



Henderson
GLOBAL INVESTORS

Henderson

European Growth

Fund

Short Report

For the six months ended 28 February 2013

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Fund Managers

Richard Pease and Simon Rowe

Investment objective and policy

To achieve long-term capital growth. The Fund will invest principally in the securities of European companies. In addition to ordinary shares, the Fund may also invest in preference shares, debt securities convertible into ordinary stocks and shares, money-market instruments and deposits. The Fund may also invest outside of Europe if the investment adviser believes that it is in the interest of the Fund.

Risk and reward profile

The Fund currently has 4 types of share in issue.

A accumulation, I accumulation, Z accumulation and S 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 such as:

Counterparty risk The Fund could lose money if an entity with which it interacts becomes unwilling or unable to meet its obligations to the Fund.

Default risk The issuers of certain bonds could become unable to make payments on their bonds.

Liquidity risk Certain securities could become hard to value or sell at a desired time and price.

Management risk Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

The full list of the Fund's risks are contained in the "Risk Warnings" section of the Fund's prospectus.

Fund Managers' commentary

Equity markets rallied in the six months ended 28 February 2013. Initially, markets treaded water for the first three months of the period under review, consolidating the strong trend of the summer of 2012 when the European Central Bank President Mario Draghi said the ECB would do "whatever it takes" to save the euro, implying willingness to buy more sovereign bonds. Caution remained ahead of the US election and continuing signs of sluggish economic progress in the main western economies.

However, after Obama's re-election, markets began to make steady progress, although fears still lingered about the addressing of the US fiscal cliff. Investors took cheer from German efforts to hold the euro together through its support for Greece, in this case a debt buy-back.

Equities began 2013 in an optimistic mood, boosted by commentators who argued that the risks of a eurozone implosion were past and that investors should move from bonds to equities. There were certainly a number of positive signals for European equities, including signs that funding conditions continued to ease for European banks. Furthermore, there were signs of improving Chinese exports and a slight pick up in the German economy, although other European economic statistics - such as unemployment in Spain - worsened. However, the inconclusive result of the Italian election cast a shadow over an otherwise encouraging period for equities. Whereas most observers had expected the winners to embark on further reform, in the event anti-austerity candidates took half of the votes, raising the prospect of prolonged political gridlock.

The Henderson European Growth Fund gained 22.55% in the six months to 28 February 2013, outperforming the benchmark, which added 21.87%.

The Fund slightly outperformed, as gains from our industrial and basic material holdings more than offset rallies in financials and consumer goods such as automobiles and brewers where we are underweight. Within the Fund, construction supplier Sika, pump-maker Sulzer and engine-maker Wartsila added 26%, 27% and 38% respectively as investor sentiment improved in the wider market. Other good performers included lift-makers Schindler and Kone, who put on 29% and 27% respectively. Swatch, maker of Omega and other watches, put on 36% after better Swiss watch sales data.

Disappointments included Fugro, which dropped 25% after the fairly recent CEO and senior director both resigned, leaving investors unclear of the future strategy, along with some accounting uncertainties.

We kept our holding as we thought that the market had oversold the shares and were reassured after meeting the newly appointed CEO.

In terms of portfolio changes, we sold our remaining holding in Randstad after a strong run and we bought a position in the Danish-listed shares of G4S, which has been de-rated because of its much publicised problems with the Olympics in the UK. However, this overlooks the strong longer-term record and the fact that the UK is only a part of its business and that there are many opportunities in faster-growing countries.

We bought new positions in chemical distributor Brenntag, which has shown good returns on capital and cash flow and German aero engine maker MTU, which we like for its installed base, recurring revenues and strong market position.

Although the Italian election result tempered the optimistic mood in equities, it was notable that within a few days markets had absorbed both this event and the potential impact of spending cuts and tax rises in the US. In fact, share prices in northern Europe and the US soon resumed an upward path, still supported by investors moving away from bonds and confidence that the European Central Bank would intervene if things became difficult south of the Alps (which may be a complacent view). Economic statistics were mixed, with an encouraging employment report from the US but repeated downgrades of European growth and budgetary positions in countries such as France. After the good recent performance of European equities, valuations are no longer at bargain levels, but in our view still represent attractive value compared with other assets whose real value may be impaired by government initiatives to generate economic growth.

Discrete annual performance

	1 Mar 12- 28 Feb 13 %	1 Mar 11- 29 Feb 12 %	1 Mar 10- 28 Feb 11 %	1 Mar 09- 28 Feb 10 %	1 Mar 08- 28 Feb 09 %
Henderson European Growth Fund	19.7	(4.2)	16.5	47.3	(29.4)
FTSE World Europe ex UK	18.6	(9.7)	13.7	49.9	(35.2)

Source: Morningstar, mid to mid, net revenue reinvested, 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.

Summary of Fund performance

Share class	Net asset value* 28/02/13 p	Net asset value* 31/08/12 p	Net asset value % change
Class A accumulation	135.32	110.11	22.90
Class I accumulation	291.40	236.07	23.44
Class S income	187.02	150.91	23.93
Class Z accumulation	136.29	109.98	23.92

*The net asset value is calculated as at close of business on the last business day of the accounting period. The investments are valued at fair value which is generally deemed to be the bid market price.

Fund facts

Accounting dates	Payment dates
28 February, 31 August	31 October

Ongoing charge figure*

	28/02/13 %	31/08/12 %
Class A	1.76	1.76
Class I	0.87	1.08+
Class Z	0.08	0.08
Class S	0.08	0.08

The ongoing charge figure (OCF) of the Fund, calculated as the ratio of the total ongoing charges to the average net asset value for twelve months.

*The OCF replaces the TER. It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR) with the aim of ensuring a harmonised approach to the calculation of the OCF by all UCITS.

+From 1 August 2012, the annual management charge on I Class shares decreased from 1.00% to 0.75% and the general administration charge increased from 0.06% to 0.10%.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A accumulation			
2008	1.72	110.90	63.82
2009	1.51	102.80	64.94
2010	1.22	119.20	95.01
2011	1.61	126.00	94.51
2012	1.64	121.30	100.50
2013	-	136.80+	121.70+
Class I accumulation			
2008	4.03	232.00	133.80
2009	1.92	216.50	136.40
2010	3.35	252.90	201.10
2011	5.32	267.70	201.30
2012	4.85	260.90	215.10
2013	-	294.50+	261.70+
Class S income			
2008	4.04	165.90	93.35
2009	3.69	148.10	148.10
2010	4.22	161.00	138.50
2011	4.96	180.81	132.00
2012	5.38	167.20	142.10
2013	-	189.00+	167.70+
Class Z accumulation			
2011 ^	-	108.40	92.90
2012	2.55	121.90	100.00
2013	-	137.70+	120.80+

+ to 28 February

^ Z Class was launched 16 September 2011

Past performance is not a guide to future performance.

Major holdings

as at 28/02/13	%
Sampo	4.75
Schindler participating certificates	4.70
Novartis (registered)	4.65
Kone 'B'	4.42
Givaudan	4.14
Wolters Kluwer	3.81
Reed Elsevier	3.67
Novo Nordisk 'B'	3.22
Kerry	3.15
Air Liquide	3.11

Asset allocation

as at 28/02/13	%
Switzerland	24.97
Netherlands	19.52
Germany	13.96
France	12.20
Finland	11.60
Ireland	5.41
Denmark	3.22
United Kingdom	2.03
United States	1.59
Norway	1.57
Net other assets	3.93
Total	100.00

Major holdings

as at 31/08/12	%
Schindler participating certificates	4.83
Novartis (registered)	4.45
Kone 'B'	4.29
Sampo	4.08
Novo Nordisk 'B'	3.98
Wolters Kluwer	3.81
Givaudan	3.62
Reed Elsevier	3.50
Sodexo	3.38
Air Liquide	3.34

Asset allocation

as at 31/08/12	%
Switzerland	22.50
Netherlands	20.21
France	13.31
Finland	11.95
Germany	11.72
Ireland	6.49
Denmark	3.98
United Kingdom	2.95
Norway	2.67
Net other assets	4.22
Total	100.00

Report and accounts

This document is a short report of the Henderson European Growth Fund for the six months ended 28 February 2013.

Copies of the annual and half yearly long form report and financial statements of this Fund are available on our website www.henderson.com or contact client services on the telephone number provided.

Other Information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Issued by:

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Risk Warning

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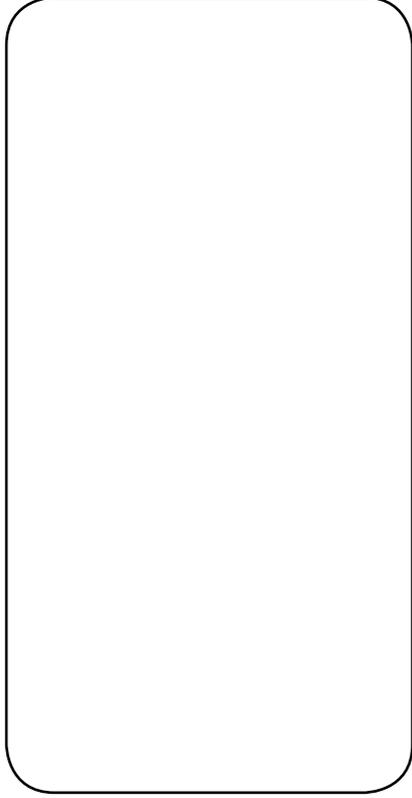
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 28 February 2013. If you have confirmed a change of address with us since that date we will ensure all future correspondence will be sent to your new address.

Online valuations

You can value your Henderson European Growth Fund at any time by logging on to www.henderson.com. Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the Fund you hold and enter the appropriate number of shares.

Any questions?

Further information about the activities and performance of the Fund for this and previous periods can be obtained from the Investment Manager. If you have any questions please call our Client Services Team on 0800 832 832 or email support@henderson.com.

Important Information

Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored.

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

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