112,132	Talanx	1,812	2.64
5,314	Volkswagen preference shares	720	1.05
<b>Futures – 0.00% (31/05/12: (0.02%))</b>			
49	EUX Euro Stoxx 50 December 2012	2	–
		21,757	31.72

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>NETHERLANDS – 9.72% (31/05/12: 13.65%)</b>			
180,166	ING Groep certificates	1,010	1.47
30,118	Koninklijke DSM	1,082	1.58
406,249	Reed Elsevier	3,659	5.33
38,793	Unilever	918	1.34
		<hr/>	<hr/>
		6,669	9.72
		<hr/>	<hr/>
<b>NORWAY – 0.00% (31/05/12: 1.01%)</b>			
<b>SWEDEN – 3.13% (31/05/12: 7.33%)</b>			
51,561	Electrolux 'B'	841	1.22
73,903	Elekta AB	665	0.97
73,000	Volvo 'B'	644	0.94
		<hr/>	<hr/>
		2,150	3.13
		<hr/>	<hr/>
<b>SWITZERLAND – 31.11% (31/05/12: 27.34%)</b>			
70,824	Nestlé (registered)	2,893	4.22
148,213	Novartis (registered)	5,725	8.35
45,670	Roche Holding – participating	5,608	8.18
27,634	Schindler Holding participation certificates	2,418	3.52
664	SGS Surveillance N	930	1.36
19,678	Swiss Reinsurance	885	1.29
4,802	Syngenta	1,202	1.75
171,425	UBS (registered)	1,674	2.44
		<hr/>	<hr/>
		21,335	31.11
		<hr/>	<hr/>
	<b>Investments assets</b>	<b>67,597</b>	<b>98.55</b>
	Net other assets	996	1.45
		<hr/>	<hr/>
	<b>Net assets</b>	<b>68,593</b>	<b>100.00</b>
		<hr/>	<hr/>

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		6,987		(3,956)
Revenue	145		112	
Expenses	(338)		(294)	
Finance costs: Interest	(2)		–	
		<hr/>		<hr/>
Net expense before taxation	(195)		(182)	
Taxation	(6)		(2)	
		<hr/>		<hr/>
Net expense after taxation		(201)		(184)
<b>Total return before distributions</b>		6,786		(4,140)
Finance costs: Distributions		5		–
<b>Change in net assets attributable to shareholders from investment activities</b>		<hr/> <b>6,791</b>		<hr/> <b>(4,140)</b>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>28,219</b>		<b>29,551</b>
Amounts receivable on issue of shares	36,061		316	
Amounts payable on cancellation of shares	(2,478)		(1,075)	
		<hr/>		<hr/>
		33,583		(759)
Change in net assets attributable to shareholders from investment activities (see above)		6,791		(4,140)
<b>Closing net assets attributable to shareholders</b>		<hr/> <b>68,593</b>		<hr/> <b>24,652</b>



**Balance sheet** as at 30 November 2012 (unaudited)

	<b>30/11/12</b>		<b>31/05/12</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>				
Investment assets		67,597		27,099
Debtors	3,131		1,042	
Cash and bank balances	<u>272</u>		<u>926</u>	
Total other assets		<u>3,403</u>		<u>1,968</u>
<b>Total assets</b>		<b>71,000</b>		<b>29,067</b>
<b>Liabilities</b>				
Investment liabilities		-		(10)
Creditors	(877)		(709)	
Bank overdraft	<u>(1,530)</u>		<u>(129)</u>	
Total other liabilities		<u>(2,407)</u>		<u>(838)</u>
<b>Total liabilities</b>		<b>(2,407)</b>		<b>(848)</b>
<b>Net assets attributable to shareholders</b>		<b><u>68,593</u></b>		<b><u>28,219</u></b>

## Notes to the financial statements as at 30 November 2012

### 1 Accounting policies

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

### 2 Portfolio transaction costs

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>97,521</u>	<u>51,896</u>
Commissions	90	75
Expenses	33	–
Taxes	<u>–</u>	<u>15</u>
Total purchase transaction costs*	123	90
<b>Purchases including transaction costs</b>	<b><u>97,644</u></b>	<b><u>51,986</u></b>
Sales in period before transaction costs	<u>63,783</u>	<u>56,737</u>
Commissions	<u>(81)</u>	<u>(83)</u>
Total sale transaction costs*	(81)	(83)
<b>Sales net of transaction costs</b>	<b><u>63,702</u></b>	<b><u>56,654</u></b>
<b>Transaction handling charges*</b>	<b><u>17</u></b>	<b><u>17</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).

**Distribution table** for the six months ended 30 November 2012 (in pence per share)

There is no distribution for the six months ended 30 November 2012, therefore no distribution statement has been provided and shareholders will not receive tax vouchers.

# Henderson Global Focus Fund

## Manager's report

### Fund Manager

Matthew Beesley

### Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from global equity markets, by investing in a concentrated portfolio of companies.

The Fund will invest in companies of any market capitalisation. The Fund will invest in a portfolio of typically 30-40 holdings.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager'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 stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

### Performance summary

	<b>1 Dec 11- 30 Nov 12</b>	<b>1 Dec 10- 31 Nov 11</b>	<b>1 Dec 09- 31 Nov 10</b>	<b>1 Dec 08- 31 Nov 09</b>	<b>1 Dec 07- 31 Nov 08</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Henderson Global Focus Fund</b>	13.0	(12.3)	11.9	15.8	(28.2)
<b>MSCI World Index</b>	12.2	1.0	12.3	24.0	(23.6)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, 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 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
Standard Chartered	6,037	Sanofi	9,509
DaVita Healthcare	5,740	Union Pacific	8,831
Lloyds Banking Group	5,391	Bayer	7,950
BorgWarner	4,853	Polo Ralph Lauren	5,183
Infineon Technologies	4,762	China Construction Bank	4,245
Makita Corporation	4,694	Mondelez International	3,324
Limited Brands	4,031	BMW	3,154
Bank Mandiri	3,947	Mitsui Fudosan	3,063
ITV	3,685	Centrica	2,813
Bed Bath & Beyond	3,340	Unilever	2,591

### Fund performance and activity

A solid return for the MSCI World Index of 8.6% masked the challenging and choppy nature of markets throughout the period. The Fund underperformed the benchmark returning 6.9% as investor focus jumped between economic growth concerns, central bank stimulus, and corporate earnings.

From early June to late September the index managed a return in excess of 11.5% encouraged by the hope and subsequent delivery of co-ordinated central bank stimulus. This was in response to pressures including weak US employment data, the Chinese Purchasing Managers' Index reflecting a shrinking economy, and debt and austerity worries plaguing the eurozone. Investor sentiment was buoyed by the European Central Bank's (ECB's) promise of peripheral government bond market support and the US Federal Reserve's (Fed's) announcement of a third round of quantitative easing (QE3). As September drew to a close and the third quarter corporate earnings season began, market performance began to wane. While this share price weakness largely priced in expectations for a downbeat quarter, disappointing company results triggered bouts of investor selling. Markets continued to fall during November amid concerns over the political and economic dislocations in the US. President Obama's re-election was received poorly by markets, which viewed fiscal uncertainty and the continuation of relatively anti-business policies as an impediment to economic growth. Movement towards a compromise on the imminent tax rises and spending cuts in the US (the so-called 'fiscal cliff') eased market tensions, aided by improving economic data from the US and China, as well as forecasts of aggressive monetary stimulus in Japan.

Over the period, detractors from Fund performance included Citrix Systems, BG, and Occidental Petroleum, while positive contributions came from positions in Bayer and Citigroup. US technology company Citrix Systems reported revenues below expectations with management providing a cautious outlook given an environment of corporate uncertainty. Long term, we believe revenue growth should be driven by increased utilisation of the firm's desktop virtualisation products as the corporate sector returns to capital spending in the post-fiscal cliff environment. BG's management reported production delays at its Brazilian oil and gas fields, which led analysts to reduce earnings expectations for 2013. We subsequently met with BG's management and examined the position in detail; we believe the stock price reaction has overstated the impact of the update. Shares in Occidental Petroleum were also weak despite beating consensus earnings estimates; investor concerns over a short-term slowdown in production growth dominated price action.

On the positive side, German pharmaceutical company Bayer benefited from the release of both first and second quarter earnings that beat consensus estimates. This is in line with our investment thesis that the market is underappreciating the improvements being enacted at the company, particularly in its CropScience division. Bayer's pharmaceutical pipeline also shows substantial potential for the creation of shareholder value. The position in US bank Citigroup contributed strongly to relative returns, driven by consensus-beating third quarter results. The company reported strong fixed income trading profits and rising net interest margins.

Following periods of outperformance we closed positions in healthcare companies Bayer and Sanofi as well as in US rail transportation company Union Pacific; in our view these had all reached fair value. We initiated positions in leading diversified bank Standard Chartered, UK retail bank Lloyds Banking Group, and US healthcare firm DaVita Healthcare. Standard Chartered has a unique set of assets focused across the growth regions of Asia and other emerging markets. The bank is well-capitalised, healthily funded and relies little on earnings from capital market activities that are perceived as risky. Lloyds Banking Group has an enviable position in the UK market with the largest branch network and leading shares in the high return sectors of mortgages, personal loans, and deposits. DaVita's recent acquisition of Healthcare Partners (HCP) could be a significant catalyst for change. The HCP business model helps provide a solution to current fiscal constraints in US; it incentivises physicians to provide preventative care and manage costs more efficiently to ultimately extract margin from the fixed monthly fee that the client pays. DaVita Healthcare believes its experience in running efficient operations and growing its business will lead to significant revenue growth.

### Outlook

Macroeconomic uncertainty remains in the shape of the looming US fiscal cliff, with eurozone austerity measures also at the forefront of investors' minds. These issues also feature strongly in the thoughts of business leaders and will affect their spending plans as they set budgets for 2013. Therefore, it is essential for economic growth that authorities work hard to manage or remove these uncertainties and instil confidence for businesses to invest and consumers to spend. That being said, recent economic data in the US, China and Germany have surprised positively, so the undercurrents of rising economic activity are increasingly apparent. Following a disappointing third quarter reporting season company earnings expectations, arguably, have been more realistic recently. As such, we could see markets move upwards should the 'fiscal cliff' be successfully averted and euro area risks contained.

**Net asset value per share**

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	278,339,657	132,069,688	101,112,474	130.62
31/05/2011	250,084,403	127,021,768	89,855,994	141.36
31/05/2012	190,493,990	82,671,834	65,182,670	126.83
30/11/2012	198,079,257	82,655,729	61,136,162	135.20
<b>Class Corporate accumulation</b>				
31/05/2010	278,339,657	146,269,969	138,951,670	105.27
31/05/2011	250,084,403	123,062,635	107,463,002	114.52
31/05/2012	190,493,990	107,822,156	104,232,636	103.44
30/11/2012	198,079,257	115,423,528	104,232,636	110.74

**Performance record**

<b>Calendar year</b>	<b>Net revenue (pence per share)</b>	<b>Highest price (pence per share)</b>	<b>Lowest price (pence per share)</b>
<b>Class A accumulation</b>			
2007	–	154.63	131.32
2008	–	153.81	95.13
2009	0.80	130.13	89.95
2010	0.47	147.04	118.46
2011	0.67	148.96	109.80
2012	0.78	139.25*	123.01*
2013	0.06+	–	–
<b>Class Corporate accumulation</b>			
2008**	–	107.63	76.01
2009	1.12	104.65	72.01
2010	0.91	118.85	95.53
2011	1.11	120.43	89.16
2012	1.35	113.41*	100.31*
2013	0.51+	–	–

+ to 31 January

\* to 30 November

\*\* From 4 August 2008 to 31 December 2008

## Ongoing charge figure

The annualised 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. Ongoing charges are all expenses deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

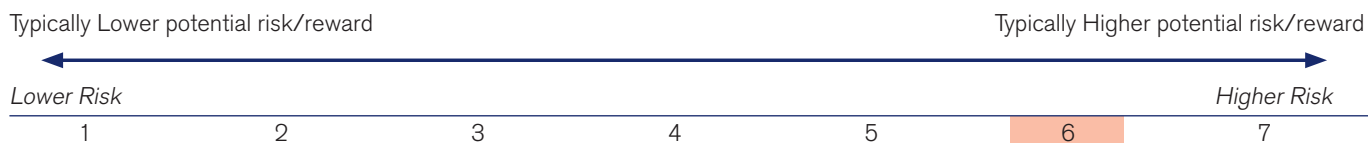
	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation*</b>	1.51	1.51
<b>Class Corporate accumulation</b>	0.83	0.85

\* Please note a performance fee of 0.07% was charged to the Class A accumulation share class due to the Fund being ranked in the top 25% of its sector in September 2012.

## Synthetic risk and reward profile

The Fund currently has 2 types of shares in issue:  
A accumulation and Corporate accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- As a category, shares are 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.



## Portfolio statement as at 30 November 2012

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – 22.21% (31/05/12: 16.66%)</b>			
448,500	BG	4,797	2.42
1,841,000	Centrica	5,994	3.03
4,053,000	ITV	4,002	2.02
12,931,000	Lloyds Banking Group	6,012	3.04
150,001	Rio Tinto	4,640	2.34
428,000	Standard Chartered	6,225	3.14
247,377	Unilever	5,945	3.00
3,963,514	Vodafone	6,385	3.22
		44,000	22.21
<b>UNITED STATES – 58.49% (31/05/12: 62.18%)</b>			
18,000	Apple	6,570	3.32
83,000	Bed Bath & Beyond	3,041	1.54
114,000	BorgWarner	4,714	2.38
267,000	Broadcom	5,395	2.72
305,000	CBS	6,849	3.46
261,593	Citigroup	5,640	2.85
130,000	Citrix Systems	4,959	2.50
104,500	Cummins	6,403	3.23
85,900	DaVita Healthcare	5,781	2.92
440,000	General Electric	5,801	2.93
14,000	Google	6,094	3.08
224,000	Las Vegas Sands	6,519	3.29
132,000	Limited Brands	4,295	2.17
354,700	Microsoft	5,885	2.97
137,100	National Oilwell Varco	5,835	2.95
139,000	Occidental Petroleum	6,521	3.29
319,320	Oracle	6,394	3.23
441,000	Pfizer	6,879	3.47
100,643	Praxair	6,735	3.40
77,300	PVH Corp	5,525	2.79
		115,835	58.49
<b>CHINA (INCLUDING HONG KONG) – 1.69% (31/05/12: 2.42%)</b>			
1,381,000	AIA	3,347	1.69
<b>FRANCE – 0.00% (31/05/12: 4.31%)</b>			

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>GERMANY – 6.03% (31/05/12: 6.42%)</b>			
67,400	Allianz (registered)	5,478	2.77
29,300	BMW	1,623	0.82
1,012,400	Infineon Technologies	4,843	2.44
		<u>11,944</u>	<u>6.03</u>
<b>INDONESIA – 1.99% (31/05/12: 0.00%)</b>			
7,400,000	Bank Mandiri	<u>3,947</u>	<u>1.99</u>
<b>JAPAN – 2.76% (31/05/12: 1.47%)</b>			
208,000	Makita Corporation	<u>5,469</u>	<u>2.76</u>
<b>SWITZERLAND – 3.03% (31/05/12: 3.06%)</b>			
147,000	Nestlé (registered)	<u>6,005</u>	<u>3.03</u>
<b>TURKEY – 1.59% (31/05/12: 0.00%)</b>			
523,700	Turkiye Halk Bankasi	<u>3,156</u>	<u>1.59</u>
	<b>Investments assets</b>	<b><u>193,703</u></b>	<b><u>97.79</u></b>
	Net other assets	<u>4,376</u>	<u>2.21</u>
	<b>Net assets</b>	<b><u>198,079</u></b>	<b><u>100.00</u></b>

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		12,448		(30,479)
Revenue	1,887		2,227	
Expenses	<u>(1,154)</u>		<u>(1,274)</u>	
Net revenue before taxation	733		953	
Taxation	<u>(164)</u>		<u>(153)</u>	
Net revenue after taxation		<u>569</u>		<u>800</u>
<b>Total return before distributions</b>		13,017		(29,679)
Finance costs: Distributions		(569)		(615)
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><b>12,448</b></u>		<u><b>(30,294)</b></u>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>190,494</b>		<b>250,084</b>
Amounts receivable on issue of shares	1,518		52	
Amounts payable on cancellation of shares	<u>(6,943)</u>		<u>(29,473)</u>	
		(5,425)		(29,421)
Stamp duty reserve tax		(1)		(1)
Change in net assets attributable to shareholders from investment activities (see above)		12,448		(30,294)
Retained distributions on accumulation shares		563		589
<b>Closing net assets attributable to shareholders</b>		<u><b>198,079</b></u>		<u><b>190,957</b></u>

## Balance sheet

as at 30 November 2012 (unaudited)

	30/11/12		31/05/12	
	£000	£000	£000	£000
<b>Assets</b>				
Investment assets		193,703		183,861
Debtors	4,382		1,810	
Cash and bank balances	1,738		9,022	
Total other assets		<u>6,120</u>		<u>10,832</u>
<b>Total assets</b>		199,823		194,693
<b>Liabilities</b>				
Creditors	<u>(1,744)</u>		<u>(4,199)</u>	
<b>Total liabilities</b>		(1,744)		(4,199)
<b>Net assets attributable to shareholders</b>		<u><b>198,079</b></u>		<u><b>190,494</b></u>

## Notes to the financial statements as at 30 November 2012

### 1 Accounting policies

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

### 2 Portfolio transaction costs

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>64,853</u>	<u>97,082</u>
Commissions	99	178
Expenses	40	1
Taxes	<u>44</u>	<u>10</u>
Total purchase transaction costs*	183	189
<b>Purchases including transaction costs</b>	<b><u>65,036</u></b>	<b><u>97,271</u></b>
Sales in period before transaction costs	<u>67,801</u>	<u>120,073</u>
Commissions	(102)	(146)
Expenses	(1)	(2)
Taxes	<u>(4)</u>	<u>(10)</u>
Total sale transaction costs*	(107)	(158)
<b>Sales net of transaction costs</b>	<b><u>67,694</u></b>	<b><u>119,915</u></b>
<b>Transaction handling charges*</b>	<b><u>3</u></b>	<b><u>5</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).

## **Distribution table** for the six months ended 30 November 2012 (in pence per share)

### **Interim dividend distribution (accounting date 30 November 2012, payable on 31 January 2013)**

Group 1: shares purchased prior to 1 June 2012

Group 2: shares purchased on or after 1 June 2012

	<b>Net revenue</b>	<b>Equalisation</b>	<b>Distribution payable 31/01/13</b>	<b>Distribution paid 31/01/12</b>
<b>Class A accumulation</b>				
Group 1	0.058	–	0.058	–
Group 2	–	0.058	0.058	–
<b>Class Corporate accumulation</b>				
Group 1	0.506	–	0.506	0.564
Group 2	0.506	–	0.506	0.564

# Henderson China Opportunities Fund

## Manager's report

### Fund Manager

Charlie Awdry

### Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from investments in Hong Kong and Chinese equity markets, by investing in companies having their registered office in Hong Kong or China and companies that do not have their registered office in Hong Kong or China but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Hong Kong or China.

The Fund may also invest in American Depositary Receipts ('ADRs') investing in securities issued by companies incorporated in Hong Kong or China or in any similar listed securities of Hong Kong or Chinese companies.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager'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 stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

### Performance summary

	1 Dec 11- 30 Nov 12	1 Dec 10- 30 Nov 11	1 Dec 09- 30 Nov 10	1 Dec 08- 30 Nov 09	1 Dec 07- 30 Nov 08
	%	%	%	%	%
<b>Henderson China Opportunities Fund</b>	1.0	(21.6)	26.1	62.6	(45.4)
<b>MSCI AC Zhong Hua Index</b>	21.0	(20.4)	17.4	62.4	(40.8)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, 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 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
China Mobile (Hong Kong)	27,946	China Life Insurance	22,685
Hutchison Whampoa	22,315	Baidu ADR	21,912
Sina	19,298	China Mobile (Hong Kong)	19,330
Ping An Insurance Company 'H'	18,081	PetroChina Company 'H'	16,043
China Petroleum & Chemical 'H'	17,241	Changsha Zoomlion Heavy Science & Technology Development	15,821
China Telecom 'H'	16,052	Sina	14,890
China Overseas Land & Investment	14,074	Hutchison Whampoa	14,452
Hong Kong Exchanges & Clearing	13,967	Hong Kong Exchanges & Clearing	14,256
China Resources Power Holdings	12,722	China Communications Construction	13,477
Anhui Conch Cement	12,610	CNOOC	13,153

### Overview

Early June turned out to be the low point for markets as cheap valuations provided firm support as investors digested news of the slowing Chinese economy. In the later part of the period a combination of improving economic indicators such as purchasing managers' index (PMI) surveys of manufacturing activity and a successful political power handover to the next generation of Communist Party leaders saw investors bidding up Chinese equities. Part of the rally was attributable to the effects of further quantitative easing (QE) in the West as illustrated by the fact that offshore Chinese equity markets in Hong Kong rallied while the Shanghai Composite fell under the influence of local investors. Evidence emerged at the end of the period of more money flowing back into Chinese equities from other asset classes or geographies, which is pleasing and logical following a sustained period of underperformance compared to other Asian equity markets.

### Fund performance and activity

In the six months to 30 November 2012 the Fund returned 5.73%, but underperformed the benchmark MSCI AC Zhong Hua Index, which returned 13.12%.

To reflect the improving economic data towards the end of the period the Fund shifted towards a more cyclical stance by purchasing companies including Anhui Conch Cement, which should benefit from an uptick in construction activity, Kingboard Chemical, a producer of basic IT hardware and chemicals which is talking of improving order books, and China Petroleum & Chemical, an oil refining business where throughout should recover with the economy.

Top performers for the Fund included a mix of consumer companies including Great Wall Motor Company, a leading domestic SUV brand reporting strong sales growth, and at the other end of the consumer spectrum luxury brand Prada, which is growing rapidly in China. Despite the negative news in the press about overheated property markets transactions in 2012 have been strong; property developer holdings Guangzhou R&F Properties Company and China Overseas Land & Investment reported strong sales ahead of expectations and shares have risen. We have also had winners in the energy space with offshore drilling company China Oilfield Services delivering robust growth. Our long-held enthusiasm for the growth of natural gas as a cleaner energy source for China has led us to another performer in the shape of gas transportation equipment manufacturer CIMC Enric.

Unfortunately, the positive returns from these positions were insufficient to offset the contribution from detractors. Our belief in the consumer being the core of the China investment case leads us to have a tilt towards mid-cap companies and we also take a broad exposure to China through investments in the US and the local Shanghai markets. Investments in these markets hurt returns in the period as they lagged the large-cap Hong Kong-listed benchmark stocks. Our experience in the US market has been strong over the long term but mixed in 2012. This is best illustrated by internet search company Baidu, which contributed handsomely for the Fund in 2010 and 2011, but has fallen in 2012; we have now sold the stock as we became concerned about how the company adapts to the mobile internet and smartphones. Additionally, in the US, education company New Oriental Holdings and software business Sina hurt returns and have been sold. A local wine brand listed in the mainland Shenzhen market, Yantai Changyu Pioneer, detracted from returns as the company's sales lagged. These off-index positions are continuously scrutinised and it is worth noting that some US-listed stocks the Fund owns have performed well, such as Yum! Brands, which runs the highly successful fast food restaurant chain KFC, and pharmaceutical research and development business WuXi Pharmatech. Off-index positions have been refocused to where conviction is very high, such as in Daqin Railway in the Shanghai market, whose thermal coal railroad assets generate strong cash flow not reflected in very cheap valuations.

Elsewhere a number of sales were made after reviewing holdings including China CITIC Bank, China Communications Construction Company and Harbin Power. The funds were recycled into existing holdings including insurer AIA and new holdings that are either more cyclical given the improving data, such as car and construction glass company Xinyi Glass Holdings, underappreciated growth companies including Beijing Capital International Airport and consumer luggage brand Samsonite International, or businesses with high and attractive yields that will continue to appeal to income-starved investors, such as telecom and broadband operator HKT Trust and HKT Ltd.



## Comparative tables as at 30 November 2012

### Net asset value per share

	Net asset value of Fund (£)	Net asset value of shares (£)	Number of shares in issue	Net asset value per share (pence)
<b>Class A accumulation</b>				
31/05/2010	738,376,454	738,376,454	110,483,495	668.31
31/05/2011	733,656,255	733,656,255	97,994,210	748.67
31/05/2012	494,266,818	493,235,439	86,154,330	572.50
30/11/2012	462,072,471	460,692,693	76,016,998	606.04
<b>Class I accumulation*</b>				
31/05/2012	494,266,818	1,030,183	1,321,149	77.98
30/11/2012	462,072,471	1,378,507	1,663,132	82.89
<b>Class I USD accumulation**</b>				
31/05/2012	494,266,818	1,196	203	589.16
30/11/2012	462,072,471	1,271	203	626.11

\* Share class I accumulation launched on 27 July 2011.

\*\* Share class I USD accumulation launched on 11 November 2011.

## Comparative tables (continued)

### Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
<b>Class A accumulation</b>			
2007	0.75	769.84	384.32
2008	1.01	687.52	300.35
2009	5.35	640.98	376.95
2010	2.52	783.55	580.07
2011	1.36	794.33	521.75
2012	2.95	662.48*	542.10*
2013	4.93+	–	–
<b>Class I accumulation</b>			
2011**	–	100.04	70.73
2012	0.46	90.06*	73.99*
2013	0.99+	–	–

Calendar year	Net revenue (USD cents per share)	Highest price (USD cents per share)	Lowest price (USD cents per share)
<b>Class I USD accumulation</b>			
2011***	–	1,022.86	925.06
2012	3.21	1,075.50*	885.69*
2013	11.69+	–	–

+ to 31 January

\* to 30 November

\*\* From 27 July 2011 to 31 December 2011

\*\*\* From 11 November 2011 to 31 December 2011

## Ongoing charge figure

The annualised 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. Ongoing charges are all expenses deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

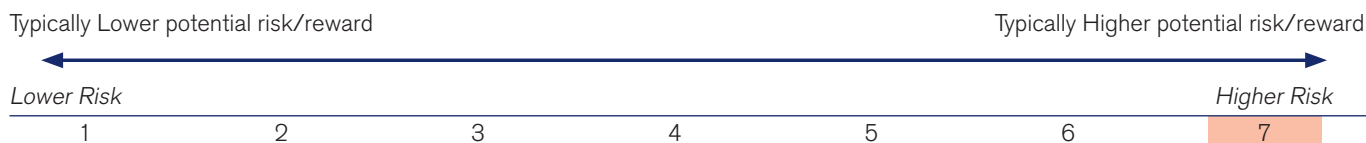
	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	1.80	1.79
<b>Class I accumulation</b>	0.90	1.09
<b>Class I USD accumulation</b>	1.10	1.08

## Synthetic risk and reward profile

The Fund currently has 3 types of shares in issue:

A accumulation, I accumulation and I USD accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what you paid for them.

The risk/reward rating above is based on medium-term volatility could be higher or lower and its rated risk/reward level could change.

The Fund's risk level reflects the following:

- The Fund focuses on a single country
- As a category, shares are more volatile than either bonds or money market instruments
- The Fund focuses on countries that have less developed markets
- 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value £000	Percentage of total net assets %
<b>CHINA – 44.84% (31/05/12: 53.23%)</b>			
<b>Warrants – 1.93% (31/05/12: 0.58%)</b>			
14,343,353	Daqin Railway Warrants 20/09/13	8,923	1.93
<b>Oil &amp; Gas – 7.37% (31/05/12: 7.55%)</b>			
<b>Oil &amp; Gas Producers – 6.82% (31/05/12: 5.55%)</b>			
28,238,000	China Petroleum & Chemical 'H'	18,665	4.04
30,666,000	MIE Holdings Corporation	5,407	1.17
8,946,000	PetroChina Company 'H'	7,447	1.61
		31,519	6.82
<b>Oil Equipment &amp; Services – 0.55% (31/05/12: 2.00%)</b>			
2,044,000	China Oilfield Services	2,531	0.55
<b>Basic Materials – 0.99% (31/05/12: 4.06%)</b>			
<b>Chemicals – 0.00% (31/05/12: 1.05%)</b>			
<b>Mining – 0.99% (31/05/12: 3.01%)</b>			
1,800,000	China Shenhua Energy	4,587	0.99
<b>Industrials – 5.52% (31/05/12: 8.68%)</b>			
<b>Construction &amp; Materials – 4.06% (31/05/12: 2.87%)</b>			
6,667,000	Anhui Conch Cement	13,849	3.00
6,000,000	China National Building Material	4,889	1.06
		18,738	4.06
<b>Industrial Engineering – 0.00% (31/05/12: 5.66%)</b>			
<b>Industrial Transportation – 1.46% (31/05/12: 0.00%)</b>			
15,166,000	Beijing Capital International Airport 'H'	6,740	1.46
<b>Support Services – 0.00% (31/05/12: 0.15%)</b>			
<b>Consumer Goods – 7.06% (31/05/12: 4.93%)</b>			
<b>Automobiles &amp; Parts – 5.20% (31/05/12: 2.74%)</b>			
17,466,000	Brilliance China Automotive Holdings	13,218	2.86
5,320,000	Great Wall Motor Company	10,794	2.34
		24,012	5.20

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>CHINA – continued</b>		
	<b>Consumer Goods – continued</b>		
	<b>Beverages – 1.86% (31/05/12: 2.19%)</b>		
2,733,223	Yantai Changyu Pioneer Wine	8,571	1.86
	<b>Healthcare – 2.01% (31/05/12: 1.50%)</b>		
	<b>Pharmaceuticals &amp; Biotechnology – 2.01% (31/05/12: 1.50%)</b>		
909,713	WuXi Pharmatech ADR	9,287	2.01
	<b>Consumer Services – 0.00% (31/05/12: 1.98%)</b>		
	<b>General Retailers – 0.00% (31/05/12: 1.02%)</b>		
	<b>Travel &amp; Leisure – 0.00% (31/05/12: 0.96%)</b>		
	<b>Telecommunications – 2.57% (31/05/12: 0.00%)</b>		
	<b>Fixed Line Telecommunications – 2.57% (31/05/12: 0.00%)</b>		
35,000,000	China Telecom 'H'	11,892	2.57
	<b>Financials – 16.91% (31/05/12: 20.26%)</b>		
	<b>Banks – 11.12% (31/05/12: 14.04%)</b>		
63,927,850	China Construction Bank	30,521	6.61
49,507,510	Industrial & Commercial Bank of China	20,846	4.51
		51,367	11.12
	<b>Non-Life Insurance – 2.43% (31/05/12: 2.56%)</b>		
14,028,600	PICC Property & Casualty 'H'	11,227	2.43
	<b>Life Insurance – 1.99% (31/05/12: 2.03%)</b>		
1,952,500	Ping An Insurance Company 'H'	9,180	1.99
	<b>Real Estate – 1.37% (31/05/12: 1.63%)</b>		
6,000,000	Guangzhou R&F Properties Company	6,348	1.37
	<b>Technology – 0.48% (31/05/12: 3.69%)</b>		
	<b>Software &amp; Computer Services – 0.48% (31/05/12: 3.69%)</b>		
78,000	Sina	2,215	0.48

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>HONG KONG – 54.01% (31/05/12: 46.05%)</b>		
	<b>Oil &amp; Gas – 4.03% (31/05/12: 6.77%)</b>		
	<b>Oil &amp; Gas Producers – 4.03% (31/05/12: 6.77%)</b>		
14,024,000	CNOOC	18,630	4.03
	<b>Basic Materials – 0.00% (31/05/12: 0.01%)</b>		
	<b>Mining – 0.00% (31/05/12: 0.01%)</b>		
	<b>Industrials – 7.82% (31/05/12: 3.71%)</b>		
	<b>Construction &amp; Materials – 0.88% (31/05/12: 0.00%)</b>		
4,000,000	NWS Holdings	4,051	0.88
	<b>General Industrials – 5.24% (31/05/12: 3.71%)</b>		
2,601,500	Beijing Enterprise Holdings	10,462	2.26
13,373,000	Greatview Aseptic Packaging	4,479	0.97
1,452,000	Hutchison Whampoa	9,294	2.01
		24,235	5.24
	<b>Industrial Engineering – 0.74% (31/05/12: 0.00%)</b>		
6,360,000	CIMC Enric Holding	3,421	0.74
	<b>Support Services – 0.96% (31/05/12: 0.00%)</b>		
15,000,000	China Everbright International	4,444	0.96
	<b>Consumer Goods – 4.88% (31/05/12: 6.81%)</b>		
	<b>Automobiles &amp; Parts – 1.82% (31/05/12: 0.00%)</b>		
23,950,000	Xinyi Glass Holdings	8,407	1.82
	<b>Food Producers – 0.00% (31/05/12: 0.30%)</b>		
	<b>Household Goods – 1.08% (31/05/12: 0.00%)</b>		
3,758,400	Samsonite International	4,999	1.08
	<b>Personal Goods – 1.98% (31/05/12: 6.51%)</b>		
1,622,000	Hengan International	9,167	1.98
	<b>Consumer Services – 2.45% (31/05/12: 5.52%)</b>		
	<b>General Retailers – 0.95% (31/05/12: 1.73%)</b>		
14,355,000	Springland International Holdings	4,403	0.95

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>HONG KONG – continued</b>			
<b>Consumer Services – continued</b>			
<b>Media – 0.00% (31/05/12: 1.23%)</b>			
<b>Travel &amp; Leisure – 1.50% (31/05/12: 2.56%)</b>			
3,906,400	Wynn Macau	6,935	1.50
<b>Telecommunications – 5.22% (31/05/12: 3.55%)</b>			
<b>Fixed Line Telecommunications – 2.05% (31/05/12: 0.00%)</b>			
15,663,000	HKT Trust and HKT Ltd	9,458	2.05
<b>Mobile Telecommunications – 3.17% (31/05/12: 3.55%)</b>			
2,055,000	China Mobile (Hong Kong)	14,626	3.17
<b>Utilities – 1.57% (31/05/12: 1.10%)</b>			
<b>Electricity – 1.03% (31/05/12: 0.00%)</b>			
3,416,000	China Resources Power Holdings	4,753	1.03
<b>Gas, Water &amp; Multiutilities – 0.54% (31/05/12: 1.10%)</b>			
890,000	ENN Energy Holdings	2,501	0.54
<b>Financials – 20.71% (31/05/12: 11.85%)</b>			
<b>Banks – 1.49% (31/05/12: 0.56%)</b>			
3,600,000	BOC Hong Kong Holdings	6,898	1.49
<b>Life Insurance – 6.71% (31/05/12: 4.83%)</b>			
12,797,200	AIA	31,013	6.71
<b>Real Estate – 11.92% (31/05/12: 6.06%)</b>			
1,554,000	Cheung Kong Holdings	14,776	3.20
8,794,000	China Overseas Land & Investment	16,214	3.51
113,500,000	CSI Properties	2,833	0.61
2,105,000	Hang Lung Properties	4,805	1.04
2,085,000	Link	7,092	1.53
1,443,000	Wheelock	4,357	0.94
25,000,000	Yuexiu Property	5,012	1.09
		55,089	11.92



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>HONG KONG – continued</b>			
<b>Financials – continued</b>			
<b>Financial Services – 0.59% (31/05/12: 0.40%)</b>			
8,008,000	Value Partners	2,740	0.59
<b>Technology – 7.33% (31/05/12: 6.73%)</b>			
<b>Software &amp; Computer Services – 5.05% (31/05/12: 3.74%)</b>			
1,148,300	Tencent Holdings	23,353	5.05
<b>Technology Hardware &amp; Equipment – 2.28% (31/05/12: 2.99%)</b>			
334,300	ASM Pacific Technology	2,434	0.53
13,766,000	Lenovo	8,080	1.75
		10,514	2.28
<b>Investments assets</b>		<b>456,774</b>	<b>98.85</b>
	Net other assets	5,298	1.15
<b>Net assets</b>		<b>462,072</b>	<b>100.00</b>

Unless otherwise stated, all investments are listed securities.

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		21,648		(160,392)
Revenue	9,185		9,135	
Expenses	(4,150)		(5,503)	
Finance costs: Interest	(12)		(6)	
		<u>          </u>	<u>          </u>	
Net revenue before taxation	5,023		3,626	
Taxation	(698)		(717)	
		<u>          </u>	<u>          </u>	
Net revenue after taxation		4,325		2,909
<b>Total return before distributions</b>		25,973		(157,483)
Finance costs: Distributions		(4,285)		(2,909)
<b>Change in net assets attributable to shareholders from investment activities</b>		<u>          </u>	<u>          </u>	<u>          </u>
		<b>21,688</b>		<b>(160,392)</b>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>494,267</b>		<b>733,656</b>
Amounts receivable on issue of shares	4,340		73,108	
Amounts payable on cancellation of shares	(61,986)		(55,477)	
		<u>          </u>	<u>          </u>	
		(57,646)		17,631
Change in net assets attributable to shareholders from investment activities (see above)		21,688		(160,392)
Retained distributions on accumulation shares		3,763		3,004
<b>Closing net assets attributable to shareholders</b>		<u>          </u>	<u>          </u>	<u>          </u>
		<b>462,072</b>		<b>593,899</b>

## Balance sheet

as at 30 November 2012 (unaudited)

	30/11/12		31/05/12	
	£000	£000	£000	£000
<b>Assets</b>				
Investment assets		456,774		490,698
Debtors	11,748		4,111	
Cash and bank balances	4,932		8,844	
Total other assets		<u>16,680</u>		<u>12,955</u>
<b>Total assets</b>		473,454		503,653
<b>Liabilities</b>				
Creditors	(11,382)		(6,876)	
Bank overdrafts		<u>-</u>		<u>(2,510)</u>
<b>Total liabilities</b>		(11,382)		(9,386)
<b>Net assets attributable to shareholders</b>		<u>462,072</u>		<u>494,267</u>

**1 Accounting policies**

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

**2 Portfolio transaction costs**

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>480,330</u>	<u>482,659</u>
Commissions	893	927
Expenses	150	49
Taxes	<u>295</u>	<u>368</u>
Total purchase transaction costs*	1,338	1,344
<b>Purchases including transaction costs</b>	<b><u>481,668</u></b>	<b><u>484,003</u></b>
Sales in period before transaction costs	<u>539,087</u>	<u>473,445</u>
Commissions	(1,005)	(854)
Expenses	(84)	(53)
Taxes	<u>(409)</u>	<u>(382)</u>
Total sale transaction costs*	(1,498)	(1,289)
<b>Sales net of transaction costs</b>	<b><u>537,589</u></b>	<b><u>472,156</u></b>
<b>Transaction handling charges*</b>	<b><u>60</u></b>	<b><u>81</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).

## Distribution table for the six months ended 30 November 2012 (in pence per share)

### Interim dividend distribution (accounting date 30 November 2012, payable on 31 January 2013)

Group 1: shares purchased prior to 1 June 2012

Group 2: shares purchased on or after 1 June 2012

	Net revenue	Equalisation	Distribution payable 31/01/13	Distribution paid 31/01/12
<b>Class A accumulation</b>				
Group 1	4.929	–	4.929	2.950
Group 2	–	4.929	4.929	2.950
<b>Class I accumulation</b>				
Group 1	0.995	–	0.995	–
Group 2	–	0.995	0.995	–
<b>Class I USD accumulation (in USD cents)</b>				
Group 1	11.688	–	11.688	–
Group 2	11.688	–	11.688	–

# Henderson Emerging Markets Opportunities Fund

## Manager's report

### Fund Manager

Chris Palmer

### Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from emerging equity markets by investing predominantly in companies having their registered office in emerging markets and companies that do not have their registered office in emerging markets but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in emerging markets.

In this context, the term "emerging markets" means countries included in the MSCI World Emerging Markets Index and/or those included in the World Bank definition of developing economies or those countries which are, in the Investment Manager's opinion, developing countries.

The Fund may also invest in American Depositary Receipts ("ADRs") investing in securities issued by companies incorporated in emerging markets or in any similar listed securities of emerging companies.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager'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 stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the stated investment and borrowing powers of the Fund).

### Performance summary

	1 Dec 11- 30 Nov 12	1 Dec 10- 30 Nov 11	1 Dec 09- 30 Nov 10	1 Dec 08- 30 Nov 09	1 Dec 07- 30 Nov 08
	%	%	%	%	%
<b>Henderson Emerging Markets Opportunities Fund</b>	8.5	(17.2)	23.2	55.8	(46.4)
<b>MSCI Emerging Markets Free Index</b>	9.7	(12.1)	21.9	73.6	(41.6)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, 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 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
China Construction Bank	3,839	Largan Precision	2,872
Erste Bank	3,297	Woori Finance	2,771
BR Properties	2,941	Banco Itau ADR	2,681
NetEase ADR	2,677	Samsung Engineering	2,528
Great Wall Motor Company	2,629	Baidu	2,396
China Overseas Land & Investments	2,581	Bancolumbia S.A. ADR	2,352
Quanta Computer	2,310	CIA Hering	2,244
LG Household & Healthcare	1,999	PetroChina Company 'H'	2,105
Wal-Mart de Mexico	1,922	Harbin Electric	2,032
Lenovo	1,735	Novatek OAO GDR	2,007

### Overview

The world's media spent most of the last six months focused on the European Union's (EU) fiscal woes, the US presidential election and the changing of the guard in China. By the end of the period under review, the latter two had been settled, while Europe continues to work at its problems. Although growth was clearly slowing around the globe, emerging market gross domestic product (GDP) growth continued to expand faster than in the developed world. In most countries, with the exception of India and Brazil, inflationary pressures remain moderate or continue to abate. This positive trend should help authorities to cut interest rates further or conduct fiscal stimulus when necessary.

### Fund performance and activity

The Fund outperformed its benchmark over the six months to end November 2012, rising 9.6% versus 8.5%.

The most significant outperformers in the Fund were Erste Bank, Mexichem and Link REIT. Austrian bank, Erste Bank, has operations across eastern Europe. It is highly geared to changing perceptions on the EU, and the positive news flow in this area since the summer drove the stock higher. Mexichem is a Mexican plastics firm, which is closely linked to the fortunes of the Mexican economy. With the latter responding well to the US recovery, the stock rose. Link REIT is a Hong Kong landlord whose portfolio of shopping centres and car parks has benefited from scarcity value.

At the other end of the scale, our exposure to Hiwin, NetEase and Exxaro Resources detracted the most from returns. Taiwanese firm, Hiwin makes parts assembly lines. Although the stock remains relatively inexpensive, management has not been able to reverse a series of disappointing earnings reports. NetEase is a US-listed internet company that offers email, web access and entertainment in China. Like Hiwin, its earnings growth disappointed during the quarter in a winner-takes-all battle against the likes of Baidu. Exxaro Resources is a South African thermal coal miner. The mining industry has experienced a wave of violence in the lead up to presidential elections in 2014.

From a country perspective, Russia, Korea and Austria contributed the most to performance. Austria's Erste Bank contributed to the latter, while stock picking in Russia was most beneficial, where we own companies such as hypermarket Magnit and carmaker, Sollers. Meanwhile, the strong Korean performance was down to misses as much as hits – our lack of exposure to Kia Motors and steel maker POSCO adding significantly to returns.

On the other side of the coin, we struggled to perform in Asia, notably India, China and Thailand. We were underweight in India and China, while these countries outperformed. Furthermore stock selection in Thailand proved disappointing.

Our non-consensus overweight in financials added value, as did stock picking in the materials (underweight) and consumer discretionary (overweight) sectors. Meanwhile, our lack of exposure to the highly cyclical industrials and IT sectors detracted from returns. Stock selection in telecoms also had a negative impact on performance.

Key portfolio activity during the quarter included increasing exposure to China, where expectations of renewed corporate growth remain subdued. In this context, we added Great Wall Motor Company and China Overseas Land & Investment to the portfolio. Elsewhere, we added NetEase in favour of Baidu. In the financials sector, we sold Bancolombia on valuation concerns buying Erste Bank instead. We also tended to reduce exposure to Brazil, where we sold Brasil Foods and retailer Hering; instead we opened a position in BR Properties. We also exited positions in energy companies Novatek and Banpu. The former is a private Russian gas company, which faces a rejuvenated state imposing on its markets. The latter is an Indonesian coal miner, which is struggling as prices fall.

With valuations remaining inexpensive across eastern Europe, the Fund's largest weight remains in Russia, with an off-benchmark position in Austria adding to the regional overweight. We also remain overweight in Mexico. While cognisant that valuations appear stretched, we stick to the view that the country's export links with the US and strong domestic economy will continue to generate attractive returns. We have also moved overweight in China, again due to valuations.

## Manager's report (continued)

### Fund performance and activity (continued)

Elsewhere, our largest underweight positions remain in Chile, Brazil, Taiwan and Korea. The latter two have stock markets biased towards unimpressive banks and IT companies. Chile's market remains overvalued in our view (as does Colombia). We have become increasingly worried about state regulation and intervention in Brazil, and have moved underweight there. In sector terms, we retain our overweight in consumer stocks including financials, and underweight in heavily regulated industries and cyclicals.

### Outlook

Prospects for global economic growth remain muted, especially for western Europe. Nevertheless stimulus measures implemented around the world (quantitative easing in the US, UK, and Europe; lower taxation on labour in Brazil, and rate cuts in Thailand) are progressively working their way into the real economy. As before, emerging market corporate balance sheets maintain a relatively low level of debt to equity. Governments have a high capacity to offer additional fiscal or monetary stimulus. Hence we remain positive on emerging market equities because of their capacity for earnings growth, and relatively inexpensive valuations.



**Net asset value per share**

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	292,305,599	282,316,446	198,379,281	142.31
31/05/2011	310,281,904	299,253,681	184,845,073	161.89
31/05/2012	222,114,621	217,668,406	163,405,101	133.21
30/11/2012	212,232,621	207,244,735	142,647,835	145.28
<b>Class C accumulation</b>				
31/05/2010	292,305,599	9,989,153	2,472,849	403.95
31/05/2011	310,281,904	11,028,223	2,376,340	464.08
31/05/2012	222,114,621	4,446,215	1,150,915	386.32
30/11/2012	212,232,621	4,985,108	1,176,184	423.84
<b>Class I accumulation*</b>				
30/11/2012	212,232,621	2,778	2,689	103.31

\* Share class I accumulation launched on 1 August 2012.

## Comparative tables (continued)

### Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
<b>Class A accumulation</b>			
2007	0.21	169.27	107.17
2008	0.56	163.98	73.67
2009	1.02	140.11	80.54
2010	0.18	171.49	130.15
2011	0.40	174.16	122.56
2012	1.40	153.05*	129.58*
2013	0.50+	–	–
<b>Class C accumulation</b>			
2007	3.11	469.75	296.03
2008	5.04	457.05	206.02
2009	5.11	396.06	226.02
2010	4.22	489.54	368.26
2011	5.52	497.26	352.70
2012	8.85	442.75*	375.64*
2013	3.87+	–	–
<b>Class I accumulation</b>			
2012**	–	104.08*	96.85*
2013	0.33+	–	–

+ to 31 January

\* to 30 November

\*\* From 1 August 2012 to 31 December 2012

## Ongoing charge figure

The annualised 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. Ongoing charges are all expenses deducted from the assets of the period during the period, except for expenses that are explicitly excluded by regulation.

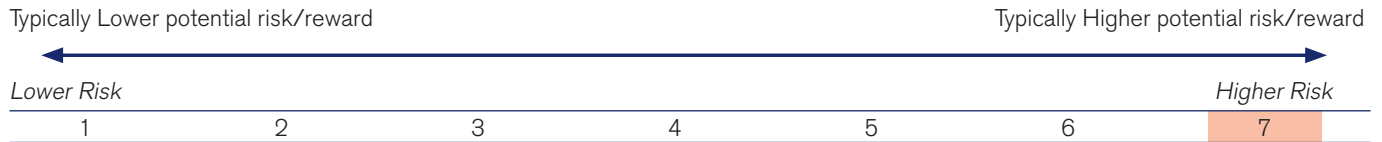
	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	1.81	1.82
<b>Class C accumulation</b>	0.63	0.66
<b>Class I accumulation</b>	0.92	n/a

## Synthetic risk and reward profile

The Fund currently has 3 types of share in issue:

A accumulation, C accumulation and I accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- As a category, shares are more volatile than either bonds or money market instruments
- The Fund focuses on countries that have less developed markets
- 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value £000	Percentage of total net assets %
<b>AUSTRIA – 2.12% (31/05/12: 0.00%)</b>			
246,300	Erste Bank	4,507	2.12
<b>BRAZIL – 11.23% (31/05/12: 15.29%)</b>			
350,400	BR Properties	2,609	1.23
525,496	Cia De Concessoes Rodoviaras	2,856	1.35
169,948	Companhia Brasileira de Distribuicao preference 'A' shares	4,561	2.15
172,962	Companhia de Bedidas das Americas ADR	4,491	2.12
184,056	Companhia Vale do Rio Doce preference 'A' shares	1,998	0.94
150,471	CPFL Energia ADR preference shares	2,049	0.97
546,819	Petrobras	3,092	1.46
84,100	Sabesp On	2,153	1.01
		<u>23,809</u>	<u>11.23</u>
<b>CAYMAN ISLANDS – 2.67% (31/05/12: 3.62%)</b>			
151,841	Eurasia Drilling GDR	3,084	1.45
1,458,700	Wynn Macau	2,590	1.22
		<u>5,674</u>	<u>2.67</u>
<b>CHINA – 8.31% (31/05/12: 6.89%)</b>			
4,245,300	China Communications Construction Company	2,406	1.13
19,478,500	China Construction Bank	9,300	4.38
1,495,500	Great Wall Motor Company	3,034	1.43
3,624,870	PICC Property & Casualty	2,901	1.37
		<u>17,641</u>	<u>8.31</u>
<b>COLOMBIA – 0.00% (31/05/12: 1.10%)</b>			
<b>HONG KONG – 10.36% (31/05/12: 8.58%)</b>			
1,048,600	AIA	2,541	1.20
336,100	ASM Pacific Technology	2,448	1.15
1,586,000	China Overseas Land & Investment	2,924	1.38
4,062,800	CNOOC	5,397	2.54
473,200	Hang Lung	1,631	0.77
3,012,000	Lenovo	1,768	0.83
881,449	Link REIT	2,998	1.41
447,700	Prada	2,294	1.08
		<u>22,001</u>	<u>10.36</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>INDIA – 5.61% (31/05/12: 4.72%)</b>			
1,721,221	Andhra Bank	2,174	1.02
7,633,942	Ashok Leyland	2,487	1.17
407,384	Canara Bank	2,171	1.02
2,294,583	Chambal Fertilizers & Chemicals	1,774	0.84
211,927	Tata Motors ADR	3,316	1.56
		<u>11,922</u>	<u>5.61</u>
<b>INDONESIA – 2.44% (31/05/12: 2.86%)</b>			
5,476,400	Astra International	2,565	1.21
4,900,790	Bank Mandiri	2,614	1.23
		<u>5,179</u>	<u>2.44</u>
<b>KOREA – 12.45% (31/05/12: 12.88%)</b>			
33,423	Hyundai Motor	4,343	2.05
10,850	Korea Zinc	2,729	1.29
9,662	LG Chemicals	1,734	0.82
9,857	LG Household & Healthcare	3,669	1.73
14,137	Samsung Electronics	11,453	5.40
25,900	SK Innovation	2,463	1.16
		<u>26,391</u>	<u>12.45</u>
<b>LUXEMBOURG – 1.08% (31/05/12: 0.84%)</b>			
170,891	Karnel Holding S.A.	2,283	1.08
<b>MALAYSIA – 2.37% (31/05/12: 2.54%)</b>			
2,125,800	Axiata Group Berhad	2,579	1.22
1,595,500	CIMB Group Holdings	2,447	1.15
		<u>5,026</u>	<u>2.37</u>
<b>MEXICO – 8.72% (31/05/12: 6.97%)</b>			
249,420	America Movil ADR	3,668	1.73
1,804,428	Genomma Lab Internacional 'B'	2,239	1.05
906,964	Grupo Financiero Banorte	3,235	1.52
1,498,547	Grupo Mexico 'B'	3,054	1.44
908,293	Mexichem	2,908	1.37
1,749,100	Wal-Mart de Mexico	3,422	1.61
		<u>18,526</u>	<u>8.72</u>
<b>PHILIPPINES – 1.53% (31/05/12: 1.23%)</b>			
85,489,500	Megaworld	3,248	1.53

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>RUSSIA – 8.56% (31/05/12: 8.55%)</b>			
168,900	Gazprom Neft ADR	2,442	1.15
44,437	Magnit	4,035	1.90
241,400	Mobile TeleSystems OJSC ADR	2,625	1.24
1,279,459	Sberbank	2,364	1.11
131,389	Sollers	1,774	0.84
106,813	Tatneft GDR	2,637	1.24
99,114	Uralkaliy GDR	2,290	1.08
		<hr/>	<hr/>
		18,167	8.56
<b>SOUTH AFRICA – 7.56% (31/05/12: 7.77%)</b>			
756,100	AVI	3,046	1.44
171,760	Exxaro Resources	1,864	0.88
63,230	Kumba Iron Ore	2,416	1.14
427,379	Mr Price	3,993	1.88
209,413	MTN	2,407	1.13
184,174	Nedbank	2,312	1.09
		<hr/>	<hr/>
		16,038	7.56
<b>SWITZERLAND – 1.47% (31/05/12: 1.27%)</b>			
644,677	Richemont S.A.	3,110	1.47
<b>TAIWAN – 9.11% (31/05/12: 9.09%)</b>			
1,823,400	Farglory Land Development	2,130	1.00
3,284,710	Fubon Financial Holding	2,324	1.10
2,210,730	Hon Hai Precision Industry	4,425	2.08
1,499,000	Quanta Computer	2,340	1.10
2,473,000	Taiwan Semiconductor Manufacturing ADR	5,237	2.47
2,146,307	TSRC	2,886	1.36
		<hr/>	<hr/>
		19,342	9.11
<b>THAILAND – 1.47% (31/05/12: 2.35%)</b>			
798,100	Bangkok Bank	3,115	1.47
<b>TURKEY – 2.98% (31/05/12: 2.56%)</b>			
113,130	BIM Birlesik Magazalar AS	3,211	1.51
1,058,860	Garanti Bankasi	3,130	1.47
		<hr/>	<hr/>
		6,341	2.98
<b>Investments assets</b>		<hr/>	<hr/>
		212,320	100.04
	Net other liabilities	(87)	(0.04)
		<hr/>	<hr/>
	<b>Net assets</b>	212,233	100.00

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		18,121		(53,792)
Revenue	3,302		4,742	
Expenses	(1,948)		(2,417)	
Finance costs: Interest	(2)		(4)	
		<u>1,352</u>		<u>2,321</u>
Net revenue before taxation		1,352		2,321
Taxation		(352)		(426)
		<u>1,000</u>		<u>1,895</u>
<b>Net revenue after taxation</b>		<b>1,000</b>		<b>1,895</b>
<b>Total return before distributions</b>		<b>19,121</b>		<b>(51,897)</b>
Finance costs: Distributions		(855)		(1,818)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>18,266</b>		<b>(53,715)</b>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>222,115</b>		<b>310,282</b>
Amounts receivable on issue of shares	2,899		2,165	
Amounts payable on cancellation of shares	(31,810)		(13,803)	
		<u>(28,911)</u>		<u>(11,638)</u>
Stamp duty reserve tax		–		(2)
Change in net assets attributable to shareholders from investment activities (see above)		18,266		(53,715)
Retained distributions on accumulation shares		763		1,754
<b>Closing net assets attributable to shareholders</b>		<b>212,233</b>		<b>246,681</b>



**Balance sheet** as at 30 November 2012 (unaudited)

	<b>30/11/12</b>		<b>31/05/12</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>				
Investment assets		212,320		220,145
Debtors	1,349		2,044	
Cash and bank balances	2,522		1,443	
Total other assets		<u>3,871</u>		<u>3,487</u>
<b>Total assets</b>		216,191		223,632
<b>Liabilities</b>				
Creditors	(950)		(658)	
Bank overdraft	(3,008)		(859)	
<b>Total liabilities</b>		(3,958)		(1,517)
<b>Net assets attributable to shareholders</b>		<u><b>212,233</b></u>		<u><b>222,115</b></u>

## Notes to the financial statements as at 30 November 2012

### 1 Accounting policies

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

### 2 Portfolio transaction costs

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>35,018</u>	<u>56,289</u>
Commissions	68	166
Expenses	4	4
Taxes	<u>11</u>	<u>32</u>
Total purchase transaction costs*	83	202
<b>Purchases including transaction costs</b>	<b><u>35,101</u></b>	<b><u>56,491</u></b>
Sales in period before transaction costs	<u>61,387</u>	<u>65,227</u>
Commissions	(100)	(143)
Expenses	(30)	(33)
Taxes	<u>(34)</u>	<u>(50)</u>
Total sale transaction costs*	(164)	(226)
<b>Sales net of transaction costs</b>	<b><u>61,223</u></b>	<b><u>65,001</u></b>
<b>Transaction handling charges*</b>	<b><u>15</u></b>	<b><u>27</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).

## Distribution table for the six months ended 30 November 2012 (in pence per share)

### Interim dividend distribution (accounting date 30 November 2012, payable on 31 January 2013)

Group 1: shares purchased prior to 1 June 2012

Group 2: shares purchased on or after 1 June 2012

	Net revenue	Equalisation	Distribution payable 31/01/13	Distribution paid 31/01/12
<b>Class A accumulation</b>				
Group 1	0.503	–	0.503	0.924
Group 2	0.065	0.438	0.503	0.924
<b>Class C accumulation</b>				
Group 1	3.871	–	3.871	5.050
Group 2	2.750	1.121	3.871	5.050
<b>Class I accumulation</b>				
Group 1	0.331	–	0.331	n/a
Group 2	0.028	0.303	0.331	n/a

# Henderson European Selected Opportunities Fund

## Manager's report

### Fund Manager

John Bennett

### Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets, by investing in companies having their registered office in Europe and companies that do not have their registered office in Europe but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe.

The Fund will invest in companies of any market capitalisation.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager'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 stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

### Performance summary

	1 Dec 11- 30 Nov 12	1 Dec 10- 30 Nov 11	1 Dec 09- 30 Nov 10	1 Dec 08- 30 Nov 09	1 Dec 07- 30 Nov 08
	%	%	%	%	%
<b>Henderson European Selected Opportunities Fund</b>	21.2	(6.5)	(0.0)	33.7	(29.0)
<b>FTSE World Europe ex UK Index</b>	13.8	(5.9)	(0.1)	36.5	(33.6)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, 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 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
Novartis (registered)	27,802	Sanofi	43,704
ENI	26,316	Total SA	31,326
Bayer	26,034	Akzo Nobel	24,793
BMW	25,863	Beiersdorf	23,644
BNP Paribas	24,421	Roche Holding – participating	22,606
Reed Elsevier	23,819	Renault	21,611
Henkel preference shares	23,072	Syngenta	20,857
Vivendi Universal	19,988	Saipem	19,467
Roche Holding – participating	19,359	Novartis (registered)	18,355
UBS (registered)	18,786	Heineken	18,109

### Performance

Over the six months to 30 November the Fund returned 20.8% compared with a return of 20.6% for its benchmark index FTSE World Europe excluding UK (GBP).

European equity markets made strong gains over the period, confounding the gloomy consensus of only a year ago.

Mr Draghi's vow during the summer to make "unlimited" purchases of Spanish and Italian government bonds together with Mr Bernanke's "QE infinity" (unlimited quantitative easing) represented a powerful combination, tantamount to an intoxicating monetary sugar rush. It remains to be seen whether this will prove enough to stop the rot. For the time being at least "tail risk" has been summarily chopped. What we cannot be sure of are the longer term implications of global money printing on such a scale. Our own view is that bond investors should be especially worried.

Our lack of exposure to the telecommunications sector was the main contributor to performance over the period whilst the Fund also benefited from its overweight to the information technology sector. The main detractor was financials, to which we remain underweight.

At the stock level French pharmaceutical company Sanofi was the top contributor. Healthcare remains the single largest overweight in the Fund. Dutch publisher Reed Elsevier performed well having delivered on its targets as well as showing an improving growth profile. Our overweight positions in SAP also proved rewarding. The main laggards were French bank BNP Paribas and Novartis of Switzerland. Our lack of exposure to Spanish stocks also detracted from performance.

### Investment Activity

Our decision to establish pharmaceuticals as our biggest sector theme was taken almost two years ago and our conviction that the sector stands to undergo a major upward rerating has only grown. One further factor has emerged to strengthen that conviction. The investment world faces two major scarcities, or put another way, it craves two certainties: growth and income. Whilst craving the former risks pushing so called growth stocks to unworthy multiples, pharmaceuticals will, in our view, come to be seen as offering the best of both worlds: growth at a value price as well as outstanding yield characteristics. Having rerated food, drinks and tobacco stocks over the past decade the market, we believe, is beginning a similarly durable process with drug stocks.

As well as pharmaceuticals, we retained positions in technology where our favoured names are SAP and Dassault Systemes. Our key underweights have remained financials, utilities and telecoms. The latter two industries represent the side of Europe we consider vulnerable. Their assets are largely stranded in Europe, serve a European client base and require heavy investment. So, while their dividend yields may look high, we consider those dividends to be vulnerable to an ongoing cash squeeze. Telecoms in particular look destined for margin and cash flow compression.

Over the period we took tactical positions in financials BNP Paribas and Credit Suisse to narrow our long-standing underweight. New positions added in that sector also included Intesa Sanpaolo and KBC. We introduced reinsurance stocks Muenchener Rueckversicherungs and Swiss Reinsurance in anticipation of a rebound in global insurance premiums. Unlike other financial stocks we view the dividend yields of these two names as secure. We introduced Swiss elevator manufacturer Schindler Holding and participated in two German initial public offerings (IPOs): reinsurer Talanx and Telefonica Deutschland.

We disposed of auto manufacturer Renault as we became concerned about the deteriorating earnings and profit outlook for 2013. We remain wary of capital goods across Europe and sold industrial stocks ABB, Arcelor, Sandvik and SKF. Other disposals included Dutch oil services company Fugro and food retailer Ahold.

### Outlook

As we have repeatedly pointed out, equities may have plenty of headwinds, not least 2013 earnings forecasts, which are so fanciful as to question what sell side analysts actually analyse. Yet, rather like the manifold macroeconomic worries, which seem to force institutional as well as retail investors to adopt the "ABE" approach to investing: "Anything But Equity", such concerns are, in the case of Europe, well known and well worn. If they are well known, they are likely to be in the price. We can only say this with confidence if we adopt a proper investment horizon: whether this ageing bear market ends in the next year or in the next two years, we remain convinced that those able and willing to take a five plus year view will be rewarded by a more than acceptable total return from a bruised but deeply attractive asset class.

**Net asset value per share**

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	1,602,981,168	1,537,600,999	206,729,035	743.78
31/05/2011	1,540,741,089	1,489,524,434	162,334,097	917.57
31/05/2012	1,086,176,675	1,049,516,759	139,885,423	750.27
30/11/2012	1,255,225,498	1,207,497,059	132,835,310	909.02
<b>Class I accumulation</b>				
31/05/2010	1,602,981,168	59,610,739	7,827,766	761.53
31/05/2011	1,540,741,089	45,276,174	4,796,127	944.02
31/05/2012	1,086,176,675	22,707,310	2,922,365	777.02
30/11/2012	1,255,225,498	27,655,619	2,925,585	945.30
<b>Class C accumulation</b>				
31/05/2010	1,602,981,168	5,769,430	756,261	762.89
31/05/2011	1,540,741,089	5,940,481	624,979	950.51
31/05/2012	1,086,176,675	3,860,924	491,019	786.31
30/11/2012	1,255,225,498	4,517,248	471,377	958.31
<b>Class I income*</b>				
31/05/2012	1,086,176,675	10,091,682	10,265,666	98.31
30/11/2012	1,255,225,498	15,555,572	13,004,862	119.61

\* Share class I income launched on 22 August 2011.

## Comparative tables (continued)

### Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
<b>Class A accumulation</b>			
2007	7.47	868.02	728.58
2008	10.97	874.09	546.47
2009	12.40	861.57	533.20
2010	10.20	871.03	712.01
2011	9.57	939.50	690.22
2012	10.50	910.86*	737.83*
2013	--+	--	--
<b>Class I accumulation</b>			
2007	10.61	881.35	737.74
2008	13.43	887.60	556.13
2009	14.96	879.39	543.51
2010	14.47	894.17	728.96
2011	14.45	966.22	711.50
2012	16.38	947.22*	764.15*
2013	--+	--	--
<b>Class C accumulation</b>			
2008**	--	719.90	603.37
2009	14.24	878.18	541.40
2010	18.42	898.44	730.19
2011	19.10	972.54	717.54
2012	21.06	960.25*	773.30*
2013	--+	--	--
<b>Class I income</b>			
2011***	--	110.34	92.04
2012	2.21	119.86*	96.75*
2013	--+	--	--

+ to 31 January

\* to 30 November

\*\* From 28 November 2008 to 31 December 2008

\*\*\* From 22 August 2011 to 31 December 2011

## Ongoing charge figure

The annualised 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. Ongoing charges are all expenses deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	1.76	1.76
<b>Class I accumulation</b>	0.86	1.10
<b>Class C accumulation</b>	0.59	0.60
<b>Class I income</b>	0.86	1.10*

\* As the share class launched on 22 August 2011, the annualised OCF is an estimate.

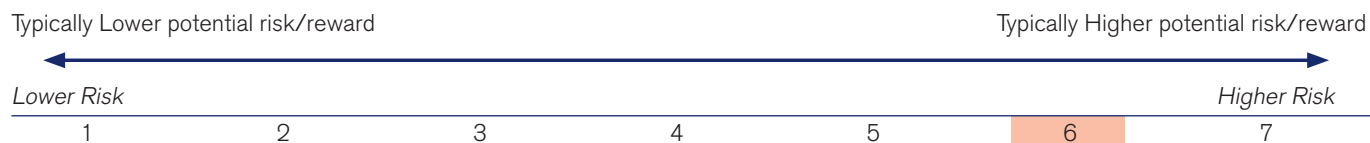


## Synthetic risk and reward profile

The Fund currently has 4 types of shares in issue:

A accumulation, I accumulation, C accumulation and I income.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- The Fund focuses on a single region
- As a category, shares are 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value £000	Percentage of total net assets %
<b>BELGIUM – 1.30% (31/05/12: 1.14%)</b>			
182,585	Anheuser-Busch InBev	9,985	0.79
337,535	KBC	6,340	0.51
		<u>16,325</u>	<u>1.30</u>
<b>BERMUDA – 0.00% (31/05/12: 0.56%)</b>			
<b>DENMARK – 2.67% (31/05/12: 3.40%)</b>			
338,125	Novo Nordisk 'B'	33,509	2.67
<b>FINLAND – 3.52% (31/05/12: 3.39%)</b>			
322,733	Kone 'B'	15,086	1.20
939,332	Sampo Oyj	18,707	1.49
392,682	Wartsila	10,335	0.83
		<u>44,128</u>	<u>3.52</u>
<b>FRANCE – 18.88% (31/05/12: 23.31%)</b>			
80,093	Air Liquide	6,104	0.49
204,452	Arkema	13,050	1.04
779,014	AXA	7,985	0.64
413,190	BNP Paribas	14,400	1.15
808,044	Carrefour	12,449	0.99
482,395	Dassault Systemes	34,059	2.71
694,691	Legrand Promesses	17,556	1.40
1,152,523	Sanofi	64,218	5.12
224,947	Schneider Electric	9,865	0.78
275,183	BIC	21,450	1.71
734,090	Valeo	21,712	1.73
1,051,937	Vivendi Universal	14,103	1.12
		<u>236,951</u>	<u>18.88</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>GERMANY – 25.30% (31/05/12: 18.52%)</b>			
324,097	Adidas-Salomon	17,811	1.42
221,662	Allianz (registered)	18,016	1.44
410,317	BASF	22,986	1.83
756,845	Bayer	42,810	3.41
627,601	BMW	34,756	2.77
235,667	Continental	16,180	1.29
990,159	Deutsche Post	12,825	1.02
218,997	Fresenius	15,778	1.26
361	Heidelberg ZM Strip (Br)#	–	–
722,474	Henkel preference shares	37,717	3.00
126,294	Muenchener Rueckversicherungs	13,473	1.07
1,014,127	SAP	49,339	3.93
660,579	Talanx	10,673	0.85
2,705,028	Telefonica Deutschland	12,513	1.00
93,527	Volkswagen preference	12,679	1.01
		<u>317,556</u>	<u>25.30</u>
<b>ITALY – 2.38% (31/05/12: 2.42%)</b>			
862,015	ENI	12,718	1.01
4,256,995	Intesa Sanpaolo	4,470	0.36
496,180	Luxottica	12,696	1.01
		<u>29,884</u>	<u>2.38</u>
<b>LUXEMBOURG – 0.00% (31/05/12: 0.34%)</b>			
<b>NETHERLANDS – 12.36% (31/05/12: 13.28%)</b>			
269,788	Akzo Nobel	9,620	0.77
387,013	ASML Holding	15,088	1.20
417,055	Heineken	17,163	1.37
3,308,397	ING Groep certificates	18,552	1.48
504,453	Koninklijke DSM	18,117	1.44
563,474	Philips Electronics	9,079	0.72
5,325,956	Reed Elsevier	47,976	3.82
828,298	Unilever	19,608	1.56
		<u>155,203</u>	<u>12.36</u>
<b>NORWAY – 0.00% (31/05/12: 0.51%)</b>			

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>SWEDEN – 5.47% (31/05/12: 7.31%)</b>			
1,522,440	Electrolux B	24,824	1.98
1,084,966	Elekta AB	9,770	0.78
569,279	SHB 'A'	12,616	1.00
656,817	Swedbank 'A'	7,564	0.60
1,577,912	Volvo 'B'	13,921	1.11
		68,695	5.47
<b>SWITZERLAND – 27.73% (31/05/12: 25.56%)</b>			
428,050	Credit Suisse (registered)	6,323	0.50
1,355,621	Nestlé (registered)	55,377	4.41
2,593,282	Novartis (registered)	100,172	7.98
707,630	Roche Holding – participating	86,887	6.92
174,543	Schindler Holding – participating	15,271	1.22
13,610	SGS Surveillance	19,058	1.52
284,251	Swiss Reinsurance	12,780	1.02
59,053	Syngenta	14,776	1.18
2,864,798	UBS (registered)	27,979	2.23
59,221	Zurich Financial Services	9,433	0.75
		348,056	27.73
		<b>1,250,307</b>	<b>99.61</b>
	Net other assets	4,919	0.39
	<b>Net assets</b>	<b>1,255,226</b>	<b>100.00</b>

# Suspended

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		231,389		(231,669)
Revenue	4,031		6,760	
Expenses	(10,221)		(11,183)	
Finance costs: Interest	<u>(8)</u>		<u>(2)</u>	
Net expense before taxation	(6,198)		(4,425)	
Taxation	<u>(204)</u>		<u>(535)</u>	
Net expense after taxation		<u>(6,402)</u>		<u>(4,960)</u>
<b>Total return before distributions</b>		224,987		(236,629)
<b>Change in net assets attributable to shareholders from investment activities</b>		<u>224,987</u>		<u>(236,629)</u>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>1,086,177</b>		<b>1,540,741</b>
Amounts receivable on issue of shares	23,500		75,966	
Amounts payable on cancellation of shares	<u>(79,438)</u>		<u>(176,631)</u>	
		(55,938)		(100,665)
Stamp duty reserve tax		–		(7)
Change in net assets attributable to shareholders from investment activities (see above)		224,987		(236,629)
<b>Closing net assets attributable to shareholders</b>		<u>1,255,226</u>		<u>1,203,440</u>

**Balance sheet** as at 30 November 2012 (unaudited)

	<b>30/11/12</b>		<b>31/05/12</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>				
Investment assets		1,250,307		1,083,348
Debtors	11,767		29,544	
Cash and bank balances	7,969		14,589	
Total other assets		<u>19,736</u>		<u>44,133</u>
<b>Total assets</b>		1,270,043		1,127,481
<b>Liabilities</b>				
Creditors	(5,507)		(31,219)	
Distribution payable on income shares	–		(227)	
Bank overdraft	(9,310)		(9,858)	
<b>Total liabilities</b>		(14,817)		(41,304)
<b>Net assets attributable to shareholders</b>		<u><b>1,255,226</b></u>		<u><b>1,086,177</b></u>

## Notes to the financial statements as at 30 November 2012

### 1 Accounting policies

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

### 2 Portfolio transaction costs

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>641,260</u>	<u>540,411</u>
Commissions	905	793
Expenses	166	–
Taxes	<u>4</u>	<u>70</u>
Total purchase transaction costs*	1,075	863
<b>Purchases including transaction costs</b>	<b><u>642,335</u></b>	<b><u>541,274</u></b>
Sales in period before transaction costs	<u>694,877</u>	<u>720,947</u>
Commissions	<u>(1,012)</u>	<u>(1,072)</u>
Total sale transaction costs*	(1,012)	(1,072)
<b>Sales net of transaction costs</b>	<b><u>693,865</u></b>	<b><u>719,875</u></b>
<b>Transaction handling charges*</b>	<b><u>13</u></b>	<b><u>14</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).

**Distribution table** for the six months ended 30 November 2012 (in pence per share)

There is no distribution for the six months ended 30 November 2012, therefore no distribution statement has been provided and shareholders will not receive tax vouchers.



# Henderson UK & Irish Smaller Companies Fund

## Managers' report

### Fund Managers

Adam McConkey and Rob Giles

### Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from United Kingdom and Irish Smaller Companies equity markets, by investing in smaller companies having their registered office in the United Kingdom and Ireland and smaller companies that do not have their registered office in the United Kingdom and Ireland but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in the United Kingdom and Ireland.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager'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 stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

### Performance summary

	<b>1 Dec 11- 30 Nov 12</b>	<b>1 Dec 10- 30 Nov 11</b>	<b>1 Dec 09- 30 Nov 10</b>	<b>1 Dec 08- 30 Nov 09</b>	<b>1 Dec 07- 30 Nov 08</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Henderson UK &amp; Irish Smaller Companies Fund</b>	22.1	(6.1)	11.9	58.1	(45.6)
<b>FTSE Small Cap (Ex Investment Trusts) Index</b>	28.6	(7.9)	8.5	58.8	(49.9)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, 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 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
Vectura	1,984	iomart	3,937
Mears	1,633	Pace	3,347
Lookers	1,486	Proximagen Neuroscience	1,973
Halosource Income	1,421	Providence Resources	1,637
Sportingbet	1,337	Walker Greenbank	1,635
Wolfson Microelectronics	1,255	Paypoint	1,325
CSR	1,201	Lavendon	1,284
Gem Diamonds	1,070	Timeweave	1,051
Eland Oil and Gas	983	Nautical Petroleum	1,043
Kofax	899	Restore	891

### Overview

UK equities made gains over the six month period as risk appetite improved following monetary policy action from various central banks, including the Bank of England, the European Central Bank, the US Federal Reserve, the People's Bank of China, as well as the Bank of Japan. This boosted investor confidence and drove equity markets higher. Towards the end of the period, following the US presidential election market attention turned to the looming US 'fiscal cliff'. There was some better news for the UK when it was announced that the UK economy had expanded by more than estimated at 1% in the third quarter, however inflation began to rise again in October and remained stubbornly high at period-end. Key commodities such as oil saw significant volatility over the period. The oil price rose from late July given rising tensions in the Middle East but then stabilised towards the end of the period as these concerns eased.

During the six month period, UK smaller companies delivered the most impressive returns, followed by mid caps, while large caps were laggards.

### Fund performance and activity

Over the six months to 30 November 2012, the Fund returned 15.6%, lagging the 16.5% return for the FTSE Small Cap ex IT Total Returns Index.

A noteworthy detractor was Management Consulting. The stock has been hit on two fronts: index rebalancing produced falls in the stock price from 39p to the mid 20s earlier in the year, and secondly, the recovery from these levels has been stalled by the uncertainty in the eurozone.

The oil & gas sector was the weakest sector in the Fund, with the holdings in Max Petroleum and oil services group KBC Advanced Technologies among the Fund's weaker holdings. KBC Advanced Technologies reported a generally slower performance in its European business but its Asian and US operations are still positives. Fund performance was also held back by strong moves in names not owned such as Keller Group and Trinity Mirror.

More positively, leading web hosting business iomart was the best performing holding. Upbeat trading updates and the announcement of a multi-million pound investment in a new optical fibre network will provide its customers faster connectivity and data transit. This means iomart will have total control over its own network, rather than rely on multiple providers. To fund new ideas we reduced our position in November, but the stock remains a core position.

Quintain Estates & Development rose following shareholder approval for the Greenwich Peninsula regeneration project and the marketing of development progress at Wembley, while Sepura also performed well. The digital radio supplier to emergency services and commercial sector is experiencing strong demand from the commercial sector and the integration of 3T Communications is progressing well. Shares in Paragon Group of Companies, the buy-to-let specialist lender surged over the review period. The signing of the warehouse facility with Lloyds Banking Group, coupled with the extension and increase of its mortgage warehouse facility with Macquarie Bank will enable Paragon to double its new lending next year.

We exited the holding in Nautical Petroleum following the completion of the acquisition by Cairn Energy. Elsewhere, we invested in Eland's IPO and have added to Unite, the student accommodation business. We added to the holding in online gaming company Sportingbet following the approach from William Hill and GVC Holdings.

CSR, the chip designer, was also added to the Fund; the company supplies location-tracking chips for Samsung's popular Galaxy mobile phones. Another addition was Vectura, a drugs company specialising in the treatment of respiratory diseases. European drug regulators have earlier than expected, granted approval for its partner Novartis to sell its smoker's cough treatment, Seebri Breezhaler.

### Outlook

Evidence is emerging that the shorter term outlook is improving for economically sensitive names. This data from China is particularly encouraging and combined with an accommodative global monetary policy framework, provides a promising backdrop for equities into the end of the year. The tilt of the portfolio has been shifting to reflect this emerging pattern, but as ever stock selection remains rooted in the company fundamentals. The small cap space remains off limits for many asset allocators as preoccupation with the macro and shorter market cycles contaminates most investors' decision making. So, as the commentary regarding the influx of new names indicates, we continue to identify a scale of change in smaller companies unappreciated by the market and attractive investment returns on sensible horizons.

**Net asset value per share**

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	148,160,828	136,168,070	46,789,328	291.02
31/05/2011	161,067,372	145,251,737	39,491,242	367.81
31/05/2012	131,678,882	118,106,371	36,192,761	326.33
30/11/2012	147,739,228	132,093,650	34,795,205	379.63
<b>Class C accumulation</b>				
31/05/2010	148,160,828	11,992,758	4,310,777	278.20
31/05/2011	161,067,372	15,815,635	4,453,296	355.14
31/05/2012	131,678,882	13,572,511	4,257,693	318.78
30/11/2012	147,739,228	15,645,578	4,193,035	373.13

**Performance record**

<b>Calendar year</b>	<b>Net revenue (pence per share)</b>	<b>Highest price (pence per share)</b>	<b>Lowest price (pence per share)</b>
<b>Class A accumulation</b>			
2007	–	414.17	332.23
2008	–	347.81	180.28
2009	0.97	322.04	178.98
2010	0.34	366.35	284.73
2011	–	379.22	311.22
2012	0.43	388.72*	316.58*
2013	–+	–	–
<b>Class C accumulation</b>			
2007	0.95	384.69	309.88
2008	2.96	324.60	169.87
2009	3.16	305.98	169.01
2010	2.98	352.27	272.43
2011	3.21	366.54	302.42
2012	4.27	381.58*	307.77*
2013	1.92+	–	–

+ to 31 January

\* to 30 November

## Ongoing charge figure

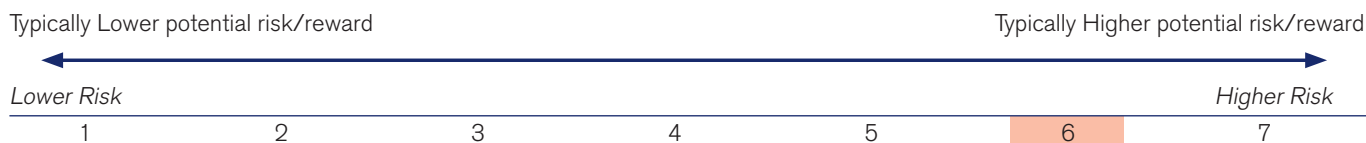
The annualised ongoing charge figure (OCF) of the Fund, calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	1.77	1.77
<b>Class C accumulation</b>	0.59	0.61

## Synthetic risk and reward profile

The Fund currently has 2 types of shares in issue:  
A accumulation and C accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- The Fund focuses on a single region
- As a category, shares are 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – 92.36% (31/05/12: 91.52%)</b>			
<b>Oil &amp; Gas – 2.80% (31/05/12: 4.74%)</b>			
<b>Oil &amp; Gas Producers – 1.37% (31/05/12: 3.00%)</b>			
27,616,927	Ascent Resources†	387	0.26
977,290	Eland Oil and Gas	1,148	0.78
372,750	IGAS Energy†	250	0.17
6,314,141	Max Petroleum†	243	0.16
		2,028	1.37
<b>Oil Equipment &amp; Services – 1.43% (31/05/12: 1.74%)</b>			
2,901,424	KBC Advanced Technologies†	1,277	0.86
13,983,568	Lochard Energy†	839	0.57
		2,116	1.43
<b>Basic Materials – 6.02% (31/05/12: 4.12%)</b>			
<b>Chemicals – 2.82% (31/05/12: 1.65%)</b>			
9,503,173	Biofutures International†	285	0.19
2,359,453	Halosource Income†	920	0.63
1,771,463	Plant Health Care†	1,599	1.08
1,091,424	Plant Impact†	164	0.11
636,691	Zotefoams	1,191	0.81
		4,159	2.82
<b>Mining – 3.20% (31/05/12: 2.47%)</b>			
184,955,491	Edenville Energy†	573	0.39
13,465,495	Firestone Diamonds†	606	0.41
568,328	GCM Resources†	188	0.13
595,822	Gem Diamonds	959	0.65
11,840,450	Hambledon Mining†	201	0.14
6,709,050	Horizonte Minerals†	688	0.46
1,551,133	Obtala Resources†	302	0.20
71,938,174	Ortac Resources†	324	0.22
2,463,430	Rambler Metals & Mining†	887	0.60
		4,728	3.20
<b>Industrials – 24.74% (31/05/12: 26.89%)</b>			
<b>Construction &amp; Materials – 1.59% (31/05/12: 1.87%)</b>			
362,613	Costain	842	0.57
1,771,010	Renew Holdings†	1,505	1.02
		2,347	1.59

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – continued</b>			
<b>Industrials – continued</b>			
<b>Aerospace &amp; Defence – 0.00% (31/05/12: 0.00%)</b>			
534,647	Aero Inventory <sup>#</sup>	–	–
<b>General Industrials – 2.21% (31/05/12: 2.09%)</b>			
275,592	Avon Rubber	962	0.65
331,581	British Polythene Industries	1,296	0.88
258,012	RPC	1,010	0.68
		<u>3,268</u>	<u>2.21</u>
<b>Electronic &amp; Electrical Equipment – 1.88% (31/05/12: 2.30%)</b>			
2,914,904	Active Energy <sup>†</sup>	51	0.03
1,321,471	Elektron <sup>†</sup>	211	0.14
2,624,373	Energetix <sup>†</sup>	840	0.57
57,959	Minorplanet Systems <sup>#</sup>	–	–
937,871	Stadium <sup>†</sup>	441	0.30
368,140	Volex	537	0.36
66,945,921	Vphase <sup>†</sup>	368	0.25
100,836	Zytronic <sup>†</sup>	333	0.23
		<u>2,781</u>	<u>1.88</u>
<b>Industrial Engineering – 1.04% (31/05/12: 2.11%)</b>			
3,699,586	Corac <sup>†</sup>	425	0.29
1,834,610	Optare <sup>†</sup>	10	0.01
1,426,149	Renold	292	0.20
1,815,831	Trifast	804	0.54
		<u>1,531</u>	<u>1.04</u>
<b>Industrial Transportation – 0.86% (31/05/12: 0.44%)</b>			
1,748,458	Wincanton	1,276	0.86



## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – continued</b>			
<b>Industrials – continued</b>			
<b>Support Services – 17.16% (31/05/12: 18.08%)</b>			
494,071	Acal	766	0.52
4,706,148	Aerte	5	–
489,783	Assetcot#	1,469	1.00
2,210,173	Augeant†	674	0.46
292,908	Brammer	846	0.57
2,767,378	Camco International†	76	0.05
6,394,712	Communis	2,414	1.63
209,026	Energy Assets	427	0.29
967,645	Hogg Robinson	486	0.33
576,923	Interquest†	271	0.18
4,673,623	Jarvis#	–	–
2,205,410	Johnson Service Group†	739	0.50
2,312,760	Lavendon	3,030	2.05
17,127,001	Management Consulting	3,896	2.64
835,253	Mears	2,706	1.83
865,538	Northgate	2,207	1.49
1,900,000	Penna Consulting†	1,425	0.97
95,054	Ricardo	340	0.23
3,060,539	Xchanging	3,581	2.42
		25,358	17.16
<b>Consumer Goods – 1.53% (31/05/12: 2.94%)</b>			
<b>Household Goods – 1.38% (31/05/12: 2.43%)</b>			
840,760	AGA Rangemaster	572	0.39
164,088	Bovis Homes	907	0.61
806,271	Walker Greenbank†	564	0.38
		2,043	1.38

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – continued</b>			
<b>Consumer Goods – continued</b>			
<b>Leisure Goods – 0.05% (31/05/12: 0.38%)</b>			
10,144,336	Hiwave Technologies	81	0.05
<b>Automobiles &amp; Parts – 0.10% (31/05/12: 0.13%)</b>			
518,317	Torotrak	153	0.10
<b>Healthcare – 11.40% (31/05/12: 11.02%)</b>			
<b>Healthcare Equipment &amp; Services – 4.10% (31/05/12: 3.74%)</b>			
135,930	Aortech International <sup>†</sup>	82	0.06
244,186	Assetco <sup>#</sup>	304	0.20
72,926,559	Avacta <sup>†</sup>	693	0.47
1,904,384	CareTech Holdings <sup>†</sup>	3,218	2.18
403,737	Corin	279	0.19
2,216,902	Deltex Medical Group <sup>†</sup>	527	0.36
3,168,594	EKF Diagnostics Holdings <sup>†</sup>	887	0.60
201,693	Tristel <sup>†</sup>	65	0.04
		<u>6,055</u>	<u>4.10</u>
<b>Pharmaceuticals &amp; Biotechnology – 7.30% (31/05/12: 7.28%)</b>			
8,726,452	Alizyme	–	–
1,520,240	Allergy Therapeutics <sup>†</sup>	182	0.12
182,645	Dechra Pharmaceuticals	1,066	0.72
55,525	Epistem Holdings <sup>†</sup>	311	0.21
5,042,335	E-Therapeutics <sup>†</sup>	1,614	1.09
766,331	GW Pharmaceuticals <sup>†</sup>	467	0.32
3,370,704	Phytopharm	295	0.20
283,026	Proximagen Neuroscience <sup>†</sup>	128	0.09
8,071,319	Renovo	1,352	0.92
25,000,000	Silence Therapeutics <sup>†</sup>	875	0.59
2,077,735	Sinclair Pharma	535	0.36
8,034,494	Tissue Regenix <sup>†</sup>	864	0.59
2,867,333	Vectura	2,437	1.65
2,895,835	Vernalis	652	0.44
		<u>10,778</u>	<u>7.30</u>
<b>Consumer Services – 12.87% (31/05/12: 9.12%)</b>			
<b>Food &amp; Drug Retailers – 0.03% (31/05/12: 0.03%)</b>			
2,225,133	Crawshaw <sup>†</sup>	50	0.03

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – continued</b>			
<b>Consumer Services – continued</b>			
<b>General Retailers – 2.57% (31/05/12: 0.03%)</b>			
588,417	CVS <sup>†</sup>	991	0.67
483,952	Flying Brands	23	0.02
2,235,475	Lookers	1,716	1.16
4,611,340	Pendragon	646	0.44
187,757	Stanley Gibbons <sup>†</sup>	419	0.28
		3,795	2.57
<b>Media – 5.94% (31/05/12: 5.34%)</b>			
217,741	Bloomsbury Publishing	258	0.18
1,809,230	Catalyst Media <sup>†</sup>	1,755	1.19
1,144,599	Cello <sup>†</sup>	446	0.30
53,545	Chime Communications	117	0.08
23,733,523	DCD Media <sup>†</sup>	475	0.32
193,690	Mecom	132	0.09
1,735,864	Moneysupermarket.com	2,812	1.90
14,752,378	Netplay TV <sup>†</sup>	1,733	1.17
478,768	STV	490	0.33
4,309,236	UBC Media <sup>†</sup>	86	0.06
3,820,114	WeAre 2020 <sup>†</sup>	478	0.32
		8,782	5.94
<b>Travel &amp; Leisure – 4.33% (31/05/12: 3.72%)</b>			
356,784	888 Holdings	395	0.27
1,118	Caplay <sup>#</sup>	–	–
134,203	Cupid <sup>†</sup>	244	0.17
156,222	Dart <sup>†</sup>	180	0.12
218,935	Flybe	111	0.08
275,320	GVC Holdings <sup>†</sup>	643	0.44
4,134,332	Sportech	2,708	1.83
3,316,727	Sportingbet	1,468	0.99
11,660,377	Travelzest <sup>†</sup>	641	0.43
		6,390	4.33
<b>Telecommunications – 1.68% (31/05/12: 1.40%)</b>			
<b>Fixed Line Telecommunications – 1.68% (31/05/12: 1.40%)</b>			
3,662,326	Kingston Communications	2,479	1.68

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – continued</b>			
<b>Utilities – 0.36% (31/05/12: 0.41%)</b>			
<b>Electricity – 0.36% (31/05/12: 0.41%)</b>			
2,400,000	Helius Energy†	348	0.24
2,450,572	Rurelec†	178	0.12
		<u>526</u>	<u>0.36</u>
<b>Financials – 11.77% (31/05/12: 10.47%)</b>			
<b>Non-Life Insurance – 1.39% (31/05/12: 1.46%)</b>			
567,137	Novae	2,052	1.39
<b>Real Estate – 5.74% (31/05/12: 4.59%)</b>			
1,942,880	Cathay International Holdings	505	0.34
957,018	Conygar Investment Co†	857	0.58
877,202	Development Securities	1,346	0.91
9,855,035	Quintain Estates & Development	5,174	3.50
1,391,596	Terrace Hill†	136	0.09
175,064	Unite	465	0.32
		<u>8,483</u>	<u>5.74</u>
<b>General Financial – 4.44% (31/05/12: 4.21%)</b>			
487,276	Ashcourt Rowan	726	0.49
1,570,750	Fairpoint†	1,280	0.86
457,537	Fisket	265	0.18
442,638	Green Compliance†	18	0.01
951,864	Liontrust Asset Management	999	0.68
1,641,662	Panmure Gordon & Co†	222	0.15
1,271,811	Paragon Group of Companies	3,055	2.07
		<u>6,565</u>	<u>4.44</u>
<b>Equity Investment Instruments – 0.20% (31/05/12: 0.21%)</b>			
181,858	Brookwell†	76	0.05
405,727	European Residual Income Investments Cell	77	0.05
76,122	Henderson Irish Growth***#	–	–
255,042	Marwyn Value Investors	148	0.10
		<u>301</u>	<u>0.20</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED KINGDOM – continued</b>			
<b>Technology – 19.19% (31/05/12: 20.40%)</b>			
<b>Software &amp; Computer Services – 12.50% (31/05/12: 14.32%)</b>			
1,105,000	@UK <sup>†</sup>	130	0.09
518,793	Advanced Computer Software	337	0.23
1,128,468	Allocate Software <sup>†</sup>	880	0.60
191,175	Cyberview Technology <sup>#</sup>	–	–
6,752,846	Earthport <sup>†</sup>	1,013	0.69
1,303,953	Gresham Computing	861	0.58
31,837,560	Innovation	7,084	4.79
1,085,318	iomart <sup>†</sup>	2,138	1.45
306,273	Kofax	859	0.58
65,486	NCC	547	0.37
2,826,833	Netcall <sup>†</sup>	806	0.55
2,991,354	OMG <sup>†</sup>	987	0.67
251,099	Optimal Payments <sup>†</sup>	274	0.19
324,668	Phoenix IT	552	0.37
202,285,780	Redstone <sup>†</sup>	1,821	1.23
197,789	RM	158	0.11
		18,447	12.50
<b>Technology Hardware &amp; Equipment – 6.69% (31/05/12: 6.08%)</b>			
948,569	Concurrent Technologies <sup>†</sup>	493	0.33
398,130	CSR	1,333	0.90
783,377	Filtronic	278	0.19
1,558,670	Nanoco <sup>†</sup>	1,153	0.78
4,783,537	Sepura	4,520	3.06
1,109,799	Wolfson Microelectronics	2,109	1.43
		9,886	6.69
<b>Warrants – 0.00% (31/05/12: 0.01%)</b>			
<b>AUSTRALIA – 0.07% (31/05/12: 0.13%)</b>			
870,873	CAP-XX <sup>†</sup>	109	0.07
<b>BERMUDA – 1.77% (31/05/12: 1.72%)</b>			
1,772,087	Oakley Capital Investments <sup>†</sup>	2,375	1.61
227,504	Petra Diamonds <sup>†</sup>	241	0.16
		2,616	1.77

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>CANADA – 0.57% (31/05/12: 0.00%)</b>			
526,547	Entertainment One	842	0.57
<b>CHANNEL ISLANDS – 1.76% (31/05/12: 1.25%)</b>			
267,822	Cape <sup>†</sup>	507	0.34
326,966	Hardy Oil & Gas	296	0.20
640,445	Panceltica <sup>#</sup>	–	–
599,260	Real Estate Credit Investments	644	0.44
1,925,520	Redefine International <sup>†</sup>	655	0.44
489,288	Skil Ports & Logistics <sup>†</sup>	504	0.34
		<u>2,606</u>	<u>1.76</u>
<b>FINLAND – 0.83% (31/05/12: 0.89%)</b>			
5,654,999	Powerflute <sup>†</sup>	1,230	0.83
<b>FRANCE – 0.57% (31/05/12: 0.65%)</b>			
474,733	MDM Engineering <sup>†</sup>	840	0.57
<b>ISLE OF MAN – 0.05% (31/05/12: 0.26%)</b>			
3,406,666	Renewable Energy Holdings <sup>†</sup>	77	0.05
<b>IRELAND – 1.29% (31/05/12: 2.31%)</b>			
2,650,000	Karelian Diamond Resources <sup>†</sup>	24	0.02
1,388,200	Newcourt <sup>#</sup>	–	–
502,590	Petrel Resources <sup>†</sup>	85	0.06
11,558,504	Petroceltic International <sup>†</sup>	850	0.58
1,390,945	TVC Holdings <sup>†</sup>	931	0.63
		<u>1,890</u>	<u>1.29</u>
<b>ISRAEL – 1.62% (31/05/12: 1.35%)</b>			
13,648,479	BATM Advanced Communications	2,388	1.62

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>ITALY – 0.00% (31/05/12: 0.02%)</b>			
<b>UNITED STATES – 0.63% (31/05/12: 0.00%)</b>			
111,178	Halosource Income <sup>†</sup>	33	0.02
62,534	Titan International	792	0.54
800,000	Tyratech 'S' <sup>†</sup>	46	0.03
1,137,496	Tyratech <sup>†</sup>	57	0.04
		928	0.63
		<b>149,984</b>	<b>101.52</b>
	<b>Investments assets</b>		
	Net other liabilities	(2,245)	(1.52)
	<b>Net assets</b>	<b>147,739</b>	<b>100.00</b>

# Suspended, delisted or unlisted securities

† Traded on AIM

\*\* Related party transaction

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		21,239		(24,131)
Revenue	1,209		1,533	
Expenses	(1,164)		(1,208)	
Finance costs: Interest	(5)		(2)	
		<u>          </u>	<u>          </u>	
Net revenue before taxation	40		323	
Taxation	(14)		(27)	
		<u>          </u>	<u>          </u>	
Net revenue after taxation		26		296
<b>Total return before distributions</b>		21,265		(23,835)
Finance costs: Distributions		(84)		(116)
<b>Changes in net assets attributable to shareholders from investment activities</b>		<u>          </u>	<u>          </u>	<u>          </u>
		<b>21,181</b>		<b>(23,951)</b>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>131,679</b>		<b>161,067</b>
Amounts receivable on issue of shares	1,045		120	
Amounts payable on cancellation of shares	(6,237)		(5,865)	
		<u>          </u>	<u>          </u>	
		(5,192)		(5,745)
Stamp duty reserve tax		(9)		(3)
Change in net assets attributable to shareholders from investment activities (see above)		21,181		(23,951)
Retained distributions on accumulation shares		80		105
<b>Closing net assets attributable to shareholders</b>		<u>          </u>	<u>          </u>	<u>          </u>
		<b>147,739</b>		<b>131,473</b>



**Balance sheet** as at 30 November 2012 (unaudited)

	<b>30/11/12</b>		<b>31/05/12</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>				
Investment assets		149,984		131,809
Debtors	1,913		313	
Cash and bank balances	199		2,293	
Total other assets		<u>2,112</u>		<u>2,606</u>
<b>Total assets</b>		152,096		134,415
<b>Liabilities</b>				
Creditors	(2,233)		(2,736)	
Bank overdraft	(2,124)		–	
<b>Total liabilities</b>		(4,357)		(2,736)
<b>Net assets attributable to shareholders</b>		<u><b>147,739</b></u>		<u><b>131,679</b></u>

**1 Accounting policies**

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

**2 Portfolio transaction costs**

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>32,630</u>	<u>20,116</u>
Commissions	51	41
Expenses	31	5
Taxes	<u>102</u>	<u>67</u>
Total purchase transaction costs*	184	113
<b>Purchases including transaction costs</b>	<b><u>32,814</u></b>	<b><u>20,229</u></b>
Sales in period before transaction costs	<u>35,950</u>	<u>26,050</u>
Commissions	<u>(60)</u>	<u>(64)</u>
Total sale transaction costs*	(60)	(64)
<b>Sales net of transaction costs</b>	<b><u>35,890</u></b>	<b><u>25,986</u></b>
<b>Transaction handling charges*</b>	<b><u>12</u></b>	<b><u>7</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).

## **Distribution table** for the six months ended 30 November 2012 (in pence per share)

### **Interim dividend distribution (accounting date 30 November 2012, payable on 31 January 2013)**

Group 1: shares purchased prior to 1 June 2012

Group 2: shares purchased on or after 1 June 2012

	<b>Net revenue</b>	<b>Equalisation</b>	<b>Distribution payable 31/01/13</b>	<b>Distribution paid 31/01/12</b>
<b>Class C accumulation</b>				
Group 1	1.919	–	1.919	2.358
Group 2	0.136	1.783	1.919	2.358

There is no distribution for the six months ended 30 November 2012 for the class A accumulation share class, therefore no distribution statement has been provided and shareholders have not received tax vouchers.

# Henderson US Growth Fund

## Managers' report

### Fund Managers

Tom Marsico, Doug Rao and Coralie Witter

### Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from US equity markets, primarily by investing in companies incorporated in the US or having their registered office in the US, or companies that are not incorporated in the US, or do not have their registered office in the US but either (i) carry out a predominant proportion of their business activity in the US, or (ii) are holding companies which predominantly own companies with registered offices in the US.

The Fund is expected to invest in large capitalisation companies.

The return is expected to be mainly growth of capital.

The Fund may invest up to 15% in cash or cash-equivalents from time to time. This is unlikely to exceed 15%. In the event that the Manager is anticipating exceptional redemption requests or in exceptional circumstances the level may exceed this amount. The Fund may also invest at the Manager'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 stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

### Performance summary

	<b>1 Dec 11- 30 Nov 12</b>	<b>1 Dec 10- 30 Nov 11</b>	<b>1 Dec 09- 30 Nov 10</b>	<b>1 Dec 08- 30 Nov 09</b>	<b>1 Dec 07- 30 Nov 08</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Henderson US Growth Fund</b>	9.7	(1.3)	21.1	19.5	(17.1)
<b>S&amp;P 500 Index</b>	14.0	6.8	15.9	17.2	(17.1)

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, 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 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
Starwood Hotels & Resorts	13,168	Apple	24,702
CBS Corporation Class 'B'	12,361	Halliburton	18,049
Gilead Sciences	11,562	Occidental Petroleum	12,660
LyondellBasell Industries	11,209	TJX Companies	12,620
Schlumberger	11,180	Mead Johnson Nutrition 'A'	12,148
Dollar General	9,859	Baidu ADR	11,202
EMC Corporation	9,779	Priceline.com	10,991
Kinder Morgan	8,672	McDonald's	10,676
eBay	8,338	Yum! Brands	10,132
Liberty Global 'A'	7,892	Cummins	9,694

### Overview

Progress towards resolving Europe's debt problems and an uncertain outlook for the global economy dominated world headlines over the six-month period. Central bank intervention trumped all else, perhaps most prolifically exemplified by the European Central Bank (ECB) president Mario Draghi's unambiguous statements regarding the ECB's willingness to take forceful action in response to the sovereign debt crisis, and the Federal Reserve's (Fed) latest round of quantitative easing with an open-ended completion date. The equity market seemed willing to take comfort in reduced 'tail risk' in Europe and fresh rounds of monetary stimulus, and look past a variety of serious macro-related concerns. Chief among those worries was that global growth showed further signs of stress including a deepening recession in the eurozone, renewed potential for a 'hard landing' in China, subdued economic activity levels globally, ongoing policy uncertainty and a looming 'fiscal cliff' in the US.

### Fund performance and activity

The Henderson US Growth Fund posted a return of -0.84% in the six month period to 30 November 2012. The Fund's performance significantly underperformed the benchmark S&P 500 Index, which had a total return of 4.99% over the period.

The main factors contributing to the underperformance were the Fund's stock selection in the consumer discretionary, energy and financials sectors. A primary area of weakness for the Fund was in consumer discretionary as positions in leather goods retailer Coach (which was sold during the period), athletic footwear and apparel manufacturer Nike Class 'B', and specialty coffee purveyor Starbucks were among the largest individual detractors. Stock selection in the energy sector also had a negative impact as positions in oilfield services companies Halliburton (sold in the period) and National Oilwell Varco hampered returns. While the Fund's positions in the financials sector, Wells Fargo & Co and US Bancorp, posted positive returns in the period they trailed the sector return for the benchmark index thereby detracting from relative performance.

The Fund's performance benefited from stock selection in the information technology sector. Electronic payments processor Visa emerged as the largest individual contributor in the period. Technology company Apple and technology consulting company Accenture also added to results.

Other stocks that performed well in the period included home improvement retailer Home Depot, agricultural products company Monsanto, and biotechnology companies Gilead Sciences and Biogen Idec.

During the period, the Fund was repositioned to be more defensive, seeking to reduce exposure to binary outcomes from global policy uncertainties. The Fund is positioned in high quality companies with the following attributes:

- established brands
- a loyal and expanding customer base
- offering a clear 'value proposition'
- operating in industries with high barriers to entry
- having strong balance sheets
- self-funding and not reliant on the capital markets to fund business operations

As of 30 November 2012, the Fund's primary economic sector allocations were in the consumer discretionary, information technology, health care and industrials. At the end of the period, the Fund had no investments in utilities or telecommunication services.

**Net asset value per share**

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	273,466,679	229,792,059	53,228,197	431.71
31/05/2011	326,460,088	257,214,151	53,405,400	481.63
31/05/2012	502,756,727	367,266,049	72,462,737	506.83
30/11/2012	429,219,445	329,671,970	65,854,456	500.61
<b>Class I accumulation</b>				
31/05/2010	273,466,679	21,015,946	17,753,044	118.38
31/05/2011	326,460,088	43,327,183	32,642,958	132.73
31/05/2012	502,756,727	110,883,484	78,863,013	140.60
30/11/2012	429,219,445	96,598,663	69,273,376	139.45
<b>Class C accumulation</b>				
31/05/2010	273,466,679	22,658,674	6,363,273	356.09
31/05/2011	326,460,088	25,918,754	6,459,586	401.24
31/05/2012	502,756,727	24,607,194	5,760,691	427.16
30/11/2012	429,219,445	2,948,812	694,872	424.37

## Comparative tables (continued)

### Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
<b>Class A accumulation</b>			
2007	–	406.90	340.67
2008	–	400.01	298.03
2009	–	404.88	282.41
2010	–	488.45	380.11
2011	–	510.02	401.82
2012	–	534.14*	473.12*
2013	–+	–	–
<b>Class I accumulation</b>			
2008**	–	105.76	81.09
2009	0.16	110.79	76.95
2010	0.14	134.32	104.06
2011	–	140.64	110.88
2012	0.17	148.03*	130.89*
2013	0.47+	–	–
<b>Class C accumulation</b>			
2009***	–	331.18	273.19
2010	1.26	405.16	311.17
2011	1.56	425.38	335.57
2012	2.48	449.37*	396.87*
2013	2.17+	–	–

+ to 31 January

\* to 30 November

\*\* From 15 August 2008 to 31 December 2008

\*\*\* From 17 August 2009 to 31 December 2009

## Ongoing charge figure

The annualised 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. Ongoing charges are all expenses deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	1.77	1.75
<b>Class I accumulation</b>	0.87	1.10
<b>Class C accumulation</b>	0.59	0.60

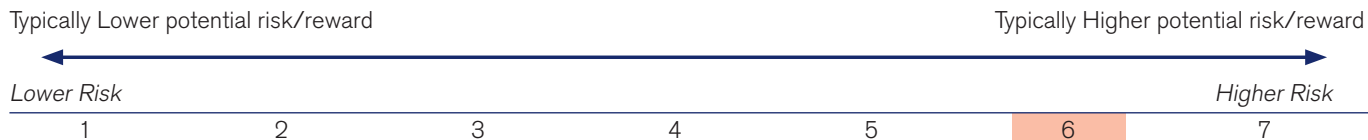


## Synthetic risk and reward profile

The Fund currently has 3 types of shares in issue:

A accumulation, I accumulation and C accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- The Fund focuses mainly on a single country
- As a category, shares are 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED STATES – 95.41% (31/05/12: 86.68%)</b>			
<b>Corporate Bonds – 0.41% (31/05/12: 0.36%)</b>			
95,950	Wells Fargo 8% Perpetual Preference	1,768	0.41
<b>Oil &amp; Gas – 6.81% (31/05/12: 7.73%)</b>			
<b>Oil &amp; Gas Producers – 0.00% (31/05/12: 3.00%)</b>			
<b>Oil Equipment &amp; Services – 6.81% (31/05/12: 4.73%)</b>			
212,541	Kinder Morgan	4,491	1.05
310,713	National Oilwell Varco	13,224	3.08
257,978	Schlumberger	11,529	2.68
		29,244	6.81
<b>Basic Materials – 0.00% (31/05/12: 1.97%)</b>			
<b>Chemicals – 0.00% (31/05/12: 1.97%)</b>			
<b>Industrials – 9.99% (31/05/12: 9.45%)</b>			
<b>Aerospace &amp; Defence – 2.62% (31/05/12: 2.02%)</b>			
98,276	Precision Castparts	11,244	2.62
<b>Electronic &amp; Electrical Equipment – 0.00% (31/05/12: 0.00%)</b>			
1,500	Spatializer Audio Laboratories*	–	–
<b>General Industrials – 1.09% (31/05/12: 1.01%)</b>			
139,217	Danaher	4,688	1.09
<b>Industrial Engineering – 2.71% (31/05/12: 2.74%)</b>			
72,760	Cummins	4,458	1.04
237,535	Pentair	7,183	1.67
		11,641	2.71
<b>Industrial Transportation – 1.29% (31/05/12: 2.77%)</b>			
72,427	Union Pacific	5,547	1.29
<b>Support Services – 2.28% (31/05/12: 0.91%)</b>			
81,235	Grainger W. W.	9,810	2.28
<b>Consumer Goods – 7.08% (31/05/12: 11.70%)</b>			
<b>Food Producers – 2.77% (31/05/12: 5.11%)</b>			
207,739	Monsanto	11,871	2.77

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED STATES – continued</b>			
<b>Consumer Goods – continued</b>			
<b>Personal Goods – 4.31% (31/05/12: 6.59%)</b>			
89,282	Estee Lauder Companies Class 'A'	3,242	0.75
162,036	Lululemon Athletica	7,254	1.69
131,668	Nike Class 'B'	8,010	1.87
		<u>18,506</u>	<u>4.31</u>
<b>Healthcare – 11.84% (31/05/12: 8.31%)</b>			
<b>Healthcare Equipment &amp; Services – 3.36% (31/05/12: 2.75%)</b>			
278,118	Express Scripts Holding	9,342	2.18
15,405	Intuitive Surgical	5,085	1.18
		<u>14,427</u>	<u>3.36</u>
<b>Pharmaceuticals &amp; Biotechnology – 8.48% (31/05/12: 5.56%)</b>			
150,709	Biogen Idec	14,020	3.27
324,204	Bristol-Myers Squibb	6,599	1.54
288,741	Gilead Sciences	13,512	3.15
34,959	Perrigo	2,257	0.52
		<u>36,388</u>	<u>8.48</u>
<b>Consumer Services – 34.67% (31/05/12: 25.36%)</b>			
<b>General Retailers – 16.49% (31/05/12: 11.89%)</b>			
25,423	Amazon.com	3,996	0.93
37,593	AutoZone	8,996	2.10
144,735	Dick's Sporting Goods	4,740	1.10
140,664	Dollar General	4,375	1.02
269,570	eBay	8,885	2.07
234,662	Home Depot	9,529	2.22
150,693	Limited Brands	4,904	1.14
341,695	Lowe's Companies	7,699	1.79
80,439	O'Reilly Automotive	4,722	1.10
467,999	TJX Companies	12,948	3.02
		<u>70,794</u>	<u>16.49</u>
<b>Food &amp; Drug Retailers – 0.77% (31/05/12: 0.00%)</b>			
150,869	GNC Holdings Class 'A'	3,305	0.77
<b>Media – 5.38% (31/05/12: 0.00%)</b>			
552,247	CBS Corporation Class 'B'	12,402	2.89
178,805	Comcast	4,146	0.97
187,466	Liberty Global 'A'	6,535	1.52
		<u>23,083</u>	<u>5.38</u>

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
<b>UNITED STATES – continued</b>			
<b>Consumer Services – continued</b>			
<b>Travel &amp; Leisure – 12.03% (31/05/12: 13.47%)</b>			
24,604	Chipotle Mexican Grill	4,042	0.94
83,987	McDonald's	4,561	1.06
22,243	Priceline.com	9,201	2.14
213,133	Starbucks	6,894	1.61
375,772	Starwood Hotels & Resorts	12,650	2.95
146,196	Wynn Resorts	10,252	2.39
96,146	Yum! Brands	4,024	0.94
		<u>51,624</u>	<u>12.03</u>
<b>Financials – 12.09% (31/05/12: 9.07%)</b>			
<b>Banks – 7.13% (31/05/12: 6.57%)</b>			
29,241	First Horizon National*	–	–
669,411	US Bancorp	13,471	3.14
831,772	Wells Fargo & Co	17,127	3.99
		<u>30,598</u>	<u>7.13</u>
<b>Financial Services – 3.21% (31/05/12: 2.50%)</b>			
147,495	Visa	13,764	3.21
<b>Real Estate – 1.75% (31/05/12: 0.00%)</b>			
161,039	American Tower	7,528	1.75
<b>Technology – 12.52% (31/05/12: 12.73%)</b>			
<b>Software &amp; Computer Services – 4.89% (31/05/12: 3.68%)</b>			
54,547	Equinix	6,322	1.47
10,109	Google	4,401	1.03
56,427	LinkedIn Corporation	3,806	0.89
113,847	VMware	6,457	1.50
		<u>20,986</u>	<u>4.89</u>
<b>Technology Hardware &amp; Equipment – 7.63% (31/05/12: 9.05%)</b>			
46,533	Apple	16,985	3.96
397,214	Qualcomm	15,768	3.67
		<u>32,753</u>	<u>7.63</u>
<b>BELGIUM – 0.75% (31/05/12: 0.76%)</b>			
<b>Consumer Goods – 0.75% (31/05/12: 0.76%)</b>			
<b>Beverages – 0.75% (31/05/12: 0.76%)</b>			
58,415	Anheuser-Busch Inbev ADR	3,205	0.75

## Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	<b>CAYMAN ISLANDS – 0.00% (31/05/12: 2.86%)</b>		
	<b>Consumer Services – 0.00% (31/05/12: 0.38%)</b>		
	<b>Media – 0.00% (31/05/12: 0.38%)</b>		
	<b>Technology – 0.00% (31/05/12: 2.48%)</b>		
	<b>Software &amp; Computer Services – 0.00% (31/05/12: 2.48%)</b>		
	<b>IRELAND – 0.84% (31/05/12: 2.24%)</b>		
	<b>Industrials – 0.84% (31/05/12: 2.24%)</b>		
	<b>Support Services – 0.84% (31/05/12: 2.24%)</b>		
85,074	Accenture	3,606	0.84
	<b>ISRAEL – 0.00% (31/05/12: 1.24%)</b>		
	<b>Technology – 0.00% (31/05/12: 1.24%)</b>		
	<b>Software &amp; Computer Services – 0.00% (31/05/12: 1.24%)</b>		
	<b>NETHERLANDS – 2.53% (31/05/12: 0.00%)</b>		
	<b>Basic Materials – 2.53% (31/05/12: 0.00%)</b>		
	<b>Chemicals – 2.53% (31/05/12: 0.00%)</b>		
349,662	LyondellBasell Industries	10,848	2.53
	<b>SINGAPORE – 0.69% (31/05/12: 0.57%)</b>		
	<b>Other Investments – 0.69% (31/05/12: 0.57%)</b>		
	<b>Other Investments – 0.69% (31/05/12: 0.57%)</b>		
6,126,000	Hutchison Port Holdings	2,943	0.69
	<b>SWITZERLAND – 0.00% (31/05/12: 1.01%)</b>		
	<b>Consumer Goods – 0.00% (31/05/12: 1.01%)</b>		
	<b>Personal Goods – 0.00% (31/05/12: 1.01%)</b>		
	<b>Investments assets</b>	<b>430,171</b>	<b>100.22</b>
	Net other liabilities	(952)	(0.22)
	<b>Net assets</b>	<b>429,219</b>	<b>100.00</b>

\* Market value less than £500

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital losses		(5,452)		(6,342)
Revenue	4,392		2,472	
Expenses	(3,710)		(2,495)	
Finance costs: Interest	—		(1)	
	<u>682</u>		<u>(24)</u>	
Net revenue/(expense) before taxation				
Taxation	(589)		(333)	
	<u>93</u>		<u>(357)</u>	
Net revenue/(expense) after taxation		93		(357)
<b>Total return before distributions</b>		(5,359)		(6,699)
Finance costs: Distributions		(409)		2
<b>Changes in net assets attributable to shareholders from investment activities</b>		<u>(5,768)</u>		<u>(6,697)</u>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>502,757</b>		<b>326,460</b>
Amounts receivable on issue of shares	33,300		41,848	
Amounts payable on cancellation of shares	(101,412)		(19,256)	
		(68,112)		22,592
Stamp duty reserve tax		—		(1)
Change in net assets attributable to shareholders from investment activities (see above)		(5,768)		(6,697)
Retained distribution on accumulation shares		342		—
<b>Closing net assets attributable to shareholders</b>		<u><b>429,219</b></u>		<u><b>342,354</b></u>

**Balance sheet** as at 30 November 2012 (unaudited)

	<b>30/11/12</b>		<b>31/05/12</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>				
Investment assets		430,171		479,424
Debtors	6,104		1,759	
Cash and bank balances	18,273		23,717	
Total other assets		<u>24,377</u>		<u>25,476</u>
<b>Total assets</b>		454,548		504,900
<b>Liabilities</b>				
Creditors	(24,915)		(1,110)	
Bank overdraft	(414)		(1,033)	
<b>Total liabilities</b>		(25,329)		(2,143)
<b>Net assets attributable to shareholders</b>		<u><b>429,219</b></u>		<u><b>502,757</b></u>

**1 Accounting policies**

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

**2 Portfolio transaction costs**

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>260,497</u>	<u>130,282</u>
Commissions	123	49
Taxes	<u>-</u>	<u>15</u>
Total purchase transaction costs*	123	64
<b>Purchases including transaction costs</b>	<b><u>260,620</u></b>	<b><u>130,346</u></b>
Sales in period before transaction costs	<u>305,343</u>	<u>104,849</u>
Commissions	(149)	(45)
Expenses	<u>(7)</u>	<u>(2)</u>
Total sale transaction costs*	(156)	(47)
<b>Sales net of transaction costs</b>	<b><u>305,187</u></b>	<b><u>104,802</u></b>
<b>Transaction handling charges*</b>	<b><u>24</u></b>	<b><u>17</u></b>

\* These amounts have been deducted in determining net capital losses.



## **Distribution table** for the six months ended 30 November 2012 (in pence per share)

### **Interim dividend distribution (accounting date 30 November 2012, payable on 31 January 2013)**

Group 1: shares purchased prior to 1 June 2012

Group 2: shares purchased on or after 1 June 2012

	<b>Net revenue</b>	<b>Equalisation</b>	<b>Distribution payable 31/01/13</b>	<b>Distribution paid 31/01/12</b>
<b>Class I accumulation</b>				
Group 1	0.472	–	0.472	–
Group 2	0.438	0.034	0.472	–
<b>Class C accumulation</b>				
Group 1	2.168	–	2.168	–
Group 2	1.565	0.603	2.168	–

There is no distribution for the six months ended 30 November 2012 for the class A accumulation share class, therefore no distribution statement has been provided and shareholders have not received tax vouchers.

# Henderson European Absolute Return Fund

## Managers' report

### Fund Managers

John Bennett and Leopold Arminjon

### Investment objective and policy

The Fund aims to achieve a positive absolute return over the long term regardless of market conditions, by taking long and short positions primarily in equities or equity related derivative contracts of companies having their registered office in Europe (including United Kingdom); and companies that do not have their registered office in Europe (including United Kingdom) but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe (including United Kingdom), although all or a substantial proportion of the physical assets of the Fund may at any time consist of cash, near cash, deposits and/or money market instruments.

The Fund will invest in companies of any market capitalisation.

Long positions may be held through a combination of direct investment and/or derivative instruments. Short positions will be held through derivative positions, primarily equity swaps and futures.

The use of derivatives forms an important part of the investment strategy.

The Fund may also invest at the Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

### Performance summary

	1 Dec 11- 30 Nov 12	1 Dec 10- 30 Nov 11	1 Dec 09- 30 Nov 10	30 Jan 09*- 30 Nov 09
	%	%	%	%
<b>Henderson European Absolute Return Fund</b>	5.9	(0.8)	(0.8)	–

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, GBP.

Figures in brackets are negative.

\* 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.

### Significant portfolio changes for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales</b>	<b>£000</b>
Roche Holding – participating	617	Sanofi	586
Sanofi	562	Roche Holding – participating	425
Novartis (registered)	462	Renault	359
Reed Elsevier	451	UBS (registered)	355
SAP	384	SAP	347
UBS (registered)	352	Novartis (registered)	315
Henkel preference shares	274	Electrolux 'B'	239
Telefonica Deutschland	271	Newmont Mining	228
Renault	268	Daimler	227
Talanx	238	Akzo Nobel	209

### Performance

Over the six months to 30 November the Fund returned 4.9%.

European equity markets made strong gains over the period, confounding the gloomy consensus of only a year ago.

Mr Draghi's vow during the summer to make "unlimited" purchases of Spanish and Italian government bonds together with Mr Bernanke's "QE infinity" (unlimited quantitative easing) represented a powerful combination, tantamount to an intoxicating monetary sugar rush. It remains to be seen whether this will prove enough to stop the rot. For the time being at least "tail risk" has been summarily chopped. What we cannot be sure of are the longer term implications of global money printing on such a scale. Our own view is that bond investors should be especially worried.

On a geographic basis our sustained avoidance of Europe's southern periphery was positive for performance. On the long book gains came from the consumer discretionary, healthcare and financials sectors whilst our short index futures positions hurt performance. Although we made modest gains on our telecom and utilities shorts, industrials proved an unrewarding sector.

On the long side Dutch publisher Reed Elsevier was the top performing stock having delivered on its targets and shown an improving growth profile. Significant contributions also came from French pharmaceutical Sanofi and UK broadcaster ITV following a strong trading update. Our holding in Drax suffered following the UK government's postponement of a decision on subsidies for the renewable energy sector. Drugs company Elan was also negative following its first Alzheimer drug trial. We have sold both holdings. We had success on the short side with our utilities ETF (exchange traded fund) and telecoms holdings.

### Investment Activity

Our decision to establish pharmaceuticals as our biggest sector theme was taken almost two years ago and our conviction that the sector stands to undergo a major upward rerating has only grown. One further factor has emerged to strengthen that conviction. The investment world faces two major scarcities, or put another way, it craves two certainties: growth and income. Whilst craving the former risks pushing so called growth stocks to unworthy multiples, pharmaceuticals will, in our view, come to be seen as offering the best of both worlds: growth at a value price as well as outstanding yield characteristics. Having rerated food, drinks and tobacco stocks over the past decade the market, we believe, is beginning a similarly durable process with drug stocks.

As well as pharmaceuticals, we retained positions in technology where our favoured names are SAP and Dassault Systemes. Our key avoids have remained financials, utilities and telecoms. The latter two industries represent the side of Europe we consider vulnerable. Their assets are largely stranded in Europe, serve a European client base and require heavy investment. So, while their dividend yields may look high, we consider those dividends to be vulnerable to an ongoing cash squeeze. Telecoms in particular look destined for margin and cash flow compression.

We have been active in small and mid-cap stocks establishing positions in two Norwegian oil services businesses, Fred Olsen Energy and Prosafe. Olsen and Prosafe are benefiting from strong activity in areas such as the North Sea. Olsen also benefits from an excellent dividend yield. We also took a position in German real estate company TAG Immobilien since we consider German residential property attractively priced.

Other additions over the period included Halfords, Micro Focus International and Debenhams in the UK and German initial public offerings (IPOs) Talanx and Telefonica Deutschland. We also initiated positions in airline Ryanair and auto parts manufacturer Valeo. We disposed of our holdings in Agfa Gevaert, Orkla, Centrica, Renault and Taylor Wimpey.

The Fund ended the period with a gross exposure of approximately 150% and a net exposure of approximately 70%.

### Outlook

As we have repeatedly pointed out, equities may have plenty of headwinds, not least 2013 earnings forecasts, which are so fanciful as to question what sell side analysts actually analyse. Yet, rather like the manifold macroeconomic worries which seem to force institutional as well as retail investors to adopt the "ABE" approach to investing: "Anything But Equity", such concerns are, in the case of Europe, well known and well worn. If they are well known, they are likely to be in the price. We can only say this with confidence if we adopt a proper investment horizon: whether this ageing bear market ends in the next year or in the next two years, we remain convinced that those able and willing to take a five plus year view will be rewarded by a more than acceptable total return from a bruised but deeply attractive asset class.

## Comparative tables as at 30 November 2012

### Net asset value per share

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	233,062,248	104,416,061	96,185,750	108.56
31/05/2011	10,780,961	7,775,074	7,049,433	110.29
31/05/2012	7,651,277	5,435,515	4,971,535	109.33
30/11/2012	7,408,854	5,182,640	4,526,592	114.49
<b>Class I accumulation</b>				
31/05/2010	233,062,248	128,646,187	117,798,609	109.21
31/05/2011	10,780,961	3,005,887	2,700,407	111.31
31/05/2012	7,651,277	2,215,762	1,997,421	110.93
30/11/2012	7,408,854	2,226,214	1,910,228	116.54

### Performance record

<b>Calendar year</b>	<b>Net revenue (pence per share)</b>	<b>Highest price (pence per share)</b>	<b>Lowest price (pence per share)</b>
<b>Class A accumulation</b>			
2009**	0.23#	111.95	99.50
2010	–	112.21	106.91
2011	–	111.22	107.10
2012	–	114.80*	108.42*
2013	--+	–	–
<b>Class I accumulation</b>			
2009**	1.63#	112.30	99.53
2010	0.07	112.66	107.77
2011	–	112.05	108.09
2012	–	116.86*	109.94*
2013	--+	–	–

+ to 31 January

\* to 30 November

\*\* From 30 January 2009 to 31 December 2009

# The dividend was overstated during the launch period and shouldn't be taken as an indicator of future distribution payments.

## Ongoing charge figure

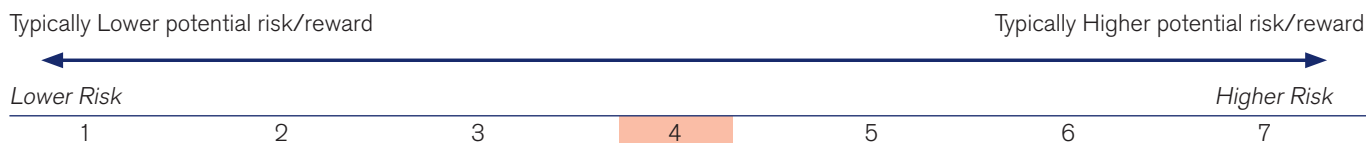
The annualised ongoing charge figure (OCF) of the Fund, calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all expenses deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	2.02	2.08
<b>Class I accumulation</b>	1.11	1.42

## Synthetic risk and reward profile

The Fund currently has 2 types of shares in issue:  
A accumulation and I accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- The Fund focuses on a single region
- As a category, shares are more volatile than either bonds or money market instruments
- The Fund's short exposures mean it can lose money if certain shares rise in price
- 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS</b>					
<b>UNITED KINGDOM – 2.21% (31/05/12: (0.68%))</b>					
<b>Oil &amp; Gas – (0.04%) (31/05/12: (0.04%))</b>					
<b>Oil &amp; Gas Producers – (0.04%) (31/05/12: (0.04%))</b>					
17,453	BP (contracts for difference)	(3)	(0.04)	75	1.01
<b>Consumer Goods – 0.14% (31/05/12: (0.16%))</b>					
<b>Household Goods – 0.05% (31/05/12: (0.09%))</b>					
2,052	Reckitt Benckiser (contracts for difference)	4	0.05	80	1.08
<b>Tobacco – 0.09% (31/05/12: (0.07%))</b>					
3,155	Imperial Tobacco (contracts for difference)	7	0.09	79	1.07
<b>Healthcare – (0.02%) (31/05/12: (0.05%))</b>					
<b>Pharmaceuticals &amp; Biotechnology – (0.02%) (31/05/12: (0.05%))</b>					
4,130	AstraZeneca (contracts for difference)	2	0.03	122	1.65
8,430	GlaxoSmithKline (contracts for difference)	(4)	(0.05)	112	1.51
		(2)	(0.02)	234	3.16
<b>Consumer Services – 1.09% (31/05/12: (0.15%))</b>					
<b>General Retailers – 0.50% (31/05/12: 0.00%)</b>					
16,381	Halfords (contracts for difference)	24	0.32	56	0.76
65,831	Debenhams (contracts for difference)	13	0.18	78	1.05
		37	0.50	134	1.81
<b>Media – 0.47% (31/05/12: (0.13%))</b>					
394,625	ITV (contracts for difference)	35	0.47	390	5.26
<b>Travel &amp; Leisure – 0.12% (31/05/12: (0.02%))</b>					
10,443	Compass (contracts for difference)	3	0.04	75	1.01
16,865	William Hill (contracts for difference)	6	0.08	57	0.77
		9	0.12	132	1.78
<b>Utilities – 0.00% (31/05/12: (0.07%))</b>					
<b>Electricity – 0.00% (31/05/12: (0.04%))</b>					
<b>Gas, Water &amp; Multiutilities – 0.00% (31/05/12: (0.03%))</b>					



## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Financials – 0.65% (31/05/12: 0.09%)</b>					
<b>Banks – 0.22% (31/05/12: 0.00%)</b>					
13,807	Royal Bank of Scotland (contracts for difference)	3	0.04	41	0.55
24,227	HSBC Holdings (contracts for difference)	13	0.18	154	2.08
		<u>16</u>	<u>0.22</u>	<u>195</u>	<u>2.63</u>
<b>Life Insurance – 0.00% (31/05/12: 0.00%)</b>					
16,700	Standard Life (contracts for difference)#	–	–	53	0.72
		<u>–</u>	<u>–</u>	<u>53</u>	<u>0.72</u>
<b>Financial Services – 0.43% (31/05/12: 0.09%)</b>					
13,329	Close Brothers (contracts for difference)	11	0.15	115	1.55
70,956	F&C Asset Management (contracts for difference)	21	0.28	70	0.94
		<u>32</u>	<u>0.43</u>	<u>185</u>	<u>2.49</u>
<b>Technology – 0.41% (31/05/12: (0.13%))</b>					
<b>Software &amp; Computer Services – 0.41% (31/05/12: (0.13%))</b>					
9,522	Micro Focus International (contracts for difference)	7	0.09	55	0.74
128,539	Sage (contracts for difference)	24	0.32	401	5.41
		<u>31</u>	<u>0.41</u>	<u>456</u>	<u>6.15</u>
<b>Forward Currency – (0.02%) (31/05/12: (0.18%))</b>					
	Buy GBP 1,313,418 Sell CHF 1,949,200 20 December 2012#	–	–	–	–
	Buy GBP 4,171,059 Sell EUR 5,141,458 20 December 2012	(2)	(0.03)	(2)	(0.03)
	Buy GBP 204,646 Sell NOK 1,854,440 20 December 2012#	–	–	–	–
	Buy GBP 221,834 Sell SEK 2,361,664 20 December 2012	1	0.01	1	0.01
		<u>(1)</u>	<u>(0.02)</u>	<u>(1)</u>	<u>(0.02)</u>
<b>BELGIUM – 1.28% (31/05/12: 1.46%)</b>					
<b>Basic Materials – 1.28% (31/05/12: 1.05%)</b>					
<b>Chemicals – 1.28% (31/05/12: 1.05%)</b>					
5,052	Tessengerlo Chemie	95	1.28	95	1.28
		<u>95</u>	<u>1.28</u>	<u>95</u>	<u>1.28</u>
<b>Industrials – 0.00% (31/05/12: 0.41%)</b>					
<b>CHANNEL ISLANDS – 0.14% (31/05/12: (0.03%))</b>					
<b>Industrials – 0.14% (31/05/12: (0.03%))</b>					
<b>Support Services – 0.14% (31/05/12: (0.03%))</b>					
4,201	Wolseley (contracts for difference)	10	0.14	122	1.65
		<u>10</u>	<u>0.14</u>	<u>122</u>	<u>1.65</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>CYPRUS – 1.05% (31/05/12: 0.00%)</b>					
<b>Oil &amp; Gas – 1.05% (31/05/12: 0.00%)</b>					
<b>Oil Equipment &amp; Services – 1.05% (31/05/12: 0.00%)</b>					
14,777	Prosafe	<u>78</u>	<u>1.05</u>	<u>78</u>	<u>1.05</u>
<b>DENMARK – 2.17% (31/05/12: 0.00%)</b>					
<b>Consumer Goods – 1.14% (31/05/12: 0.00%)</b>					
<b>Personal Goods – 1.14% (31/05/12: 0.00%)</b>					
6,259	Pandora	<u>84</u>	<u>1.14</u>	<u>84</u>	<u>1.14</u>
<b>Healthcare – 1.03% (31/05/12: 0.00%)</b>					
<b>Pharmaceuticals &amp; Biotechnology – 1.03% (31/05/12: 0.00%)</b>					
767	Novo Nordisk 'B'	<u>76</u>	<u>1.03</u>	<u>76</u>	<u>1.03</u>
<b>FINLAND – 1.26% (31/05/12: 0.00%)</b>					
<b>Financials – 1.26% (31/05/12: 0.00%)</b>					
<b>Non-Life Insurance – 1.26% (31/05/12: 0.00%)</b>					
4,657	Sampo Oyj	<u>93</u>	<u>1.26</u>	<u>93</u>	<u>1.26</u>
<b>FRANCE – 10.98% (31/05/12: 6.33%)</b>					
<b>Industrials – 2.58% (31/05/12: 0.00%)</b>					
<b>Aerospace &amp; Defence – 1.11% (31/05/12: 0.00%)</b>					
1,173	Zodiac	<u>82</u>	<u>1.11</u>	<u>82</u>	<u>1.11</u>
<b>Electronic &amp; Electrical Equipment – 0.11% (31/05/12: 0.00%)</b>					
4,101	Legrand Promesses (contracts for difference)	<u>8</u>	<u>0.11</u>	<u>104</u>	<u>1.40</u>
<b>Support Services – 1.36% (31/05/12: 0.00%)</b>					
5,292	Edenred	<u>101</u>	<u>1.36</u>	<u>101</u>	<u>1.36</u>
<b>Consumer Goods – 4.13% (31/05/12: 2.79%)</b>					
<b>Automobiles &amp; Parts – 1.86% (31/05/12: 1.27%)</b>					
4,659	Valeo	<u>138</u>	<u>1.86</u>	<u>138</u>	<u>1.86</u>
<b>Household Goods – 2.27% (31/05/12: 1.52%)</b>					
2,161	Société BIC	<u>168</u>	<u>2.27</u>	<u>168</u>	<u>2.27</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>FRANCE – continued</b>					
<b>Healthcare – 2.54% (31/05/12: 2.03%)</b>					
<b>Pharmaceuticals &amp; Biotechnology – 2.54% (31/05/12: 2.03%)</b>					
3,370	Sanofi	188	2.54	188	2.54
<b>Consumer Services – 0.10% (31/05/12: 0.48%)</b>					
<b>Food &amp; Drug Retailers – 0.05% (31/05/12: 0.48%)</b>					
3,807	Carrefour (contracts for difference)	4	0.05	59	0.80
<b>Media – 0.05% (31/05/12: 0.00%)</b>					
5,933	Vivendi (contracts for difference)	4	0.05	80	1.08
<b>Technology – 1.63% (31/05/12: 1.03%)</b>					
<b>Software &amp; Computer Services – 1.63% (31/05/12: 1.03%)</b>					
1,717	Dassault Systemes	121	1.63	121	1.63
<b>GERMANY – 21.93% (31/05/12: 4.24%)</b>					
<b>Basic Materials – 3.51% (31/05/12: 1.22%)</b>					
<b>Chemicals – 3.51% (31/05/12: 1.22%)</b>					
2,466	Bayer	139	1.88	139	1.88
2,779	Fuchs Petrolub	121	1.63	121	1.63
		260	3.51	260	3.51
<b>Industrials – 1.00% (31/05/12: 0.75%)</b>					
<b>Industrial Transportation – 1.00% (31/05/12: 0.75%)</b>					
5,731	Deutsche Post	74	1.00	74	1.00
<b>Consumer Goods – 6.03% (31/05/12: 0.00%)</b>					
<b>Automobiles &amp; Parts – 2.69% (31/05/12: 0.00%)</b>					
2,202	BMW	122	1.65	122	1.65
1,677	Porsche preference shares	77	1.04	77	1.04
		199	2.69	199	2.69
<b>Household Goods – 2.56% (31/05/12: 0.00%)</b>					
3,645	Henkel preference shares	190	2.56	190	2.56
<b>Personal Goods – 0.78% (31/05/12: 0.00%)</b>					
1,060	Adidas-Salomon	58	0.78	58	0.78

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>GERMANY – continued</b>					
<b>Healthcare – 1.57% (31/05/12: 0.00%)</b>					
<b>Healthcare Equipment &amp; Services – 1.57% (31/05/12: 0.00%)</b>					
1,845	Gerresheimer	59	0.80	59	0.80
4,567	Rhoen-Klinikum	57	0.77	57	0.77
		<u>116</u>	<u>1.57</u>	<u>116</u>	<u>1.57</u>
<b>Telecommunications – 1.03% (31/05/12: 0.00%)</b>					
<b>Mobile Telecommunications – 1.03% (31/05/12: 0.00%)</b>					
16,436	Telefonica Deutschland	76	1.03	76	1.03
<b>Financials – 5.03% (31/05/12: 0.00%)</b>					
<b>Non-Life Insurance – 1.07% (31/05/12: 0.00%)</b>					
738	Muenchener Ruecker	79	1.07	79	1.07
<b>Real Estate Investment Services – 1.92% (31/05/12: 0.00%)</b>					
18,831	TAG Immobilien 07/12/12	142	1.92	142	1.92
18,831	TAG Immobilien 07/12/12 rights	–	–	–	–
		<u>142</u>	<u>1.92</u>	<u>142</u>	<u>1.92</u>
<b>Financial Services – 2.04% (31/05/12: 0.00%)</b>					
9,337	Talanx	151	2.04	151	2.04
<b>Technology – 3.76% (31/05/12: 2.27%)</b>					
<b>Software &amp; Computer Services – 3.76% (31/05/12: 2.27%)</b>					
4,955	SAP	241	3.25	241	3.25
2,677	United Internet	38	0.51	38	0.51
		<u>279</u>	<u>3.76</u>	<u>279</u>	<u>3.76</u>
<b>IRELAND – 1.29% (31/05/12: 1.10%)</b>					
<b>Industrials – 1.28% (31/05/12: 0.00%)</b>					
<b>General Industrials – 1.28% (31/05/12: 0.00%)</b>					
12,911	Smurfit Kappa	95	1.28	95	1.28
<b>Consumer Services – 0.01% (31/05/12: 0.00%)</b>					
<b>Travel &amp; Leisure – 0.01% (31/05/12: 0.00%)</b>					
19,910	Ryanair Holdings (contracts for difference)	1	0.01	76	1.03
<b>Healthcare – 0.00% (31/05/12: 1.10%)</b>					

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>NETHERLANDS – 13.58% (31/05/12: 4.55%)</b>					
<b>Basic Materials – 3.01% (31/05/12: 1.10%)</b>					
<b>Chemicals – 3.01% (31/05/12: 1.10%)</b>					
2,678	Akzo Nobel	95	1.28	95	1.28
3,570	Koninklijke DSM	128	1.73	128	1.73
		<u>223</u>	<u>3.01</u>	<u>223</u>	<u>3.01</u>
<b>Consumer Goods – 1.34% (31/05/12: 0.94%)</b>					
<b>Beverages – 1.34% (31/05/12: 0.94%)</b>					
2,403	Heineken	99	1.34	99	1.34
<b>Healthcare – 0.51% (31/05/12: 0.00%)</b>					
<b>Pharmaceuticals &amp; Biotechnology – 0.51% (31/05/12: 0.00%)</b>					
3,279	Qiagen	38	0.51	38	0.51
<b>Consumer Services – 7.99% (31/05/12: 1.48%)</b>					
<b>Media – 7.99% (31/05/12: 1.48%)</b>					
52,857	Reed Elsevier	476	6.42	476	6.42
9,639	Wolters Kluwer certificates	116	1.57	116	1.57
		<u>592</u>	<u>7.99</u>	<u>592</u>	<u>7.99</u>
<b>Telecommunications – 0.73% (31/05/12: 1.03%)</b>					
<b>Fixed Line Telecommunications – 0.73% (31/05/12: 1.03%)</b>					
2,760	Ziggo NV	54	0.73	54	0.73
<b>NORWAY – 1.71% (31/05/12: 1.06%)</b>					
<b>Oil &amp; Gas – 0.74% (31/05/12: 0.00%)</b>					
<b>Oil Equipment &amp; Services – 0.74% (31/05/12: 0.00%)</b>					
2,013	Fred Olsen Energy	55	0.74	55	0.74
<b>Industrials – 0.97% (31/05/12: 1.06%)</b>					
<b>Construction &amp; Materials – 0.97% (31/05/12: 0.00%)</b>					
14,761	Veidekke ASA	72	0.97	72	0.97
<b>General Industrials – 0.00% (31/05/12: 1.06%)</b>					

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>SPAIN – 2.94% (31/05/12: 0.00%)</b>					
<b>Industrials – 2.00% (31/05/12: 0.00%)</b>					
<b>Support Services – 2.00% (31/05/12: 0.00%)</b>					
10,275	Amadeus IT Holdings	148	2.00	148	2.00
<b>Healthcare – 0.94% (31/05/12: 0.00%)</b>					
<b>Pharmaceuticals &amp; Biotechnology – 0.94% (31/05/12: 0.00%)</b>					
3,498	Grifols	70	0.94	70	0.94
<b>SWEDEN – 3.14% (31/05/12: 2.08%)</b>					
<b>Consumer Goods – 1.86% (31/05/12: 1.02%)</b>					
<b>Household Goods – 1.32% (31/05/12: 1.02%)</b>					
6,003	Electrolux 'B'	98	1.32	98	1.32
<b>Tobacco – 0.54% (31/05/12: 0.00%)</b>					
1,814	Swedish Match	40	0.54	40	0.54
<b>Healthcare – 0.51% (31/05/12: 1.06%)</b>					
<b>Healthcare Equipment &amp; Services – 0.51% (31/05/12: 1.06%)</b>					
1,870	Getinge	38	0.51	38	0.51
<b>Financials – 0.77% (31/05/12: 0.00%)</b>					
<b>Banks – 0.77% (31/05/12: 0.00%)</b>					
2,579	SHB 'A'	57	0.77	57	0.77
<b>SWITZERLAND – 17.97% (31/05/12: 7.95%)</b>					
<b>Industrials – 0.93% (31/05/12: 1.23%)</b>					
<b>Support Services – 0.93% (31/05/12: 1.23%)</b>					
49	SGS Surveillance	69	0.93	69	0.93
<b>Consumer Goods – 3.52% (31/05/12: 1.25%)</b>					
<b>Food Producers – 3.52% (31/05/12: 1.25%)</b>					
2,972	Aryzta	94	1.27	94	1.27
4,094	Nestlé (registered)	167	2.25	167	2.25
		261	3.52	261	3.52
<b>Healthcare – 11.18% (31/05/12: 4.48%)</b>					
<b>Healthcare Equipment &amp; Services – 0.76% (31/05/12: 0.00%)</b>					
827	Sonova Holding	56	0.76	56	0.76

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>SWITZERLAND – continued</b>					
<b>Healthcare – continued</b>					
<b>Pharmaceuticals &amp; Biotechnology – 10.42% (31/05/12: 4.48%)</b>					
11,026	Novartis (registered)	426	5.75	426	5.75
2,817	Roche Holding – participating	346	4.67	346	4.67
		<u>772</u>	<u>10.42</u>	<u>772</u>	<u>10.42</u>
<b>Financials – 2.34% (31/05/12: 0.99%)</b>					
<b>Banks – 1.03% (31/05/12: 0.99%)</b>					
7,771	UBS (registered)	<u>76</u>	<u>1.03</u>	<u>76</u>	<u>1.03</u>
<b>Non-Life Insurance – 1.31% (31/05/12: 0.00%)</b>					
2,168	Swiss Reinsurance	<u>97</u>	<u>1.31</u>	<u>97</u>	<u>1.31</u>
<b>UNITED STATES – 0.00% (31/05/12: 2.05%)</b>					
<b>Technology – 0.00% (31/05/12: 2.05%)</b>					
<b>Total Long Positions</b>		<b><u>6,050</u></b>	<b><u>81.65</u></b>	<b><u>8,311</u></b>	<b><u>112.18</u></b>
<b>SHORT POSITIONS</b>					
<b>UNITED KINGDOM – (0.23%) (31/05/12: 0.10%)</b>					
<b>Consumer Services – 0.01% (31/05/12: 0.00%)</b>					
<b>Food &amp; Drug Retailers – 0.01% (31/05/12: 0.00%)</b>					
(34,086)	Morrison (Wm) Supermarkets (contracts for difference)	<u>1</u>	<u>0.01</u>	<u>(92)</u>	<u>(1.24)</u>
<b>Telecommunications – (0.04%) (31/05/12: (0.04%))</b>					
<b>Mobile Telecommunications – (0.04%) (31/05/12: (0.04%))</b>					
(59,527)	Vodafone (contracts for difference)	<u>(3)</u>	<u>(0.04)</u>	<u>(96)</u>	<u>(1.30)</u>
<b>Utilities – (0.04%) (31/05/12: 0.00%)</b>					
<b>Gas, Water &amp; Multiutilities – (0.04%) (31/05/12: 0.00%)</b>					
(3,568)	Severn Trent (contracts for difference)	<u>(2)</u>	<u>(0.03)</u>	<u>(58)</u>	<u>(0.78)</u>
(5,557)	United Utilities (contracts for difference)	<u>(1)</u>	<u>(0.01)</u>	<u>(38)</u>	<u>(0.51)</u>
		<u>(3)</u>	<u>(0.04)</u>	<u>(96)</u>	<u>(1.29)</u>
<b>Financials – (0.05%) (31/05/12: 0.11%)</b>					
<b>Non-Life Insurance – 0.00% (31/05/12: 0.12%)</b>					
<b>Real Estate – (0.05%) (31/05/12: (0.01%))</b>					
(14,246)	British Land (contracts for difference)	<u>(4)</u>	<u>(0.05)</u>	<u>(78)</u>	<u>(1.05)</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>SHORT POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Futures – (0.11%) (31/05/12: 0.03%)</b>					
(8)	LIFFE FTSE 100 Index Future December 2012	(8)	(0.11)	(470)	(6.34)
<b>FRANCE – (0.25%) (31/05/12: 0.05%)</b>					
<b>Oil &amp; Gas – (0.01%) (31/05/12: 0.00%)</b>					
<b>Oil &amp; Gas Producers – (0.01%) (31/05/12: 0.00%)</b>					
(2,473)	Total SA (contracts for difference)	(1)	(0.01)	(77)	(1.04)
<b>Industrials – (0.11%) (31/05/12: 0.00%)</b>					
<b>Construction &amp; Materials – (0.11%) (31/05/12: 0.00%)</b>					
(2,587)	Lafarge (contracts for difference)	(1)	(0.01)	(94)	(1.27)
(2,499)	Saint Gobain (contracts for difference)	(5)	(0.07)	(62)	(0.84)
(4,988)	Vinci (contracts for difference)	(2)	(0.03)	(137)	(1.85)
		(8)	(0.11)	(293)	(3.96)
<b>Consumer Goods – 0.00% (31/05/12: 0.03%)</b>					
<b>Telecommunications – 0.11% (31/05/12: 0.00%)</b>					
<b>Fixed Line Telecommunications – 0.11% (31/05/12: 0.00%)</b>					
(7,456)	France Telecom (contracts for difference)	8	0.11	(49)	(0.66)
<b>Financials – 0.00% (31/05/12: 0.02%)</b>					
<b>Futures – (0.24%) (31/05/12: 0.00%)</b>					
(13)	EOP CAC40 10 Euro Future December 2012	(18)	(0.24)	(375)	(5.06)
<b>GERMANY – (0.20%) (31/05/12: 0.22%)</b>					
<b>Industrials – (0.04%) (31/05/12: 0.00%)</b>					
<b>General Industrials – (0.04%) (31/05/12: 0.00%)</b>					
(1,770)	Siemens (contracts for difference)	(3)	(0.04)	(114)	(1.54)
<b>Healthcare – (0.01%) (31/05/12: 0.00%)</b>					
<b>Pharmaceuticals &amp; Biotechnology – (0.01%) (31/05/12: 0.00%)</b>					
(4,125)	Stada Arzneimittel (contracts for difference)	(1)	(0.01)	(76)	(1.03)



## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>SHORT POSITIONS – continued</b>					
<b>GERMANY – continued</b>					
<b>Telecommunications – 0.07% (31/05/12: 0.00%)</b>					
<b>Mobile Telecommunications – 0.07% (31/05/12: 0.00%)</b>					
(5,533)	Deutsche Telekom (contracts for difference)	5	0.07	(38)	(0.51)
<b>Utilities – 0.05% (31/05/12: 0.10%)</b>					
<b>Gas, Water &amp; Multiutilities – 0.05% (31/05/12: 0.10%)</b>					
(5,625)	RWE (contracts for difference)	4	0.05	(147)	(1.98)
<b>Financials – 0.01% (31/05/12: 0.12%)</b>					
<b>Banks – 0.01% (31/05/12: 0.00%)</b>					
(1,391)	Deutsche Bank (contracts for difference)	1	0.01	(39)	(0.53)
<b>Non-equity Investment Instruments – 0.00% (31/05/12: 0.12%)</b>					
<b>Futures – (0.28%) (31/05/12: 0.00%)</b>					
(3)	EUX Dax Index Future December 2012	(21)	(0.28)	(451)	(6.09)
<b>IRELAND – 0.07% (31/05/12: 0.09%)</b>					
<b>Industrials – 0.07% (31/05/12: 0.09%)</b>					
<b>Construction &amp; Materials – 0.07% (31/05/12: 0.09%)</b>					
(8,269)	CRH (contracts for difference)	5	0.07	(94)	(1.27)
<b>ITALY – (0.08%) (31/05/12: 0.04%)</b>					
<b>Consumer Goods – 0.00% (31/05/12: 0.04%)</b>					
<b>Futures – (0.08%) (31/05/12: 0.00%)</b>					
(2)	MIL FTSE/MIB Index Future December 2012	(6)	(0.08)	(128)	(1.73)
<b>SPAIN – (0.00%) (31/05/12: 0.05%)</b>					
<b>Telecommunications – 0.00% (31/05/12: 0.05%)</b>					
<b>SWEDEN – (0.11%) (31/05/12: 0.06%)</b>					
<b>Other Investments – 0.00% (31/05/12: 0.06%)</b>					
<b>Futures – (0.11%) (31/05/12: 0.00%)</b>					
(23)	SSE OMXS30 Index Future December 2012	(8)	(0.11)	(234)	(3.16)

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>SHORT POSITIONS – continued</b>					
<b>SWITZERLAND – 0.00% (31/05/12: 0.14%)</b>					
<b>Industrials – 0.00% (31/05/12: 0.14%)</b>					
<b>Total Short Positions</b>		<b>(60)</b>	<b>(0.80)</b>	<b>(2,947)</b>	<b>(39.78)</b>
<b>Investment assets including investment liabilities</b>		<b>5,990</b>	<b>80.85</b>	<b>5,364</b>	<b>72.40</b>
Net other assets		1,419	19.15	2,045	27.60
<b>Net assets</b>		<b>7,409</b>	<b>100.00</b>	<b>7,409</b>	<b>100.00</b>

Unless otherwise stated, all investments are listed equities. Contracts for difference are not listed securities and are traded over the counter through brokers.

\* In the case of derivative instruments, Market Value refers to the net profit or loss, in line with the provisions in the SORP.

+ In the case of derivative instruments Economic Exposure refers to the gross position taken by the Fund.

# Market value less than £500

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		485		(111)
Revenue	20		33	
Expenses	<u>(150)</u>		<u>(74)</u>	
Net expense before taxation	(130)		(41)	
Taxation	<u>(2)</u>		<u>(1)</u>	
Net expense after taxation		<u>(132)</u>		<u>(42)</u>
<b>Total return before distributions</b>		353		(153)
<b>Changes in net assets attributable to shareholders from investment activities</b>		<u><b>353</b></u>		<u><b>(153)</b></u>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>7,651</b>		<b>10,781</b>
Amounts receivable on issue of shares	73		53	
Amounts payable on cancellation of shares	<u>(668)</u>		<u>(2,324)</u>	
		(595)		(2,271)
Change in net assets attributable to shareholders from investment activities (see above)		353		(153)
<b>Closing net assets attributable to shareholders</b>		<u><b>7,409</b></u>		<u><b>8,357</b></u>

**Balance sheet** as at 30 November 2012 (unaudited)

	<b>30/11/12</b>		<b>30/05/12</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Assets</b>				
Investment assets		6,083		2,437
Debtors	71		364	
Cash and bank balances	1,715		5,378	
Total other assets		<u>1,786</u>		<u>5,742</u>
<b>Total assets</b>		<b>7,869</b>		<b>8,179</b>
<b>Liabilities</b>				
Investment liabilities		(93)		(77)
Creditors	(317)		(390)	
Bank overdraft	(50)		(61)	
Total other liabilities		<u>(367)</u>		<u>(451)</u>
<b>Total liabilities</b>		<b>(460)</b>		<b>(528)</b>
<b>Net assets attributable to shareholders</b>		<u><b>7,409</b></u>		<u><b>7,651</b></u>

## Notes to the financial statements as at 30 November 2012

### 1 Accounting policies

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

### 2 Portfolio transaction costs

	<b>30/11/12</b>	<b>30/11/11</b>
	<b>£000</b>	<b>£000</b>
Purchases in period before transaction costs	<u>12,186</u>	<u>11,608</u>
Commissions	16	17
Expenses	3	–
Taxes	<u>1</u>	<u>–</u>
Total purchase transaction costs*	20	17
<b>Purchases including transaction costs</b>	<b><u>12,206</u></b>	<b><u>11,625</u></b>
Sales in period before transaction costs	<u>9,342</u>	<u>15,020</u>
Commissions	<u>(12)</u>	<u>(22)</u>
Total sale transaction costs*	(12)	(22)
<b>Sales net of transaction costs</b>	<b><u>9,330</u></b>	<b><u>14,998</u></b>
<b>Transaction handling charges*</b>	<b><u>9</u></b>	<b><u>12</u></b>

\* These amounts have been deducted in determining net capital gains/(losses)

**Distribution table** for the six months ended 30 November 2012 (in pence per share)

There is no distribution for the period ended 30 November 2012 for the class A accumulation share class and class I accumulation share class, therefore no distribution statement has been provided and shareholders will not receive tax vouchers.

# Henderson UK Absolute Return Fund

## Managers' report

### Fund Managers

Ben Wallace and Luke Newman

### Investment objective and policy

The Fund aims to achieve a positive absolute return over the long-term regardless of market conditions, by taking long and short positions primarily in equities or equity related derivative contracts of companies having their registered office in the UK; and companies that do not have their registered office in the UK but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in the UK, although all or a substantial proportion of the physical assets of the Fund may at any time consist of cash, near cash, deposits and/or money market instruments.

The Fund will invest in companies of any market capitalisation.

Long positions may be held through a combination of direct investment and/or derivative instruments. Short positions will be held through derivative positions, primarily equity swaps and futures.

The use of derivatives forms an important part of the investment strategy.

The Fund may also invest at the Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

### Performance summary

	1 Dec 11- 30 Nov 12	1 Dec 10- 30 Nov 11	1 Dec 09- 30 Nov 10	14 Apr 09*- 30 Nov 09
	%	%	%	%
<b>Henderson UK Absolute Return Fund</b>	2.9	2.2	1.9	–

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, GBP. Figures in brackets are negative.

\* 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.

### Significant portfolio changes\* for the six months ended 30 November 2012

<b>Purchases</b>	<b>£000</b>	<b>Sales/Maturities</b>	<b>£000</b>
Nordea Bank 0.63% 9/8/2012	14,001	Toronto Dominion Bank 0.5% 19/6/2012	15,000
Credit Suisse 0.65% 5/10/2012	13,001	DNB ASA 0.54% 31/7/2012	14,000
Nationwide Building Society 1.16% 25/10/2012	10,011	Svenska Handelsbanken 1.05% 10/8/2012	14,000
Clydesdale Bank 0.52% 10/10/2012	10,000	Nordea Bank 0.63% 9/8/2012	14,000
Commonwealth Bank of Australia 0.3% 1/11/2012	10,000	Credit Suisse 0.65% 5/10/2012	13,000
JP Morgan 0.5% 14/11/2012	10,000	Deutsche Global Liquidity Series	11,000
Nordea Bank 0.55% 9/11/2012	10,000	Clydesdale Bank 0.52% 10/10/2012	10,000
Barclays 0.4% 23/11/2012	8,000	JP Morgan 0.5% 14/11/2012	10,000
Clydesdale Bank 0.53% 14/1/2013	8,000	Nationwide Building Society 1.16% 25/10/2012	10,000
Deutsche Bank 0.55% 8/11/2012	8,000	Nordea Bank 0.55% 9/11/2012	10,000

\* The significant portfolio changes show the largest cash transactions only.

### Overview

In the UK, the economy was in a technical recession at the start of the period, with fiscal austerity and household deleveraging providing a troubling backdrop. Assessing the prospects for economic recovery was also made problematic due to a number of one-off factors including additional holidays and the Olympics. Finally, however, gross domestic product (GDP) data confirmed the economy had grown 1% for the third quarter (quarter-on-quarter). While this was welcome news, hopes that real income growth would receive a boost from falling inflation were thwarted. Although the annual consumer price index inflation rate dropped from 2.8% in May to 2.2% by September, it ticked up again to 2.7% in October and remained at that level in November, defying the Bank of England's (BoE) 2% target. Despite the economic challenges, sentiment has been supported by the BoE's commitment to quantitative easing. Over the review period, UK equities, as represented by the FTSE All-Share Total Return Index returned 12.8%.

### Fund performance and activity

Over the six month period to 30 November 2012 the Fund returned 3.9%.

The second half of 2012 saw lower levels of market volatility, increased stock dispersion and lower asset correlation, all of which created a more conducive environment for stock picking strategies than we have seen for the past few years. Capital markets responded to policy action both in Europe and the US, which allowed corporates to restructure their balance sheets and lock-in low financing rates, while increasingly micro factors drove share prices as opposed to the highly volatile reactions to political headlines. This allowed us to increase the gross exposure of the Fund as we sought to capitalise on these improving trends.

The largest contributor on the core book was the long position in pub chain Mitchells & Butlers. The shares rallied on the announcement of a new chief executive officer (CEO) who should be able to provide the company with some strategic direction after a period of corporate uncertainty following two unsuccessful takeover approaches. The position was partially sold to book profits but remains in the Fund.

Our long-standing position in Resolution was added to in the summer and also performed strongly over the period following changes to the operating structure business that has had the effect of improving the cash generation of the group. Consequently the dividend payment now appears more secure and we would expect the underperformance versus the peer group to continue to diminish.

The long position in utility company Pennon was disappointing and the position was closed following the downgrading of expectations for the waste division Viridor as pricing trends in the industry remained weak. Whilst the longer term prospects for both the water and waste businesses look good, we feel the recent negative revisions to profitability have made the balance sheet leverage look stretched, especially when the investment plans to grow Viridor are considered.

The core short book benefited from a position in luxury goods company Burberry. We believed that the high levels of expansion in Asia, whilst justifiable from a strategic perspective, would cause downward pressure on the group's margin and disappoint investors who expected positive trends. These concerns proved well founded as Burberry was forced to lower profitability expectations and subsequently warn on the revenue outlook in both China and the US as macroeconomic uncertainties impacted consumer spending patterns. The position was closed in October despite ongoing tough trading conditions as we feel that the event risk of corporate activity in a sector where scale advantages make compelling financial sense is too high.

Within the trading book the Fund moved from a net short to a net long position within UK banks. Unresolved issues remain in the sectors' interaction with regulators in respect to the appropriate capital base, but the financing environment has improved markedly and some evidence of a steepening yield curve has allowed a certain recovery in profitability.



## Comparative tables as at 30 November 2012

### Net asset value per share

	<b>Net asset value of Fund (£)</b>	<b>Net asset value of shares (£)</b>	<b>Number of shares in issue</b>	<b>Net asset value per share (pence)</b>
<b>Class A accumulation</b>				
31/05/2010	299,119,349	76,312,084	70,832,103	107.74
31/05/2011	338,053,611	125,494,135	108,520,135	115.64
31/05/2012	316,444,244	88,106,908	79,496,018	110.83
30/11/2012	195,999,980	54,799,448	47,440,839	115.51
<b>Class I accumulation</b>				
31/05/2010	299,119,349	222,807,265	205,743,785	108.29
31/05/2011	338,053,611	212,559,476	182,255,520	116.63
31/05/2012	316,444,244	228,337,336	203,093,187	112.43
30/11/2012	195,999,980	141,200,532	120,220,145	117.45

### Performance record

<b>Calendar year</b>	<b>Net revenue (pence per share)</b>	<b>Highest price (pence per share)</b>	<b>Lowest price (pence per share)</b>
<b>Class A accumulation</b>			
2009**	–	108.79	99.99
2010	–	112.77	107.03
2011	–	116.50	109.52
2012	–	115.81*	110.61*
2013	--+	–	–
<b>Class I accumulation</b>			
2009**	–	109.05	99.99
2010	0.33	113.53	107.58
2011	–	117.54	110.56
2012	0.53	117.43*	112.21*
2013	--+	–	–

+ to 31 January

\* to 30 November

\*\* From 14 April 2009 to 31 December 2009

## Ongoing charge figure

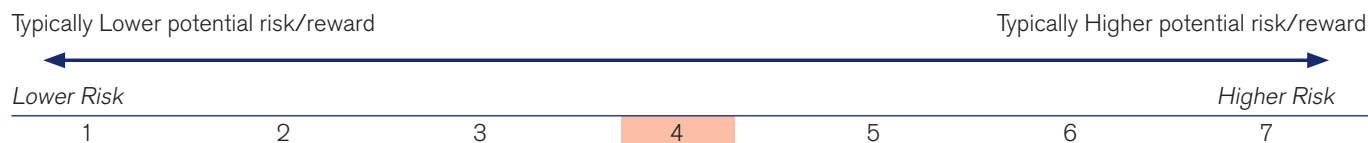
The annualised ongoing charge figure (OCF) of the Fund, calculated as the ratio of the total ongoing charges to the average net asset value for twelve months. Ongoing charges are all payments deducted for the assets of the Fund during the period, except for payments that are explicitly excluded by regulation.

	<b>30/11/12</b>	<b>31/05/12</b>
	<b>%</b>	<b>%</b>
<b>Class A accumulation</b>	1.75	1.75
<b>Class I accumulation</b>	1.07	1.08

## Synthetic risk and reward profile

The Fund currently has 2 types of shares in issue:  
A accumulation and I accumulation.

The risk and reward profile is the same for each type of share and is as follows:



The value of an investment in the Fund can go up and down. When you sell your shares, they may be worth less than what 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 Fund's risk level reflects the following:

- The Fund focuses on a single region
- As a category, shares are more volatile than either bonds or money market instruments
- The Fund's short exposures mean it can lose money if certain shares rise in price
- 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 which could amplify everyday risk and trigger other risks.

Since the issue of the KIID there have been no changes to the risk ratings in the period.

The Synthetic risk and reward indicator (SRRI) conforms to the CESR guidelines for the calculation of the SRRI.

## Portfolio statement as at 30 November 2012

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS</b>					
<b>UNITED KINGDOM – 50.41% (31/05/12: 20.18%)</b>					
<b>Oil &amp; Gas – 0.01% (31/05/12: (0.41%))</b>					
<b>Oil &amp; Gas Producers – 0.01% (31/05/12: (0.35%))</b>					
351,779	BP (contracts for difference)	19	0.01	1,518	0.77
<b>Oil Equipment &amp; Services – 0.00% (31/05/12: (0.06%))</b>					
<b>Basic Materials – 0.02% (31/05/12: (0.03%))</b>					
<b>Chemicals – 0.00% (31/05/12: (0.01%))</b>					
<b>Mining – 0.02% (31/05/12: (0.02%))</b>					
3,344	BHP Billiton (contracts for difference)#	–	–	66	0.03
32,251	Rio Tinto (contracts for difference)	30	0.02	998	0.51
50,450	Xstrata (contracts for difference)	3	–	522	0.27
		33	0.02	1,586	0.81
<b>Industrials – 0.34% (31/05/12: (0.26%))</b>					
<b>Aerospace &amp; Defence – 0.03% (31/05/12: (0.01%))</b>					
46,163	Meggitt (contracts for difference)	11	0.01	180	0.09
291,529	Rolls-Royce (contracts for difference)	80	0.04	2,593	1.32
9,834,400	Rolls-Royce 'C' Shares#	–	–	–	–
302,402	Senior (contracts for difference)	(38)	(0.02)	598	0.31
		53	0.03	3,371	1.72
<b>Construction &amp; Materials – 0.05% (31/05/12: (0.06%))</b>					
473,758	Costain (contracts for difference)	92	0.05	1,100	0.56
<b>Electronic &amp; Electrical Equipment – 0.00% (31/05/12: (0.05%))</b>					
<b>General Industrials – 0.05% (31/05/12: (0.13%))</b>					
472,939	Rexam (contracts for difference)	(17)	(0.01)	2,070	1.06
1,059,843	Smiths (contracts for difference)	126	0.06	2,290	1.17
		109	0.05	4,360	2.23
<b>Industrial Engineering – 0.07% (31/05/12: 0.00%)</b>					
153,306	Spirax-Sarco (contracts for difference)	134	0.07	3,344	1.71
<b>Industrial Transportation – 0.02% (31/05/12: 0.00%)</b>					
281,757	BBA (contracts for difference)	32	0.02	602	0.31

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Industrials – continued</b>					
<b>Support Services – 0.12% (31/05/12: (0.01%))</b>					
68,479	Babcock International (contracts for difference)	12	0.01	682	0.35
267,230	Berendsen (contracts for difference)	89	0.04	1,550	0.79
74,097	Filtrona (contracts for difference)	96	0.05	433	0.22
95,055	Homeserve (contracts for difference)	17	0.01	228	0.12
287,760	Interserve (contracts for difference)	(6)	–	1,045	0.53
991,555	Rentokil Initial (contracts for difference)	24	0.01	892	0.46
42,552	Travis Perkins (contracts for difference)	7	–	474	0.24
		<u>239</u>	<u>0.12</u>	<u>5,304</u>	<u>2.71</u>
<b>Consumer Goods – 0.16% (31/05/12: (0.07%))</b>					
<b>Automobiles &amp; Parts – 0.02% (31/05/12: 0.00%)</b>					
496,014	GKN (contracts for difference)	<u>31</u>	<u>0.02</u>	<u>1,101</u>	<u>0.56</u>
<b>Beverages – 0.00% (31/05/12: 0.00%)</b>					
54,267	SabMiller (contracts for difference)	<u>(3)</u>	<u>–</u>	<u>1,534</u>	<u>0.78</u>
<b>Food Producers – 0.00% (31/05/12: (0.01%))</b>					
<b>Household Goods – 0.08% (31/05/12: (0.06%))</b>					
65,499	Berkeley Group (contracts for difference)	99	0.05	1,074	0.55
38,116	Reckitt Benckiser (contracts for difference)	63	0.03	1,496	0.76
		<u>162</u>	<u>0.08</u>	<u>2,570</u>	<u>1.31</u>
<b>Tobacco – 0.06% (31/05/12: 0.00%)</b>					
37,215	British American Tobacco (contracts for difference)	1	–	1,218	0.62
66,385	Imperial Tobacco (contracts for difference)	116	0.06	1,658	0.85
		<u>117</u>	<u>0.06</u>	<u>2,876</u>	<u>1.47</u>
<b>Healthcare – 0.01% (31/05/12: 0.00%)</b>					
<b>Healthcare Equipment &amp; Services – 0.00% (31/05/12: (0.01%))</b>					
<b>Pharmaceuticals &amp; Biotechnology – 0.01% (31/05/12: 0.01%)</b>					
113,915	AstraZeneca (contracts for difference)	71	0.04	3,379	1.72
339,354	GlaxoSmithKline (contracts for difference)	(52)	(0.03)	4,529	2.31
		<u>19</u>	<u>0.01</u>	<u>7,908</u>	<u>4.03</u>
<b>Consumer Services – 0.50% (31/05/12: (0.40%))</b>					
<b>Food &amp; Drug Retailers – 0.00% (31/05/12: 0.00%)</b>					
414,435	Sainsbury (contracts for difference)	<u>(8)</u>	<u>–</u>	<u>1,415</u>	<u>0.72</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Consumer Services – continued</b>					
<b>General Retailers – 0.01% (31/05/12: (0.01%))</b>					
124,038	Marks & Spencer (contracts for difference)	(1)	–	484	0.25
21,112	Next (contracts for difference)	10	0.01	773	0.39
		<u>9</u>	<u>0.01</u>	<u>1,257</u>	<u>0.64</u>
<b>Media – 0.27% (31/05/12: (0.19%))</b>					
3,407,369	ITV (contracts for difference)	417	0.21	3,365	1.72
347,464	Reed Elsevier (contracts for difference)	125	0.06	2,231	1.14
		<u>542</u>	<u>0.27</u>	<u>5,596</u>	<u>2.86</u>
<b>Travel &amp; Leisure – 0.22% (31/05/12: (0.20%))</b>					
101,433	Betfair (contracts for difference)	(24)	(0.01)	746	0.38
113,182	Compass (contracts for difference)	(2)	–	816	0.42
417,614	easyJet (contracts for difference)	284	0.14	2,982	1.52
804,649	Mitchells & Butlers (contracts for difference)	(95)	(0.05)	2,488	1.27
237,237	Stagecoach (contracts for difference)	46	0.02	694	0.36
377,719	TUI Travel (contracts for difference)	167	0.09	1,025	0.52
884,899	William Hill (contracts for difference)	54	0.03	2,984	1.52
		<u>430</u>	<u>0.22</u>	<u>11,735</u>	<u>5.99</u>
<b>Telecommunications – 0.27% (31/05/12: 0.11%)</b>					
<b>Fixed Line Telecommunications – 0.27% (31/05/12: 0.09%)</b>					
2,936,037	BT (contracts for difference)	299	0.15	6,853	3.49
873,072	Talktalk Telecom (contracts for difference)	237	0.12	1,914	0.98
		<u>536</u>	<u>0.27</u>	<u>8,767</u>	<u>4.47</u>
<b>Mobile Telecommunications – 0.00% (31/05/12: 0.02%)</b>					
<b>Utilities – 0.06% (31/05/12: 0.07%)</b>					
<b>Electricity – 0.03% (31/05/12: 0.00%)</b>					
109,541	Scottish & Southern (contracts for difference)	52	0.03	1,561	0.80
<b>Gas, Water &amp; Multiutilities – 0.03% (31/05/12: 0.07%)</b>					
466,189	Centrica (contracts for difference)	18	0.01	1,518	0.78
409,096	National Grid (contracts for difference)	39	0.02	2,882	1.47
99,582	Pennon (contracts for difference)	(18)	(0.01)	616	0.31
101,423	United Utilities (contracts for difference)	19	0.01	691	0.35
		<u>58</u>	<u>0.03</u>	<u>5,707</u>	<u>2.91</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Financials – 0.03% (31/05/12: (0.39%))</b>					
<b>Banks – 0.05% (31/05/12: 0.00%)</b>					
282,548	HSBC Holdings (contracts for difference)	94	0.05	1,801	0.92
68,274	Royal Bank of Scotland (contracts for difference)	(1)	–	201	0.10
		<u>93</u>	<u>0.05</u>	<u>2,002</u>	<u>1.02</u>
<b>Equity Investment Instruments – (0.02%) (31/05/12: 0.01%)</b>					
790,897	3i Group (contracts for difference)	<u>(34)</u>	<u>(0.02)</u>	<u>1,673</u>	<u>0.85</u>
<b>Financial Services – (0.13%) (31/05/12: (0.62%))</b>					
126,812	Aberdeen Asset Management (contracts for difference)	1	–	428	0.22
88,411	Ashmore (contracts for difference)	(5)	–	318	0.16
909,500	F&C Asset Management (contracts for difference)	(33)	(0.02)	894	0.46
277,440	London Stock Exchange (contracts for difference)	16	0.01	2,709	1.38
319,491	Man (contracts for difference)	(1)	–	245	0.13
6,509	Schroders non voting (contracts for difference)	5	–	85	0.04
404,418	Tullett Prebon (contracts for difference)	(234)	(0.12)	916	0.47
		<u>(251)</u>	<u>(0.13)</u>	<u>5,595</u>	<u>2.86</u>
<b>Life Insurance – 0.01% (31/05/12: 0.00%)</b>					
82,234	Standard Life (contracts for difference)	<u>28</u>	<u>0.01</u>	<u>263</u>	<u>0.13</u>
<b>Real Estate – 0.12% (31/05/12: 0.22%)</b>					
712,646	Capital & Counties Properties (contracts for difference)	62	0.03	1,704	0.87
558,163	Grainger (contracts for difference)	16	0.01	620	0.31
186,213	Great Portland Estates REIT (contracts for difference)	37	0.02	876	0.45
200,278	Hammerson REIT (contracts for difference)	34	0.02	943	0.48
76,085	InterContinental Hotels (contracts for difference)	85	0.04	1,268	0.65
		<u>234</u>	<u>0.12</u>	<u>5,411</u>	<u>2.76</u>
<b>Technology – 0.06% (31/05/12: 0.23%)</b>					
<b>Software &amp; Computer Services – 0.06% (31/05/12: 0.23%)</b>					
7,302,542	Innovation (contracts for difference)	110	0.06	1,625	0.83
92,327	Invensys (contracts for difference)	7	–	291	0.15
580,310	Sage (contracts for difference)	9	–	1,808	0.92
		<u>126</u>	<u>0.06</u>	<u>3,724</u>	<u>1.90</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Liquid Assets – 48.95% (31/05/12: 21.33%)</b>					
<b>Certificates of Deposit – 48.95% (31/05/12: 21.33%)</b>					
GBP 5,000,000	ABN Amro Bank 0.45% 11/2/2013	4,998	2.55	4,998	2.55
GBP 2,000,000	ABN Amro Bank 0.5% 22/2/2013	1,999	1.02	1,999	1.02
GBP 5,000,000	Barclays 0.5% 26/2/2013	4,998	2.55	4,998	2.55
GBP 8,000,000	Clydesdale Bank 0.53% 14/1/2013	7,999	4.08	7,999	4.08
GBP 5,000,000	Commerzbank 0.52% 22/1/2013	4,999	2.55	4,999	2.55
GBP 8,000,000	Commonwealth Bank of Australia 0.3% 3/12/2012	8,000	4.08	8,000	4.08
GBP 7,000,000	Credit Agricole Corporate and Investment Bank 0.55% 17/12/2012	7,000	3.57	7,000	3.57
GBP 5,000,000	Credit Industriel et Commercial 0.56% 10/1/2013	4,999	2.55	4,999	2.55
GBP 8,000,000	Deutsche Bank 0.48% 8/2/2013	7,997	4.08	7,997	4.08
GBP 7,000,000	DNB ASA 0.9% 3/12/2012	6,968	3.56	6,968	3.56
GBP 7,000,000	ING 0.54% 12/2/2013	6,998	3.57	6,998	3.57
GBP 8,000,000	JP Morgan 0.4% 15/2/2013	7,995	4.08	7,995	4.08
GBP 5,000,000	Svenska Handelsbanken 0.51% 17/12/2012	5,000	2.55	5,000	2.55
GBP 6,000,000	Toronto Dominion Bank 0.34% 17/1/2013	5,997	3.06	5,997	3.06
GBP 5,000,000	United Overseas Bank 0.42% 31/1/2013	4,998	2.55	4,998	2.55
GBP 5,000,000	United Overseas Bank 0.42% 8/2/2013	4,998	2.55	4,998	2.55
		95,943	48.95	95,943	48.95
<b>BERMUDA – 0.15% (31/05/12: (0.07%))</b>					
<b>Financials – 0.15% (31/05/12: (0.07%))</b>					
<b>Non-Life Insurance – 0.15% (31/05/12: (0.07%))</b>					
618,687	Catlin (contracts for difference)	304	0.16	2,987	1.53
168,160	Lancashire Holdings (contracts for difference)	(13)	(0.01)	1,337	0.68
		291	0.15	4,324	2.21
<b>CAYMAN ISLANDS – (0.01%) (31/05/12: (0.04%))</b>					
<b>Financials – (0.01%) (31/05/12: (0.04%))</b>					
<b>Life Insurance – (0.01%) (31/05/12: (0.04%))</b>					
69,107	Phoenix Group Holding (contracts for difference)	(11)	(0.01)	346	0.18
<b>CHANNEL ISLANDS – 0.50% (31/05/12: (0.27%))</b>					
<b>Oil &amp; Gas – 0.00% (31/05/12: 0.09%)</b>					
<b>Oil &amp; Gas Producers – 0.00% (31/05/12: 0.09%)</b>					
24,479	Genel Energy (contracts for difference)	24	0.01	198	0.10
240,264	Heritage Oil (contracts for difference)	(23)	(0.01)	454	0.23
		1	–	652	0.33



## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>LONG POSITIONS – continued</b>					
<b>CHANNEL ISLANDS – continued</b>					
<b>Basic Materials – 0.00% (31/05/12: (0.01%))</b>					
<b>Mining – 0.00% (31/05/12: (0.01%))</b>					
<b>Industrials – 0.00% (31/05/12: (0.01%))</b>					
<b>Support Services – 0.00% (31/05/12: (0.01%))</b>					
981	Wolseley (contracts for difference)	2	–	28	0.01
<b>Consumer Services – 0.00% (31/05/12: 0.01%)</b>					
<b>Media – 0.00% (31/05/12: 0.01%)</b>					
<b>Financials – 0.52% (31/05/12: (0.35%))</b>					
<b>Financial Services – 0.49% (31/05/12: 0.00%)</b>					
983,352	Sherborne Investors	964	0.49	964	0.49
<b>Life Insurance – 0.03% (31/05/12: (0.35%))</b>					
2,524,884	Resolution (contracts for difference)	58	0.03	5,999	3.06
<b>Healthcare – (0.02%) (31/05/12: 0.00%)</b>					
<b>Pharmaceuticals &amp; Biotechnology – (0.02%) (31/05/12: 0.00%)</b>					
130,275	Shire (contracts for difference)	(32)	(0.02)	2,353	1.20
<b>IRELAND – 4.16% (31/05/12: 4.11%)</b>					
<b>Consumer Goods – 0.08% (31/05/12: 0.00%)</b>					
<b>Beverages – 0.08% (31/05/12: 0.00%)</b>					
1,114,780	C&C Group (contracts for difference)	154	0.08	3,680	1.88
<b>Financials – 4.08% (31/05/12: 4.11%)</b>					
<b>Collective Investment Schemes – 4.08% (31/05/12: 4.11%)</b>					
8,003,190	Deutsche Global Liquidity Series	8,003	4.08	8,003	4.08
<b>Total Long Positions</b>		<b>108,225</b>	<b>55.21</b>	<b>214,172</b>	<b>109.27</b>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>SHORT POSITIONS</b>					
<b>UNITED KINGDOM – (0.79%) (31/05/12: 0.77%)</b>					
<b>Oil &amp; Gas – 0.02% (31/05/12: 0.05%)</b>					
<b>Oil &amp; Gas Producers – 0.02% (31/05/12: 0.05%)</b>					
(89,250)	Royal Dutch Shell 'B' (contracts for difference)	45	0.02	(1,923)	(0.98)
(47,825)	Tullow Oil (contracts for difference)	(7)	–	(658)	(0.34)
		<u>38</u>	<u>0.02</u>	<u>(2,581)</u>	<u>(1.32)</u>
<b>Oil Equipment &amp; Services – 0.00% (31/05/12: 0.00%)</b>					
(74)	AMEC (contracts for difference)#	–	–	(1)	–
<b>Basic Materials – (0.02%) (31/05/12: 0.29%)</b>					
<b>Chemicals – (0.07%) (31/05/12: (0.02%))</b>					
(36,091)	Croda International (contracts for difference)	(30)	(0.02)	(859)	(0.44)
(68,633)	Johnson Matthey (contracts for difference)	(102)	(0.05)	(1,647)	(0.84)
		<u>(132)</u>	<u>(0.07)</u>	<u>(2,506)</u>	<u>(1.28)</u>
<b>Forestry &amp; Paper – 0.00% (31/05/12: 0.03%)</b>					
<b>Mining – 0.05% (31/05/12: 0.28%)</b>					
(73,169)	Eurasian Natural Resource (contract for differences)	32	0.02	(198)	(0.10)
(28,766)	Lonmin (contracts for difference)	113	0.06	(74)	(0.04)
(51,779)	Lonmin nil rights (contracts for difference)	(59)	(0.03)	(59)	(0.03)
		<u>86</u>	<u>0.05</u>	<u>(331)</u>	<u>(0.17)</u>
<b>Industrials – (0.09%) (31/05/12: 0.09%)</b>					
<b>Electronic &amp; Electrical Equipment – 0.00% (31/05/12: (0.02%))</b>					
<b>Industrial Engineering – (0.01%) (31/05/12: 0.00%)</b>					
(278,825)	Melrose (contracts for difference)	(13)	(0.01)	(594)	(0.30)
<b>Support Services – (0.08%) (31/05/12: 0.11%)</b>					
(105,735)	Aggreko (contracts for difference)	(97)	(0.05)	(2,360)	(1.20)
(52,266)	Intertek (contracts for difference)	(134)	(0.07)	(1,615)	(0.82)
(38,969)	Michael Page International (contracts for difference)	33	0.02	(139)	(0.07)
(353,482)	Serco Group (contracts for difference)	32	0.02	(1,932)	(0.99)
		<u>(166)</u>	<u>(0.08)</u>	<u>(6,046)</u>	<u>(3.08)</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>SHORT POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Consumer Goods – (0.06%) (31/05/12: 0.03%)</b>					
<b>Food Producers – (0.06%) (31/05/12: 0.00%)</b>					
(69,895)	Associated British Foods (contracts for difference)	(21)	(0.01)	(1,032)	(0.53)
(158,014)	Tate & Lyle (contracts for difference)	(70)	(0.04)	(1,218)	(0.62)
(48,412)	Unilever (contracts for difference)	(20)	(0.01)	(1,163)	(0.59)
		<u>(111)</u>	<u>(0.06)</u>	<u>(3,413)</u>	<u>(1.74)</u>
<b>Personal Goods – 0.00% (31/05/12: 0.03%)</b>					
<b>Healthcare – (0.01%) (31/05/12: (0.02%))</b>					
<b>Pharmaceuticals &amp; Biotechnology – (0.01%) (31/05/12: (0.02%))</b>					
(30,897)	Hikma Pharmaceuticals (contracts for difference)	(12)	(0.01)	(232)	(0.12)
<b>Consumer Services – (0.50%) (31/05/12: 0.00%)</b>					
<b>Food &amp; Drug Retailers – 0.05% (31/05/12: 0.00%)</b>					
(1,509,255)	Morrison (Wm) Supermarkets (contracts for difference)	126	0.06	(4,057)	(2.07)
(309,174)	Tesco (contracts for difference)	(28)	(0.01)	(1,005)	(0.51)
		<u>98</u>	<u>0.05</u>	<u>(5,062)</u>	<u>(2.58)</u>
<b>Media – 0.01% (31/05/12: 0.00%)</b>					
(31,187)	Pearson (contracts for difference)	23	0.01	(367)	(0.19)
<b>Travel &amp; Leisure – (0.56%) (31/05/12: 0.00%)</b>					
(4,104,976)	Marston's (contracts for difference)	(1,101)	(0.56)	(5,139)	(2.62)
(9,356)	Whitbread (contracts for difference)	2	–	(225)	(0.11)
		<u>(1,099)</u>	<u>(0.56)</u>	<u>(5,364)</u>	<u>(2.73)</u>
<b>Utilities – 0.00% (31/05/12: (0.01%))</b>					
<b>Gas, Water &amp; Multiutilities – 0.00% (31/05/12: (0.01%))</b>					
<b>Financials – 0.04% (31/05/12: 0.23%)</b>					
<b>Banks – 0.00% (31/05/12: 0.02%)</b>					
<b>Financial Services – 0.06% (31/05/12: 0.09%)</b>					
(55,677)	Hargreaves Lansdown (contracts for difference)	(26)	(0.01)	(421)	(0.22)
(444,355)	ICAP (contracts for difference)	130	0.07	(1,295)	(0.66)
		<u>104</u>	<u>0.06</u>	<u>(1,716)</u>	<u>(0.88)</u>

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
<b>SHORT POSITIONS – continued</b>					
<b>UNITED KINGDOM – continued</b>					
<b>Financials – continued</b>					
<b>Life Insurance – 0.00% (31/05/12: 0.09%)</b>					
<b>Non-Life Insurance – (0.02%) (31/05/12: 0.03%)</b>					
(41,059)	Admiral (contracts for difference)	(19)	(0.01)	(459)	(0.24)
(773,498)	RSA Insurance (contracts for difference)	(22)	(0.01)	(908)	(0.46)
		<u>(41)</u>	<u>(0.02)</u>	<u>(1,367)</u>	<u>(0.70)</u>
<b>Technology – 0.00% (31/05/12: (0.08%))</b>					
<b>Software &amp; Computer Services – 0.00% (31/05/12: (0.08%))</b>					
(86,959)	Telecity (contracts for difference)	(5)	–	(744)	(0.38)
<b>Futures – (0.04%) (31/05/12: 0.00%)</b>					
(68)	LIFFE FTSE 100 Index Future December 2012	(76)	(0.04)	(3,994)	(2.04)
<b>Other Investments – (0.13%) (31/05/12: 0.19%)</b>					
(342)	FTSE 250 (contracts for difference)	(259)	(0.13)	(4,116)	(2.10)
<b>CHANNEL ISLANDS – 0.00% (31/05/12: 0.04%)</b>					
<b>Basic Materials – 0.00% (31/05/12: 0.00%)</b>					
<b>Mining – 0.00% (31/05/12: 0.00%)</b>					
(8,958)	Randgold Resources (contracts for difference)	(1)	–	(596)	(0.30)
<b>Industrials – 0.00% (31/05/12: 0.04%)</b>					
<b>Support Services – 0.00% (31/05/12: 0.04%)</b>					
(62,019)	Experian (contracts for difference)	1	–	(643)	(0.33)
<b>IRELAND – 0.00% (31/05/12: 0.05%)</b>					
<b>Industrials – 0.00% (31/05/12: 0.05%)</b>					
<b>Construction &amp; Materials – 0.00% (31/05/12: 0.05%)</b>					
(53,786)	CRH (contracts for difference)	3	–	(614)	(0.31)

## Portfolio statement (continued)

Holding	Investment	Market value* £000	Percentage of total net assets %	Economic exposure+ £000	Percentage of total net assets %
	<b>SPAIN – (0.03%) (31/05/12: 0.00%)</b>				
	<b>Consumer Services – (0.03%) (31/05/12: 0.00%)</b>				
	<b>Travel &amp; Leisure – (0.03%) (31/05/12: 0.00%)</b>				
(611,967)	International Consolidated Airlines (contracts for difference)	(54)	(0.03)	(1,032)	(0.53)
	<b>Total Short Positions</b>	<b>(1,616)</b>	<b>(0.82)</b>	<b>(41,319)</b>	<b>(21.08)</b>
	<b>Investment assets including investment liabilities</b>	<b>106,609</b>	<b>54.39</b>	<b>172,853</b>	<b>88.19</b>
	Net other assets	89,391	45.61	23,147	11.81
	<b>Net assets</b>	<b>196,000</b>	<b>100.00</b>	<b>196,000</b>	<b>100.00</b>

Unless otherwise stated, all investments are listed securities. Contracts for difference are not listed securities and are traded over the counter through brokers.

\* In the case of derivative instruments, Market Value refers to the net profit or loss, in line with the provisions in the SORP.

+ In the case of derivative instruments Economic Exposure refers to the gross position taken by the Fund.

# Less than £500

## Statement of total return for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		11,466		(10,097)
Revenue	1,059		3,097	
Expenses	(1,768)		(2,476)	
Finance costs: interest	—		(1)	
Net (expense)/revenue before taxation	(709)		620	
Taxation	—		—	
Net (expense)/revenue after taxation		(709)		620
<b>Total return before distributions</b>		10,757		(9,477)
Finance costs: Distributions		—		(4)
<b>Changes in net assets attributable to shareholders from investment activities</b>		<b>10,757</b>		<b>(9,481)</b>

## Statement of change in net assets attributable to shareholders

for the six months ended 30 November 2012 (unaudited)

	30/11/12		30/11/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>316,444</b>		<b>338,054</b>
Amounts receivable on issue of shares	8,592		122,376	
Amounts payable on cancellation of shares	(139,790)		(65,511)	
		(131,198)		56,865
Stamp duty reserve tax		(3)		(19)
Change in net assets attributable to shareholders from investment activities (see above)		10,757		(9,481)
<b>Closing net assets attributable to shareholders</b>		<b>196,000</b>		<b>385,419</b>

**Balance sheet** as at 30 November 2012 (unaudited)

	30/11/12		31/05/12	
	£000	£000	£000	£000
<b>Assets</b>				
Investment assets		109,416		87,263
Debtors	164		616	
Cash and bank balances	92,245		255,074	
Total other assets		<u>92,409</u>		<u>255,690</u>
<b>Total assets</b>		201,825		342,953
<b>Liabilities</b>				
Investment liabilities		(2,807)		(8,886)
Creditors	(2,357)		(17,623)	
Bank overdrafts	(661)		-	
Total other liabilities		<u>(3,018)</u>		<u>(17,623)</u>
<b>Total liabilities</b>		(5,825)		(26,509)
<b>Net assets attributable to shareholders</b>		<u><b>196,000</b></u>		<u><b>316,444</b></u>

## Notes to the financial statements as at 30 November 2012

### 1 Accounting policies

The accounting, distribution and risk management policies are set out in notes 1 to 3 of the aggregate financial statements on pages 7 to 11.

### 2 Portfolio transaction costs

	<b>30/11/12</b> <b>£000</b>	<b>30/11/11</b> <b>£000</b>
Purchases in period before transaction costs	<u>223,506</u>	<u>642,479</u>
Commissions	<u>–</u>	<u>(2)</u>
Total purchase transaction costs*	<u>–</u>	<u>(2)</u>
<b>Purchases including transaction costs</b>	<b><u>223,506</u></b>	<b><u>642,477</u></b>
Sales in period before transaction costs	<u>199,274</u>	<u>484,322</u>
Commissions	<u>–</u>	<u>(4)</u>
Total sale transaction costs*	<u>–</u>	<u>(4)</u>
<b>Sales net of transaction costs</b>	<b><u>199,274</u></b>	<b><u>484,318</u></b>
<b>Transaction handling charges*</b>	<b><u>1</u></b>	<b><u>–</u></b>

\* These amounts have been deducted in determining net capital gains/(losses).



**Distribution table** for the year ended 30 November 2012 (in pence per share)

There is no distribution for the six months ended 30 November 2012 for the Class A accumulation share class and Class I accumulation share class, therefore no distribution statement has been provided and shareholders will not receive tax vouchers.

## Further information

### Shareholder enquiries

If you have any queries about your Fund holding, either contact your professional adviser or telephone us on one of the numbers below:

For dealing enquiries including buying and selling units please telephone at local rate: **0845 608 8703**

The following line is also available:

Client Services: **0800 832 832**

or you can contact us via e-mail at **[support@henderson.com](mailto:support@henderson.com)**

We may record telephone calls for our mutual protection and to improve customer service.



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