Henderson
GLOBAL INVESTORS

ANNUAL REPORT & ACCOUNTS

For the year ended
31 October 2013

Henderson Global Funds

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 £70.8† billion assets under management (as at 30 September 2013) and employs around 1,000 people worldwide.

Henderson's principal place of business is in London and the majority of Henderson's investment and operational activities are conducted here. Additional offices are located in Chicago, Hartford, Philadelphia, Edinburgh, Dublin, Paris, Madrid, Zurich, Luxembourg, Amsterdam, Frankfurt, Milan, Vienna, Stockholm, New Delhi, Singapore, Beijing, Hong Kong, Tokyo and Sydney. The main Asia/Pacific operations are conducted out of Singapore and the US operations out of Chicago and Hartford. Equity investment professionals are also located in Edinburgh and Singapore and additional fixed income investment professionals are located in Philadelphia. Distribution is conducted out of the majority of offices world-wide.

Henderson Group plc acquired New Star Asset Management Group PLC in April 2009 and Gartmore Group Limited in April 2011. In 2012 a Funds Management business was established in Australia and in 2013 Henderson expanded its global product offering with the acquisition of Northern Pines and a US credit team.

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.

Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

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

† Source: Henderson Global Investors.

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Authorised Corporate Director's (ACD) report

We are pleased to present the Final reports and financial statements for Henderson Global Funds for the year ended 31 October 2013.

Authorised status

Henderson Global Funds (the Company) is an open ended investment company (OEIC) with variable capital authorised, under regulation 12 (Authorisation) of the OEIC regulations, by the Financial Conduct Authority on 21 June 2000. It is an umbrella company, comprising various Funds, that was launched on 28 September 2000. Each Fund is operated as a distinct Fund with its own portfolio of investments. Each Fund has its own clear investment objective. The investment objective and policy, investment activities, portfolio statement and synthetic risk and reward profile for each Fund are given in the relevant section of each Fund's report. These all form part of the Authorised Corporate Director's Report. Shareholders are not liable for the debts of the Company.

Fund liabilities

Each Fund is treated as a separate entity and is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against that Fund.

Other information

With effect from 1 April 2013, the Financial Services Authority (FSA) was replaced by the Financial Conduct Authority (FCA).

Advisers

	Name	Address	Regulator
Authorised Corporate Director	**Henderson Investment Funds Limited which is the Director** Member of IMA The ultimate holding company 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 Conduct Authority
Investment Manager	**Henderson Global Investors Limited** The ultimate holding company is Henderson Group Plc	201 Bishopsgate, London EC2M 3AE	Authorised and regulated by the Financial Conduct Authority
Registrar	**International Financial Data Services (UK) Limited**	IFDS House St Nicholas House Basildon Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
Depositary	**National Westminster Bank Plc**	135 Bishopsgate London EC2M 3UR	Authorised and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
Independent Auditors	**PricewaterhouseCoopers LLP**	141 Bothwell Street Glasgow G2 7EQ	Institute of Chartered Accountants in England and Wales
Legal Adviser	**Eversheds LLP**	One Wood Street London EC2V 7WS	The Law Society

Market review for the year ended 31 October 2013

Overall, it was a strongly positive period for equities, with the MSCI World Index rising 26.8% in sterling total return terms. Central banks took decisive action with the US and Japan engaging in further quantitative easing (QE) to stimulate economic activity, while the European Central Bank's (ECB) promise of outright monetary transactions (made just before the review period began) was instrumental in mitigating investor anxieties over the future of the single currency and a potential European exit by one of the peripheral member states.

The eurozone finally emerged from its protracted recession in the second quarter of 2013, with leading economic indicators pointing to continued recovery over the summer. However, political uncertainty returned in September with concerns over the stability of the Italian government, while the outcome of the German elections forced Chancellor Merkel to seek a 'grand coalition'. In the UK, the new governor of the Bank of England, Mark Carney, introduced a new framework of 'forward guidance' in an effort to reassure investors about the bank's future interest rate intentions, pledging to keep rates at a record low until UK unemployment falls to 7%. Similarly, the ECB's president, Mario Draghi, pre-committed to policy moves, saying the central bank would work to keep interest rates very low for an extended period. Inflation expectations in the Eurozone also fell near the end of the review period, prompting speculation that the ECB would cut interest rates.

From late May markets became preoccupied with whether the US Federal Reserve (Fed) would start reducing ('tapering') its QE asset purchases. The belief that a modest taper would be announced in September dampened investors' risk appetite in August as US dollar strength and risk aversion sapped investor demand. However, the Fed's surprise decision to stay its hand on QE triggered a market rally in the final weeks of September. From then onwards analysts' expectations of when tapering would occur were pushed out. This was also influenced by political developments in the US. The US government entered a partial shutdown at midnight on 30 September, the first time since 1996, as the President and Congress failed to agree on a budget for the new fiscal year. It took 16 days of negotiations to strike a temporary deal, which will fund the government until 15 January 2014 and suspend the debt ceiling until 7 February. The shutdown also caused delays in the release of key economic data.

Emerging markets' (EM) performance was weak over the review period in comparison to developed markets as a result of the anticipated changes to US central bank policy. Areas that had benefited the most from inflows as investors sought higher yields saw the largest sell-downs. EM equities, bonds and currencies all suffered in August, particularly in those countries running current account deficits; higher US rates would make it harder for some emerging markets to get access to capital for investments. Concerns about a slowdown in China's growth rate, which dominated the first half of 2013, were allayed towards the end of the period. Solid domestic demand and improvements in the export market saw gross domestic product (GDP) expand at an annual rate of 7.8% year-on-year in the third quarter.

Having begun the review period at just under 1.7%, US 10-year government bond yields ended the period at around 2.5%, having risen to almost 3% in early September on Fed tapering concerns. Similar patterns were seen in the movements of the gilt and bund markets. Generally solid economic growth, surprisingly low inflation, and the 'no taper' decision from the Fed helped calm all areas of the bond markets. One of the review period's most significant underperformers was gold, however, which lost roughly a quarter of its value over the twelve months. Gold had been in demand as a safe haven asset and a hedge against inflation ever since the introduction of QE from central banks.

In the currency markets, the Japanese yen was one of the biggest movers, weakening substantially against a basket of major currencies. The yen was the beneficiary of new Prime Minister Shinzo Abe's aggressive blend of economic policies, dubbed 'Abenomics', designed to reverse the country's prolonged period of falling prices and stimulate economic growth.

Outlook

After a period of uncertainty due to US tapering discussions and budget negotiations, markets are once again climbing with some equity indices reaching new highs. But, as September showed, when analysts' expectations about the course of central bank policy are thwarted markets can change course quickly. In theory, stepping down asset purchases gradually weans markets off central bank support a little at a time; however, in practice, the return to fundamentals-based investing may not be as orderly a process as everyone hopes. In Europe, data has stabilised after an improvement over the third quarter of 2013, however, challenges undoubtedly remain given the rise of anti-establishment and national political groups. Elsewhere, while recent data out of China has been showing signs of improvement, it remains to be seen whether this positive macro momentum continues.

All index returns are total returns in sterling terms, source Thomson Reuters Datastream, 12 months to 31 October 2013, unless otherwise stated.

Statement of Authorised Corporate Director's (ACD's) Responsibilities

for the year ended 31 October 2013

The Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the ACD to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its revenue/expenditure for the period. In preparing the financial statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, Prospectus and the Regulations. The ACD is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Depositary to the shareholders of the Henderson Global Funds

for the year ended 31 October 2013

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed is accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the CIS Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), ("the OEIC Regulations"), and the Company's Instrument of Incorporation, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material aspects the Company, acting through the Authorised Corporate Director:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the CIS Sourcebook and, where applicable, the OEIC regulations, the Instrument of Incorporation of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
London
17 January 2014

Independent Auditors' Report to the Shareholders of Henderson Global Funds

We have audited the financial statements of Henderson Global Funds (the "Company") for the year ended 31 October 2013 which comprise the aggregated statement of total return, the aggregated statement of change in net assets attributable to shareholders, the aggregated balance sheet and related notes and for each of the Company's sub-funds, the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of director and auditors

As explained more fully in the Authorised Corporate Director's Responsibilities Statement the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds at 31 October 2013 and of the net revenue and the net capital gains/losses of the scheme property of the Company and each of the sub-funds for the year then ended; and

- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and

- the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements areprepared is consistent with the financial statements.

Independent Auditors' Report to the Shareholders of Henderson Global Funds
(continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
17 January 2014

Notes:

(a) The maintenance and integrity of the Henderson Global Investors website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Aggregated statement of total return for the year ended 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Income					
Net capital gains	**4**		108,441		36,106
Revenue	**6**	16,276		15,458	
Expenses	**7**	(10,905)		(11,203)	
Finance costs: Interest	**9**	(5)		(2)	
Net revenue before taxation		5,366		4,253	
Taxation	**8**	(1,278)		(1,217)	
Net revenue after taxation			4,088		3,036
Total return before distributions			112,529		39,142
Finance costs: Distributions	**9**		(5,534)		(5,267)
Change in net assets attributable to shareholders from investment activities			**106,995**		**33,875**

Aggregated statement of change in net assets attributable to shareholders

for the year ended 31 October 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Opening net assets attributable to shareholders		**947,129**		**921,671**
Amounts receivable on issue of shares	129,334		117,698	
Amounts payable on cancellation of shares	(219,485)		(131,459)	
		(90,151)		(13,761)
Stamp duty reserve tax		(10)		(10)
Change in net assets attributable to shareholders from investment activities (see above)		106,995		33,875
Retained distributions on accumulation shares		5,525		5,353
Unclaimed distributions		1		1
Closing net assets attributable to shareholders		**969,489**		**947,129**

Aggregated balance sheet as at 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Assets					
Investment assets			924,360		902,803
Debtors	**10**	29,529		8,027	
Cash and bank balances	**11**	55,911		48,934	
Total other assets			85,440		56,961
Total assets			1,009,800		959,764
Liabilities					
Investment liabilities			743		248
Creditors	**12**	35,831		8,302	
Bank overdrafts		3,730		4,076	
Distribution payable on income shares		7		9	
Total other liabilities			39,568		12,387
Total liabilities			**40,311**		**12,635**
Net assets attributable to shareholders			**969,489**		**947,129**

Certification of financial statements by a Director of the ACD

In accordance with the requirements of the Financial Conduct 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.

Richard McNamara
(Director)

17 January 2014

Aggregated notes to the financial statements as at 31 October 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 for Authorised Funds (SORP) issued by the Investment Management Association (IMA) in October 2010.

(b) Basis of valuation of investments
The valuation of listed investments has been at fair value, which is generally deemed to be bid market price, excluding any accrued interest in the case of fixed interest securities, at close of business on the last valuation day of the accounting period in accordance with the provisions of the scheme particulars.

Suspended, delisted, unquoted or manually priced securities are valued by the ACD taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Derivatives assets and liabilities are valued at the fair value price to close out the contract at the balance sheet date.

Where applicable, investment valuations exclude any element of accrued income.

(c) Revenue recognition
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 before the period end. Dividends on unquoted stocks are credited to revenue when the dividend is announced.

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

Interest from 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 are recognised on an accruals basis.

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

(d) Treatment of stock dividends
Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. This revenue forms part of any distribution.

In the case of enhanced scrip dividends, the amount by which such dividends exceed the cash dividends is treated as capital and does not form part of the distribution.

(e) Stock lending activities
The Funds carry out stock lending activities. The income earned, the value of stock on loan and the value of the collateral held is given for each Fund.

(f) Special dividends
Special dividends recognised as either revenue or capital depending on the nature and circumstances of the dividend receivable.

(g) Treatment of expenses (including ACD expenses)
All expenses (other than those relating to the purchase and sale of investments and stamp duty reserve tax arising on sales and repurchases of shares in the Fund) are charged against revenue on an accruals basis. The distributions currently payable reflect this treatment together with any associated tax effect.

The ACD's periodic 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 Periodic charge, Depositary, Safe Custody fees, dividend collection charges and certain professional fees, have been replaced by a single ad valorem charge, the General Administration Charge (GAC). The ACD believes that this creates more efficiency around the charging process than more traditional methods.

1 Accounting policies (continued)

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

Allocation of revenue and expenses to multiple share classes.

With the exception of the ACD's Periodic Charge, Depositary and 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.

For further details please refer to the Prospectus..

(h) 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.

(i) Taxation

Provision is made for tax at the current rates on the excess of taxable revenue over allowable expenses, with relief for overseas taxation taken where appropriate.

In general, the tax accounting treatment follows that of the principal amount.

Deferred tax is provided on all timing differences that have originated but not reversed at the balance sheet date other than those recorded as permanent differences. Deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent it is regarded as more likely than not that there will be taxable profits against which the future reversal of underlying timing differences can be offset.

(j) Aggregation

The aggregated accounts represent the sum of the individual Funds within the umbrella company. Further analysis of the distribution and the net asset position can be found within the financial statements of the individual Funds.

(k) Cash flow statement

After analysis of the Funds, there is no requirement to produce cash flow statements.

(l) Treatment of derivatives

In pursuing its investment objectives, each of the Funds may hold a number of financial instruments.

Forward currency contracts

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

Futures contracts

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

Cash held at future brokers as margin is reflected separately within cash and bank balances.

Derivative transactions are accounted for on a trade date basis. Where such transactions are used to protect or enhance revenue, the revenue and expenses derived there from are included in 'Revenue' in the Statement of total return on an accruals basis. Where such transactions are used to protect or enhance capital, the gains and losses derived there from are included in 'Net capital gains/(losses)' in the Statement of total return.

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.

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

For the purposes of calculating the distributions, revenue on debt securities is computed on an effective yield basis, the same basis on which it is reflected in the financial statements as modified by the revaluation of investments.

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

Where the revenue from investments exceeds the expenses, a distribution will be made. Should expenses exceed revenue there will be no distribution and the shortfall will be transferred from capital at the year end.

The policy of Henderson Institutional Overseas Bond Fund is to make interest distributions on a quarterly basis. The other Funds make annual dividend distributions. The distribution dates are as follows:

Henderson Institutional Overseas Bond Fund	31 December, 30 June, 31 March and 30 September
Henderson International Fund	31 December
Henderson Japan Capital Growth Fund	31 December
Henderson Institutional Emerging Markets Fund	31December
Henderson Asia Pacific Capital Growth Fund	31 December
Henderson Global Technology Fund	31 December

Equalisation
Income equalisation currently only applies to the Henderson Institutional Overseas Bond Fund.

Income equalisation ensures that part of the price on purchase of a share reflects the relevant share of accrued income received or to be received by the Fund. This capital sum is returned to a shareholder (or where accumulation shares are held, it will be accumulated) with the first allocation of income in respect of a share issued during an accounting period. The amount representing the income equalisation in the share's price is a return of capital, and is not itself taxable in the hands of shareholders but must be deducted by them from the price of the shares for the purpose of calculating any liability to capital gains tax.

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 Funds may also enter into derivative transactions. The purpose of these financial instruments is for efficient portfolio management only. The main risks arising from financial instruments are credit, liquidity and market 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.

3 Risk (continued)
(a) Market risk (continued)
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.

Where a proportion of the net assets of the Funds 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.

The foreign currency profile for the Funds is shown in their notes to the financial statements.

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. Certain Funds invest in debt securities. The revenue of the Funds may be affected by changes to interest rates relevant to particular securities or as a result of the ACD 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.

Bond yields (and, as a consequence bond prices) are determined mainly by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the government's fiscal position, short-term interest rates and international market comparisons.

Returns from bonds are fixed – at the time of purchase the fixed coupon payment is known as the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond, the yield (and hence market price) at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

The interest rate profile for the Funds is shown in their notes to the financial statements.

Other price risk
Other price risk is the risk that the value of the Funds' investment 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. The ACD has the responsibility for monitoring the existing portfolio selection in accordance with the Funds' investment objectives and seeks to ensure that individual securities meet an acceptable risk reward profile.

(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 shares.

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' portfolios in order to meet redemption requests. In addition the ACD monitors market liquidity of all securities, seeking to ensure the Funds maintain sufficient liquidity to meet known and potential redemption activity. Fund 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.

3 Risk (continued)

(c) Credit 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 (including FRNs) 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 counterparty 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 ACD 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.

The Fund's assets held with banks and with the Depositary are also exposed to credit risk. Assets held with the Depositary are ring fenced. The banks used by the Funds and the ACD are subject to regular reviews.

Only counterparties that have been approved by Henderson's Credit Risk Committee are used for derivatives transactions. The continuing credit worthiness of other counterparties is monitored on a daily basis.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

4 Net capital gains

Net capital gains on investments during the year comprise:

	2013 £000	2012 £000
Derivative contracts	96	24
Forward currency contracts	(207)	332
Non-derivative securities	109,391	37,183
Other currency losses	(752)	(1,365)
Transaction costs	(87)	(68)
Net capital gains	**108,441**	**36,106**

5 Portfolio transaction costs

	2013 £000	2012 £000
Purchases in year before transaction costs	1,202,730	719,224
Commissions	1,302	586
Other costs	3	18
Taxes	169	77
Total purchase transaction costs*	1,474	681
Purchases including transaction costs	**1,204,204**	**719,905**
Sales in year before transaction costs	1,292,978	735,122
Commissions	(1,497)	(699)
Other costs	(33)	(21)
Taxes	(488)	(141)
Total sale transaction costs*	(2,018)	(861)
Sales net of transaction costs	**1,290,960**	**734,261**
Transaction handling charges*	**87**	**68**

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

6 Revenue

	2013 £000	2012 £000
Bank interest	54	83
Interest on debt securities	3,752	3,579
Interest on margin	-	1
Overseas dividends	11,966	10,730
Stock dividends	18	332
Stock lending revenue	46	264
UK dividends	440	408
Income from offshore funds	-	61
Total revenue	**16,276**	**15,458**

7 Expenses

	2013 £000	2012 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	9,121	9,387
General administration charge*	1,512	1,511
	10,633	10,898
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	96	99
Safe custody fees	162	179
	258	278
Other expenses:		
Dividend collection charges	11	22
Professional fees	-	5
Prior year expenses under accrued	3	-
	14	27
Total expenses	**10,905**	**11,203**

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fees levied through GAC are £57,960 (2012: £57,960).

8 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

	2013 £000	2012 £000
UK corporation tax	20	40
Double tax relief	(20)	(40)
Overseas tax reclaims	(47)	(64)
Overseas withholding tax	1,324	1,281
Total current tax (note 8b)	**1,277**	**1,217**
Deferred tax (note 8c)	1	-
Total taxation	**1,278**	**1,217**

8 Taxation (continued)

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20%. The differences are explained below:

	2013 £000	2012 £000
Net revenue before taxation	5,367	4,253
Corporation tax at 20% (2012: 20%)	1,074	851
Effects of:		
Irrecoverable overseas tax	1,255	1,176
Non-taxable overseas dividends **	(2,286)	(2,067)
Other non taxable revenue	(3)	-
Revenue being paid as interest distributions	(695)	(665)
Stock dividends*	-	(66)
UK dividends*	(88)	(81)
Other non- taxable income	-	(1)
Unused management expenses	2,020	2,070
Current tax charge for the year (note 8a)	1,277	1,217

* As an OEIC this item is not subject to corporation tax.

** Overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is a provision of £1,326 required for deferred taxation at the Balance sheet date (2012: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £20,194,500 (2012: £18,173,882) in relation to unused management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

9 Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	2013 £000	2012 £000
Interim income	19	29
Interim accumulation	2,580	2,474
Final income	7	9
Final accumulation	2,945	2,879
Tax withheld on interest distributions	3	9
	5,554	5,400
Amounts deducted on cancellation of shares	87	41
Amounts received on issue of shares	(106)	(174)
Finance costs: Distributions	5,535	5,267
Finance costs: Interest	5	2
Total finance cost	**5,540**	**5,269**
Net revenue after taxation	4,088	3,036
Revenue shortfall	1,447	2,231
Finance cost: Distributions	**5,535**	**5,267**

Details of the distribution per share are set out in the distribution table for each Fund.

10 Debtors

	2013 £000	2012 £000
Accrued revenue	1,995	2,556
Amounts receivable for issue of shares	752	468
Currency transactions awaiting settlement	14,577	143
Amounts receivable on merger	-	51
Overseas withholding tax reclaimable	183	252
Sales awaiting settlement	12,022	4,557
Total debtors	**29,529**	**8,027**

11 Cash and bank balances

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	1,171	490
Cash and bank balances	54,740	48,444
Total cash and bank balances	**55,911**	**48,934**

12 Creditors

	2013 £000	2012 £000
Accrued ACD's periodic charge	792	1,220
Accrued Depositary's fees	10	16
Accrued other expenses	126	154
Amounts payable for cancellation of shares	3,557	1,860
Currency transactions awaiting settlement	14,592	144
Deferred taxation	1	-
Income tax payable	2	3
Purchases awaiting settlement	16,751	4,905
Total creditors	**35,831**	**8,302**

13 Related party transactions

The Financial Reporting Standard number 8 (FRS 8) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under FRS 8 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', 'Statement of change in net assets attributable to Shareholders' and the 'Balance sheet' on pages 6 and 7 and notes 7, 10 and 12 on pages 14 to 17 including all creations and cancellations where the ACD acted as principal.

Details of the material shareholders are set out in the Financial Statements of each Fund.

14 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end

15 Dilution adjustment

The ACD has the discretion to charge a dilution adjustment when there is a large volume of deals and, in accordance with the FCA regulations, to pay this amount into the Fund. In particular the company reserves the right to make such an adjustment in the following circumstances:

(a) where the Fund is experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;
(b) where the Fund is experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size;
(c) in any other case where the ACD is of the opinion that the interests of existing or continuing shareholders and potential investors require the imposition of a dilution adjustment.

The adjustment, where applied, is included within the dealing price available to shareholders and is not disclosed separately in the financial statements.

16 Risk disclosures

Details of the portfolio of each Fund and its exposure to currency and interest rate risks are set out in the financial statements of each Fund.

Authorised Corporate Director's report

Fund Managers
John Crawford and Marc Franklin (from 1 April 2013)

Investment objective and policy
To aim to provide capital growth by investing in Pacific region and Indian sub-continent companies. The Fund may invest in Australasia, but not in Japan. It is not restricted in the size of companies in which it can invest.

Performance summary

	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %	31 Oct 09 - 31 Oct 10 %	31 Oct 08 - 31 Oct 09 %
Henderson Asia Pacific Capital Growth Fund	13.8	2.5	(8.9)	26.0	77.0
MSCI All Country Asia Pacific ex Japan Index	12.2	7.3	(4.8)	24.2	63.1

Source: Morningstar – mid to mid, net income reinvested, net of fees.
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 year ended 31 October 2013

Largest purchases	£000	Largest sales	£000
National Australia Bank	19,649	Bank Mandiri	11,771
BHP Billiton	12,797	China Life Insurance	11,335
Goodman Group	11,499	Anhui Conch Cement	10,529
China Construction Bank	11,069	China Construction Bank	10,383
Agricultural Bank of China	10,766	Baidu	10,340
Suncorp	10,386	Sands China	9,831
Taiwan Semiconductor Manufacturing	9,369	China Overseas Land	9,126
AIA Group	9,293	Petrochina	9,067
HCL Technologies	8,619	Prada	8,720
Kia Motors	7,891	Samsung Electronics	8,707
Total purchases	**544,147**	**Total sales**	**570,404**

Fund Managers' Commentary

Overview

Asia Pacific markets were again volatile over the 12-month period, but finished higher in sterling terms. Over the first six months of the year, markets rose steadily as a result of supportive data from the US housing and labour markets, and firmer central bank liquidity measures from the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of Japan (BoJ). Additionally, tentative signs of a gradual easing of lending and investment policy and a stabilisation of economic indicators in China were beneficial. However, May and June 2013 saw regional markets sell-off as a combination of guidance from the Fed over the timing of quantitative easing tapering and broader monetary policy normalisation precipitated a steepening of the USD yield curve and, therefore, higher risk-free rates. Furthermore, a People's Bank of China (PBOC)-driven liquidity squeeze, which caused concerns for the slowdown in the country's growth to resurface, prompted another bout of market risk aversion.

The Philippines and Taiwan were the strongest performing markets over the year. For the Philippines, robust domestic macroeconomic fundamentals and enhanced consumer spending and investment growth translated into impressive corporate earnings delivery. Taiwan's outperformance was driven by its technology and financial sectors; respectively related to surging smartphone and tablet driven semiconductor, chip, and component demand growth primarily from China, and growing expectations of rising global yields and a steepening yield curve driven by the US. In contrast, India and Indonesia were the worst performing markets as their current account deficits, inflationary pressures, and in the case of India, its large fiscal deficit, resulted in currency weakness and policy tightening.

Performance

The Fund returned 13.8% over the year under review against the MSCI All Countries Asia Pacific (ex Japan) Index return of 12.2%.

Performance over the period was strong driven primarily by stock selection. Sands China, the Macau casino play, was a major positive contributor owing to continued impressive earnings performance and improved broader Macau gaming market volume data. Another significant stock success was Vipshop, the Chinese online flash discount apparel retailer, which enjoyed strong earnings momentum as its business scaled up. On the flipside, LT Group, the Philippines consumer and banking conglomerate, was a major detractor to performance. This was due to concerns over its earnings growth outlook through market share loss in its core tobacco and beverages businesses. Other weak performers included Hyundai Motor and Hyundai Glovis as the broader Korean auto sector fell out of favour. This was because the Korean won initially saw a period of appreciation, which coupled with the Japanese yen's material depreciation, prompted concerns over the Korean auto companies' competitiveness and local currency-denominated earnings outlook from key export/overseas markets.

Activity

In terms of asset allocation, the key shift over the course of the year has been a combination of narrowing the overweight exposure (relative to the index) to China and narrowing the underweight position (relative to the index) in Australia. This has been led by a combination of bottom-up (identifying sources of potential positive/negative earnings growth momentum, and valuation up/downgrades), and top-down (outlook and drivers of the pace of economic growth) considerations.

Key acquisitions over the period included TSMC in Taiwan, which was acquired for its attractive long-term prospects fuelled by technological advancements as well as global consumer electronics demand growth. National Australia Bank was also acquired due to its attractive valuations and outlook for total shareholder returns. This reflects the fact that its Australian retail banking franchise continues to deliver, and also that prospects have improved for the eventual realisation (sale) of its encumbered UK business. Key sales to fund these purchases included Agile Property in China, owing to the uncertain property policy outlook, and the company's relatively disappointing sell-through performance. Prada, the luxury leather goods house, was also sold after a very strong run since the initial public offering (IPO) on valuation grounds, as well as the fact that the pace of earnings growth looks set to normalise.

Outlook

The near-term outlook for regional markets suggests potential volatility. Whilst regional valuations and the long-term outlook for the Asia Pacific economy remain attractive, a level of uncertainty has been introduced by the Fed's surprise decision not to taper in September 2013, as well as its commentary, and macroeconomic data emanating from the US since. Markets will also be closely watching for signs that the recently improved growth momentum in both China and Europe can show some kind of sustainability; failing that, share price choppiness may resume.

Comparative tables as at 31 October 2013

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)
Class A accumulation				
31/10/2011	224,520,214	192,618,172	31,594,956	609.65
31/10/2012	206,475,720	177,720,508	28,122,485	631.95
31/10/2013	204,874,446	175,281,059	24,466,160	716.42
Class I accumulation				
31/10/2011	224,520,214	28,170,956	4,391,384	641.51
31/10/2012	206,475,720	25,277,994	3,776,169	669.41
31/10/2013	204,874,446	25,766,887	3,357,032	767.55
Class Z accumulation				
31/10/2011	224,520,214	773,248	114,718	674.04
31/10/2012	206,475,720	679,051	95,715	709.45
31/10/2013	204,874,446	864,545	105,154	822.17
Class C accumulation				
31/10/2011 #	224,520,214	2,957,838	735,040	402.41
31/10/2012	206,475,720	2,798,167	663,694	421.61
31/10/2013	204,874,446	2,961,955	610,255	485.36

Class C (previously Class P) launched on 12 August 2011

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	1.27	560.70	259.50
2009	1.09	569.20	298.20
2010**	-	588.50	568.50
Class A accumulation			
2008	3.26	578.40	268.80
2009	3.41	579.40	309.40
2010	2.06	725.80	537.00
2011	0.83	742.70	507.90
2012	0.88	675.50	567.50
2013	0.75*	751.40+	628.70+
Class I accumulation			
2008	5.28	595.40	277.80
2009	5.85	616.20	320.20
2010	7.77	759.30	558.30
2011	4.33	777.20	534.20
2012	5.97	717.10	597.90
2013	8.47*	799.00+	670.30+
Class Z accumulation			
2008	8.25	595.40	283.80
2009	5.67	635.70	328.10
2010	17.55	791.20	576.40
2011	13.42	809.90	560.90
2012	11.77	761.50	629.08
2013	18.10*	849.80+	714.50+
Class C accumulation			
2011#	1.92	421.00	335.00
2012	4.95	451.90	375.56
2013	7.69*	503.90+	423.00+

* to 31 December
+ to 31 October
# Class C (previously Class P) launched on 12 August 2011
** Class X merged with Class A on 11 January 2010

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 from the assets of the Fund during the year, except for expenses that are explicitly excluded by regulation.

	2013 %	2012 %
Class A	1.81*	1.81
Class I	0.92**	1.08†
Class Z	0.14***	0.13
Class C	0.64***	0.63

The calculation is in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

† From 1 August 2012, the Annual Management Charge decreased from 1.0% to 0.75% and the General Administration Charge (GAC) increased from 0.06% to 0.10%.

From 10 August 2013 the GAC:
* decreased from 0.24% to 0.18%
** decreased from 0.10% to 0.075%
*** decreased from 0.06% to 0.045%

Risk and reward profile

The Fund currently has 4 types of shares in issue; A accumulation, I accumulation, Z accumulation and C accumulation. Each type of share has the same risk and reward profile which is as follows:

Typically Lower potential risk/reward — **Typically Higher potential risk/reward**

Lower Risk — **Higher Risk**

1	2	3	4	5	6	7

The synthetic risk and reward indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions. The value of an investment in the Fund can go up or down. When you sell your shares, they may be worth less than you paid for them. The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- 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.

There have been no changes to the risk rating in the year.

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

Portfolio statement as at 31 October 2013

Holding	Investment	Market value £000	Percentage of total net assets %
	Collective investment schemes 0.00% (2012: 0.01%)		
	Ireland 0.00% (2012: 0.01%)		
	Equities 99.01% (2012: 97.64%)		
	Australia 21.36% (2012: 0.00%)		
198,864	BHP Billiton	4,414	2.15
814,757	Bluescope Steel	2,377	1.16
484,933	Crown	4,816	2.35
390,680	Domino's Pizza Enterprises	3,588	1.75
1,375,494	Goodman Group	4,062	1.98
637,761	National Australia Bank	13,269	6.48
384,850	Santos	3,437	1.68
603,094	Suncorp	4,753	2.32
623,929	Virtus Health	3,052	1.49
		43,768	21.36
	China 19.84% (2012: 33.17%)		
24,860,000	Agricultural Bank of China	7,445	3.63
5,428,000	Air China	2,301	1.12
25,184	Baidu	2,522	1.23
4,920,000	China Communications Construction	2,496	1.22
1,169,000	China Mengniu Dairy	3,186	1.56
6,436,000	China Petroleum & Chemical	3,266	1.59
1,772,000	China Resources Gas	2,852	1.39
3,882,000	China Singyes Solar Technologies	2,621	1.28
717,500	Great Wall Motor	2,618	1.28
5,434,000	Guangzhou Automobile	4,009	1.96
708,800	Sands China	3,138	1.53
17,786,000	Trigiant Group	4,198	2.05
		40,652	19.84
	Hong Kong 14.69% (2012: 12.69%)		
862,600	AIA Group	2,725	1.33
307,000	Cheung Kong	2,982	1.46
2,154,500	Espirit	2,470	1.21
320,000	Hutchison Whampoa	2,481	1.21
182,200	Melco Crown Entertainment	3,760	1.84
1,967,700	Samsonite	3,333	1.63
9,626,000	Sihuan Pharmaceutical	4,459	2.18
1,825,000	SJM Holdings	3,663	1.79
2,668,500	Techtronic Industries	4,173	2.04
		30,046	14.69
	India 7.16% (2012: 4.71%)		
1,425,460	Dabur India	2,564	1.25
152,134	ICICI Bank	3,532	1.72
1,171,099	Idea Cellular	2,043	1.00
515,828	Sun Pharmaceutical	3,185	1.55
214,888	Tech Mahindra	3,368	1.64
		14,692	7.16

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Indonesia 3.38% (2012: 5.99%)		
4,441,000	Bank Mandiri	2,097	1.02
41,676,500	Lippo Karawaci	2,577	1.26
69,435,500	Waskita Karya Persero	2,262	1.10
		6,936	3.38
	Korea 14.20% (2012: 22.68%)		
86,750	Hana Financial	2,079	1.01
204,200	Hanwha Corp	4,811	2.35
100,805	I-Sens	2,484	1.21
71,915	Kia Motors	2,599	1.27
8,034	Naver Corp	2,810	1.37
24,899	NCsoft	3,002	1.47
12,944	Samsung Electronics	7,763	3.79
232,178	SK Telecom	3,536	1.73
		29,084	14.20
	Malaysia 0.00% (2012: 4.08%)		
	Philippines 0.60% (2012: 0.95%)		
5,179,600	LT Group	1,239	0.60
	Singapore 4.08% (2012: 3.12%)		
489,000	DBS Group	4,105	2.00
3,808,000	Ezion Holdings	4,261	2.08
		8,366	4.08
	Taiwan 8.57% (2012: 4.96%)		
11,818,000	CTBC Financial	4,982	2.43
1,542,000	Formosa Plastics	2,591	1.26
232,000	ST Shine Optical	4,252	2.08
315,569	Taiwan Semiconductor Manufacturing	3,618	1.77
814,900	Turvo International	2,115	1.03
		17,558	8.57
	Thailand 3.22% (2012: 5.29%)		
9,150,200	Krung Thai Bank	3,696	1.80
1,290,100	Total Access Communication	2,903	1.42
		6,599	3.22
	United States 1.91% (2012: 0.00%)		
1,227,476	Resmed	3,914	1.91
	Investment assets	**202,854**	**99.01**
	Net other assets	2,020	0.99
	Net assets	**204,874**	**100.00**

Statement of total return for the year ended 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Income					
Net capital gains	**2**		26,065		7,180
Revenue	**4**	4,387		4,547	
Expenses	**5**	(3,487)		(3,626)	
Finance costs: Interest	**7**	(5)		(1)	
Net revenue before taxation		895		920	
Taxation	**6**	(362)		(402)	
Net revenue after taxation			533		518
Total return before distributions			26,598		7,698
Finance costs: Distributions	**7**		(533)		(518)
Change in net assets attributable to shareholders from investment activities			**26,065**		**7,180**

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Opening net assets attributable to shareholders		**206,476**		**224,520**
Amounts receivable on issue of shares	1,527		2,380	
Amounts payable on cancellation of shares	(29,727)		(28,122)	
		(28,200)		(25,742)
Change in net assets attributable to shareholders from investment activities (see above)		26,065		7,180
Retained distribution on accumulation shares		533		518
Closing net assets attributable to shareholders		**204,874**		**206,476**

Balance sheet as at 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Assets					
Investment assets			202,854		201,623
Debtors	**8**	21,855		81	
Cash and bank balances	**9**	3,224		5,501	
Total other assets			25,079		5,582
Total assets			227,933		207,205
Liabilities					
Creditors	**10**	23,059		693	
Bank overdrafts		-		36	
Total other liabilities			23,059		729
Total liabilities			23,059		729
Net assets attributable to shareholders			**204,874**		**206,476**

1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the aggregated financial statements on pages 8 to 12.

2 Net capital gains

Net capital gains on investments during the year comprise:

	2013 £000	2012 £000
Non-derivative securities	27,536	7,286
Other currency losses	(1,414)	(73)
Transaction costs	(57)	(33)
Net capital gains	**26,065**	**7,180**

3 Portfolio transaction costs

	2013 £000	2012 £000
Purchases in year before transaction costs	542,993	79,960
Commissions	1,002	172
Taxes	152	43
Total purchase transaction costs*	1,154	215
Purchases including transaction costs	**544,147**	**80,175**
Sales in year before transaction costs	572,014	107,179
Commissions	(1,172)	(284)
Taxes	(438)	(85)
Total sale transaction costs*	(1,610)	(369)
Sales net of transaction costs	**570,404**	**106,810**
Transaction handling charges*	**57**	**33**

* These amounts have been deducted in determining net capital gains.

4 Revenue

	2013 £000	2012 £000
Bank interest	8	16
Overseas dividends	4,264	3,984
Stock dividends	18	332
Stock lending revenue	18	215
UK dividends	79	-
Total revenue	**4,387**	**4,547**

5 Expenses

	2013	2012
	£000	£000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,939	3,034
General administration charge*	440	461
	3,379	3,495
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	21	22
Safe custody fees	84	94
	105	116
Other expenses		
Dividend collection charges	1	15
Prior year expense under accrued	2	-
	3	15
Total expenses	**3,487**	**3,626**

Irrecoverable VAT is included in the above expenses where relevant.
*The current audit fee, which is levied through GAC, is £9,660 (2012: £9,660).

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

	2013 £000	2012 £000
Overseas tax reclaims	-	(7)
Overseas withholding tax	362	409
Total taxation (note 6b)	**362**	**402**

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20%. The differences are explained below:

	2013 £000	2012 £000
Net revenue before taxation	895	920
Corporation tax at 20% (2012: 20%)	179	184
Effects of:		
Irrecoverable overseas tax	362	402
Non-taxable overseas dividends **	(815)	(789)
Stock dividends*	-	(66)
UK dividends*	(16)	-
Unused management expenses	652	671
Current tax charge for the year (note 6a)	**362**	**402**

* As an OEIC this item is not subject to corporation tax.

** Overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2012: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £2,339,504 (2012: £1,687,365) in relation to unused management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

7 Finance costs

Distributions and interest

	2013 £000	2012 £000
Final accumulation	533	518
Finance costs: Distributions	533	518
Finance costs: Interest	5	1
Total finance cost	**538**	**519**

Details of the distribution per share are set out in the distribution table on page 34.

8 Debtors

	2013 £000	2012 £000
Accrued revenue	4	18
Amounts receivable for issue of shares	31	2
Amounts receivable on merger	-	49
Currency transactions awaiting settlement	11,059	-
Overseas withholding tax reclaimable	12	12
Sales awaiting settlement	10,749	-
Total debtors	**21,855**	**81**

9 Cash and bank balances

	2013 £000	2012 £000
Cash and bank balances	3,224	5,501
Total cash and bank balances	**3,224**	**5,501**

10 Creditors

	2013 £000	2012 £000
Accrued ACD's periodic charge	242	237
Accrued Depositary's fees	2	2
Accrued other expenses	41	46
Amounts payable for cancellation of shares	238	408
Currency transactions awaiting settlement	11,052	-
Purchases awaiting settlement	11,484	-
Total creditors	**23,059**	**693**

Notes to the financial statements (continued)

11 Contingent liabilities and commitments
There were no contingent liabilities or outstanding commitments at the current or prior year end.

12 Related party transactions
The Financial Reporting Standard number 8 (FRS 8) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under FRS 8 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', 'Statement of change in net assets attributable to Shareholders' and the 'Balance sheet' on pages 26 and 27 and notes 5, 8 and 10 on pages 29 to 31 including all creations and cancellations where the ACD acted as principal.

Skandia Life Assurance Company Ltd and Cofunds Nominees Ltd as material shareholders, are related parties holding shares comprising 11.53% (2012: 15.59%) 11.07% (2012: 10.28%) of the total assets of the Funds as at 31 October 2013.

Material transactions throughout the year such as creations and cancellations for these shareholders are included in the Statement of change in net assets attributable to shareholders.

13 Shareholder funds
The Fund currently has 4 share classes available; Class A (Retail with front-end charges), Class I (Institutional), Class Z (Institutional) and Class C (Institutional). The annual management charge on each share class is as follows:

Class A	1.50%
Class I	0.75%
Class Z	0.00%*
Class C	0.50%

* Charges for managing Z class shares are levied outside the Fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 20. The distribution per share class is given in the distribution table on page 34. All share classes have the same rights on winding up.

14 Securities lending
The Fund and the Investment Manager have entered into a securities lending programme with BNP Paribas Securities Services acting as the Securities Lending Agent for the purposes of efficient portfolio management and in order to generate income.

Securities Lending Revenue is disclosed under 'Revenue' in the Statement of Total Return. The gross stock lending revenue for the year was £25,404 with expenses of £7,621 deducted to give net stock lending revenue of £17,783.

	2013 £000	2012 £000
Aggregate value of securities on loan at the year end	2,944	6,905
Aggregate value of collateral held at the year end	3,462	7,252

All collateral was in the form of bond securities.

Eligible collateral types are approved by the Investment Manager and may consist of UK gilts, certificates of deposit, treasury bills, sovereign debt, euro sterling bonds and equities. The value of collateral required will range from 105.96% to 118.70% of the value of the securities on loan.

The counterparties at the year end were ABN Amro and Deutsche Bank (2012: Merrill Lynch, Deutsche Bank and Royal Bank of Scotland).

15 Risk

Risks in respect of financial assets and liabilities are set out in note 3 of the aggregated financial statements on pages 11 to 12.

Currency risk

Net currency monetary assets and liabilities consist of:

Currency	Investment assets £000	Net other assets including (liabilities) £000	Net assets £000
2013			
Australian dollar	47,682	-	47,682
Hong Kong dollar	64,416	13	64,429
Indonesian rupiah	6,936	(1,573)	5,363
Korean won	25,549	227	25,776
Philippine peso	1,238	231	1,469
Singapore dollar	8,367	-	8,367
Taiwan dollar	13,940	168	14,108
Thai bhat	6,599	(150)	6,449
UK sterling	-	3,104	3,104
US dollar	28,127	-	28,127
Total	**202,854**	**2,020**	**204,874**

Currency			
2012			
Hong Kong dollar	86,191	-	86,191
Indonesian rupiah	12,359	-	12,359
Korean won	46,819	-	46,819
Malysian ringgit	8,432	-	8,432
Philippine peso	1,956	-	1,956
Singapore dollar	1,870	-	1,870
Taiwan dollar	8,121	4,449	12,570
Thai bhat	10,935	-	10,935
UK sterling	-	440	440
US dollar	24,940	(36)	24,904
Total	**201,623**	**4,853**	**206,476**

Interest rate risk profile of financial assets and financial liabilities

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

Therefore, the Fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

Sensitivity analysis

A sensitivity analysis has not been undertaken as the Fund's exposure to derivative activity is considered insignificant.

Distribution tables for the year ended 31 October 2013 (in pence per share)

Final dividend distribution (accounting date 31 October 2013, paid on 31 December 2013)

	Net revenue	Distribution paid 31/12/2013	Distribution paid 31/12/2012
Class A accumulation			
	0.7475	0.7475	0.8822
Class I accumulation			
	8.4667	8.4667	5.9725
Class Z accumulation			
	18.0978	18.0978	11.7745
Class C accumulation			
	7.6911	7.6911	4.9506

Authorised Corporate Director's report

Fund Managers

Stuart O'Gorman and Ian Warmerdam

Investment objective and policy

To aim to provide capital growth by investing in companies worldwide that derive, or are expected to derive, profits from technology.

Performance summary

	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %	31 Oct 09 - 31 Oct 10 %	31 Oct 08 - 31 Oct 09 %
Henderson Global Techology Fund	20.1	4.7	6.0	25.6	31.0
MSCI All Countries World Information Technology Index	22.9	8.1	4.4	20.1	30.2

Source: Morningstar – mid to mid, net income reinvested, net of fees.

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 year ended 31 October 2013

Largest purchases	£000
Apple	17,979
Facebook	13,370
Cisco Systems	9,008
Qualcomm	8,147
Hewlett-Packard	6,155
Sandisk	5,808
Nokia	5,573
Symantec	5,566
Google 'A'	5,498
Microsoft	4,955
Total purchases	**230,202**

Largest sales	£000
Apple	17,687
Microsoft	14,682
Google 'A'	9,429
Samsung Electronics	9,050
Cisco Systems	8,593
IBM	7,757
Qualcomm	6,902
Facebook	6,290
ARM Holdings	5,735
Cornings	5,263
Total sales	**274,048**

Fund Managers' commentary

Overall, the twelve months to 31 October 2013 was a strong period for global equities, with the MSCI World Index rising 26.8% in sterling total return terms. Central banks took decisive action with the US and Japan engaging in further quantitative easing to stimulate economic activity, while the European Central Bank's promise of outright monetary transactions in August 2012 was instrumental in mitigating investor anxieties over the future of the euro-bloc. Technology equities underperformed the wider equity market during the review period. The relative weakness in growth-orientated sectors such as technology was partly attributable to what we believe was yield-seeking investors purchasing high dividend yielding parts of the equity market as a substitute for bonds. The declining performance of Apple, in particular, significantly affected the MSCI AC World IT Index's returns as well as overall sentiment in the tech sector. On a more positive note, the Internet Software & Services and Computer & Peripherals sectors delivered strong returns.

Performance

The Henderson Global Technology Fund underperformed its benchmark, the MSCI AC World IT Index, returning 20.1% versus 22.9% in sterling terms respectively during the review period.

At the stock level, positive contributions came from the underweight in Apple relative to the index, the underweight was reduced during the second half of the year and at the end of October stood at approximately 8% versus 12% for the benchmark. Other positive contributions in the period came from online travel research company TripAdvisor, which surged to a record high, driven by increasing confidence in their growth trends. Priceline, the online travel site continued to benefit from market share gains in the under-penetrated European market. Additionally, Fleetcor, a holding in our Paperless Payment theme again delivered strong organic growth while executing on its Mergers & Acquisitions strategy.

Positive fund performance was offset by our overweight in the communications equipment sector, our underweight in semiconductors and a number of stock-specific issues, particularly in the software sector.

After a considerable period of underperformance a number of PC stocks and their components suppliers had a strong start to the year. Stocks such as Hewlett Packard and Microsoft outperformed. Despite suffering from a lack of exposure to these companies over that period, we retain our negative view on the long-term prospects for this sector. The maturity of end-market and competitive threats from mobile devices, such as tablets and smartphones, are likely to significantly affect future growth of PC stocks. We had a structural bias away from the semiconductor sector due to long-term concerns regarding the commodity-like nature of many areas of this market. As this sector outperformed year-to-date, it was another detractor to fund performance. However, through the year we did increase our exposure to semiconductors by adding positions in Memory stocks where we believe more rational supplier behaviour will drive positive returns.

Other negative contributors to performance included Tencent, the Chinese internet company; we sold the stock during the year owing to concerns over margin trends but the shares have continued to outperform. A holding in Nuance Communications, the manufacturer of speech recognition software also disappointed. Results have remained weak due to a combination of poor demand and the impact of a transition to a subscription-based business model.

Positioning & Activity

There have been no changes in the Fund's investment philosophy. We continue to remain underweight in expensive emerging technology markets, for instance cloud-computing and 3D printing, whilst maintaining a bias towards the Internet and Software, where our focus is long-term secular growth.

Portfolio trading has included sales of Verifone, following its profit warning. Adobe, ARM Holdings, Capgemini, Commvault Systems and Linkedin were sold after hitting our valuation targets while Fusion-IO, Intuit, LG Display, Tibco and VMWare were exited due to concerns over market position and execution in the first half of the year.

Purchases included semiconductor and semi-cap equipment companies Applied Materials, Mediatek, Micron and SK Hynix, reducing our sector underweight with a focus on the memory players given increasingly rational behavior around capacity additions. Symantec was purchased in the belief that the company can improve its operating margins by refocusing its product mix, reducing headcount and streamlining its sales teams. Nuflare Technology was added due to its attractive valuation and dominant market position. Similarly, positions in Yandex, Rakuten and Pandora Media were purchased based on strong market trends and attractive valuations.

Outlook

While near-term direction will be sensitive to macroeconomic conditions, we believe the fundamental backdrop for technology equities looks very attractive. Valuation levels look very compelling from both an absolute and relative basis: balance sheets are very healthy, cash generation is strong and demand has the potential to recover from below-trend levels.

We believe our overall bias towards companies with strong barriers to entry should cushion the portfolio from macroeconomic volatility. Our valuation-aware process focuses on underappreciated areas of secular growth that offer strong returns over the long term. The Fund remains biased to our preferred themes of E-Commerce, Online Advertising, Rational Commodities, Connectivity and Paperless Payment.

Comparative tables as at 31 October 2013

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)
Class A accumulation				
31/10/2011	347,641,687	213,428,315	36,768,629	580.46
31/10/2012	381,759,261	222,383,825	35,789,987	621.36
31/10/2013	397,897,616	239,959,865	32,178,275	745.72
Class I accumulation				
31/10/2011	347,641,687	134,211,836	21,775,975	616.33
31/10/2012	381,759,261	159,373,762	23,965,053	665.03
31/10/2013	397,897,616	157,935,706	19,603,420	805.65
Class Z accumulation				
31/10/2011^	347,641,687	1,536	1,500	102.40
31/10/2012	381,759,261	1,674	1,500	111.60
31/10/2013	397,897,616	2,045	1,500	136.33

^ Class Z launched on 19 September 2011

Comparative tables (continued)

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	-	440.10	289.50
2009	-	497.00	312.40
2010#	-	499.80	485.00
Class A accumulation			
2008	-	456.20	301.40
2009	-	520.30	325.60
2010	-	608.00	474.70
2011	-	626.70	503.80
2012	-	682.80	583.60
2013	-*	750.70+	634.40+
Class I accumulation			
2008	-	473.00	313.90
2009	-	544.90	339.60
2010	-	641.30	497.40
2011	-	661.70	534.10
2012	-	727.30	620.40
2013	1.89*	811.10+	680.10+
Class Z accumulation			
2011^	-	105.10	94.15
2012	1.01	121.40	102.70
2013	1.49*	137.30+	114.30+

* to 31 December
+ to 31 October

Class X merged with Class A on 11 January 2010
^ Class Z launched on the 19 September 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 payments deducted from the assets of the Fund during the year, except for expenses that are explicitly excluded by regulation.

	2013 %	2012 %
Class A	1.80*	1.82
Class I	0.86**	1.03†
Class Z	0.07***	0.07

The calculation is in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

† From 1 August 2012, the Annual Management Charge decreased from 1.0% to 0.75% and the General Administration Charge (GAC) increased from 0.06% to 0.10%.

From 10 August 2013 the GAC:
* decreased from 0.30% to 0.23%
** decreased from 0.10% to 0.075%
*** decreased from 0.06% to 0.045%

Risk and reward profile

The Fund currently has 3 types of shares in issue; A accumulation, I accumulation and Z accumulation. Each type of share has the same risk and reward profile which is as follows:

Typically Lower potential risk/reward ← → **Typically Higher potential risk/reward**

Lower Risk						**Higher Risk**
1	2	3	4	5	6	7

The synthetic risk and reward indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions. The value of an investment in the Fund can go up or down. When you sell your shares, they may be worth less than you paid for them. The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- The Fund focuses on a particular industry
- 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.

There have been no changes to the risk rating in the year.

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

Portfolio statement as at 31 October 2013

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 96.42% (2012: 94.02%)		
	Brazil 0.00% (2012: 0.40%)		
	Canada 0.00% (2012: 0.00%)		
665,000	Wildcard Technologies*	-	-
	Cayman Islands 1.12% (2012: 0.53%)		
30,889	Baidu	3,093	0.78
107,437	Himax Technologies	647	0.16
15,053	51Job	713	0.18
		4,453	1.12
	Channel Islands 0.00% (2012: 0.42%)		
	Finland 0.66% (2012: 0.00%)		
560,961	Nokia	2,644	0.66
	France 0.11% (2012: 0.36%)		
180,996	Alcatel	431	0.11
	Germany 1.61% (2012: 2.61%)		
81,881	SAP	4,007	1.01
105,907	Wirecard	2,405	0.60
		6,412	1.61
	Hong Kong 0.00% (2012: 1.41%)		
	Japan 2.26% (2012: 0.56%)		
240,300	Alps Electric	1,303	0.33
866,000	Hitachi	3,758	0.94
10,400	Nuflare Technology	861	0.22
379,200	Rakuten	3,075	0.77
		8,997	2.26
	Korea 5.68% (2012: 6.62%)		
21,679	Samsung Electronics	18,636	4.68
3,748	Samsung Electronics Preference Shares	2,248	0.56
90,780	SK Hynix	1,702	0.44
		22,586	5.68
	Netherlands 2.28% (2012: 1.20%)		
121,491	ASML	7,187	1.81
82,131	Yandex	1,884	0.47
		9,071	2.28

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Sweden 0.82% (2012: 0.56%)		
436,349	Ericsson 'B'	3,246	0.82
	Taiwan 3.10% (2012: 3.95%)		
2,828,000	Advanced Semiconductor Engineering	1,729	0.43
222,000	Mediatek	1,891	0.48
2,179,177	Taiwan Semiconductor	5,032	1.26
322,242	Taiwan Semiconductor ADS	3,695	0.93
		12,347	3.10
	United Kingdom 1.11% (2012: 1.33%)		
165,913	RightMove	4,400	1.11
	United States 77.67% (2012: 74.07%)		
	Consumer Services 0.48% (2012: 0.82%)		
23,008	Mercadolibre	1,927	0.48
	Consumer Services 3.95% (2012: 2.87%)		
17,827	Amazon.com	4,039	1.02
167,950	Ebay	5,509	1.38
69,692	Tripadvisor	3,588	0.90
139,933	Homeaway	2,579	0.65
		15,715	3.95
	Financial 0.66% (2012: 0.51%)		
45,512	Wex	2,642	0.66
	IT Services 6.93% (2012: 8.13%)		
146,218	Accenture	6,689	1.68
21,860	Mastercard	9,801	2.46
90,170	Visa	11,084	2.79
		27,574	6.93
	Technology 65.65% (2012: 61.74%)		
61,167	ACI Worldwide	2,098	0.53
60,933	Adtran	890	0.22
47,829	Analog Devices	1,468	0.37
100,918	Apple	32,811	8.25
360,928	Applied Materials	4,010	1.01
48,291	Arrow Electronics	1,443	0.36
251,476	Cadence Design Systems	2,029	0.51
146,888	Ciena	2,127	0.53
1,026,305	Cisco Systems	14,380	3.61
81,676	Citrix Systems	2,886	0.73
131,128	Cognizant Technology	7,095	1.78
86,448	Comcast	2,560	0.64
522,101	EMC	7,822	1.97

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Technology (continued)		
29,210	Equinix	2,935	0.74
373,237	Facebook	11,671	2.93
51,776	F5 Networks	2,626	0.66
116,527	Finisar	1,668	0.42
60,375	Fiserv	3,934	0.99
41,347	Fleetcor Technologies	2,968	0.75
45,424	Google 'A'	29,138	7.32
341,500	Hewlett-Packard	5,180	1.30
96,747	IBM	10,797	2.71
464,201	Infineon Technology	2,797	0.70
295,885	Intel	4,501	1.13
25,547	KLA-Tencor	1,043	0.26
117,848	Mail RU	2,702	0.68
346,774	Micron Technology	3,814	0.96
840,609	Microsoft	18,496	4.65
171,603	NetApp	4,145	1.04
84,132	NetEase.com	3,535	0.89
182,251	Nuance Communication	1,764	0.44
657,699	Oracle	13,714	3.45
124,196	Pandora Media	1,941	0.49
5,727	Priceline.Com	3,758	0.94
338,412	Qualcomm	14,633	3.68
32,426	Red Hat	873	0.22
82,368	Salesforce.Com	2,735	0.69
102,611	Sandisk	4,438	1.12
348,288	Symantec	4,930	1.24
109,004	Synopsys	2,472	0.62
248,645	Texas Instruments	6,512	1.64
11,411	Time Warner	853	0.21
85,753	Western Digital	3,717	0.93
258,111	Yahoo	5,290	1.34
		261,199	65.65
	Investment assets	**383,644**	**96.42**
	Net other assets	14,254	3.58
	Net assets	**397,898**	**100.00**

* Unquoted security

Statement of total return for the year ended 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Income					
Net capital gains	2		69,392		26,366
Revenue	4	4,932		4,114	
Expenses	5	(5,388)		(5,698)	
Finance costs: Interest	7	-		(1)	
Net expense before taxation		(456)		(1,585)	
Taxation	6	(618)		(526)	
Net expense after taxation			(1,074)		(2,111)
Total return before distributions			68,318		24,255
Finance costs: Distributions	7		(372)		-
Change in net assets attributable to shareholders from investment activities			**67,946**		**24,255**

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Opening net assets attributable to shareholders		**381,759**		**347,642**
Amounts receivable on issue of shares	77,287		53,838	
Amounts payable on cancellation of shares	(129,457)		(43,968)	
		(52,170)		9,870
Stamp duty reserve tax		(9)		(8)
Change in net assets attributable to shareholders from investment activities (see above)		67,946		24,255
Retained distribution on accumulation shares		372		-
Closing net assets attributable to shareholders		**397,898**		**381,759**

Balance sheet as at 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Assets					
Investment assets			383,644		358,933
Debtors	**8**	4,638		1,334	
Cash and bank balances	**9**	23,478		26,176	
Total other assets			28,116		27,510
Total assets			411,760		386,443
Liabilities					
Creditors	**10**	11,462		2,732	
Bank overdrafts		2,400		1,952	
Total other liabilities			13,862		4,684
Total liabilities			**13,862**		**4,684**
Net assets attributable to shareholders			**397,898**		**381,759**

Notes to the financial statements as at 31 October 2013

1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the aggregated financial statements on pages 8 to 12.

2 Net capital gains

Net capital gains on investments during the year comprise:

	2013 £000	2012 £000
Forward currency contracts	175	-
Non-derivative securities	68,587	26,855
Other currency gains/(losses)	640	(478)
Transaction costs	(10)	(11)
Net capital gains	**69,392**	**26,366**

3 Portfolio transaction costs

	2013 £000	2012 £000
Purchases in year before transaction costs	229,972	271,861
Commissions	223	321
Other costs	3	18
Taxes	4	5
Total purchase transaction costs*	230	344
Purchases including transaction costs	**230,202**	**272,205**
Sales in year before transaction costs	274,362	275,665
Commissions	(234)	(300)
Other costs	(33)	(21)
Taxes	(47)	(51)
Total sale transaction costs*	(314)	(372)
Sales net of transaction costs	**274,048**	**275,293**
Transaction handling charges*	**10**	**11**

* These amounts have been deducted in determining net capital gains.

4 Revenue

	2013 £000	2012 £000
Bank interest	22	16
Overseas dividends	4,781	3,837
UK dividends	129	261
Total revenue	**4,932**	**4,114**

5 Expenses

	2013 £000	2012 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	4,523	4,827
General administration charge*	790	789
	5,313	5,616
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	37	39
Safe custody fees	36	38
	73	77
Other expenses		
Dividend collection charges	2	5
	2	5
Total expenses	**5,388**	**5,698**

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through GAC, is £9,660 (2012: £9,660).

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

	2013 £000	2012 £000
Overseas tax reclaims	(23)	(52)
Overseas withholding tax	641	578
Total current tax (note 6b)	**618**	**526**

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20%. The differences are explained below:

	2013 £000	2012 £000
Net expense before taxation	(456)	(1,585)
Corporation tax at 20% (2012: 20%)	(91)	(317)
Effects of:		
Irrecoverable overseas tax	618	526
Non-taxable overseas dividends **	(956)	(767)
UK dividends*	(26)	(52)
Unused management expenses	1,073	1,136
Current tax charge for the year (note 6a)	**618**	**526**

* As an OEIC this item is not subject to corporation tax.

** Overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2012: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is potential deferred tax asset of £14,009,841 (2012: £12,936,794) in relation to unused management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

7 Finance costs

Distributions and interest

	2013 £000	2012 £000
Final accumulation	372	-
	372	-
Finance costs: Interest	-	1
Total finance cost	**372**	**1**
Net expense after taxation	(1,074)	(2,111)
Revenue shortfall	1,446	2,111
Finance cost: Distributions	**372**	**-**

Details of the distribution per share are set out in the distribution table on page 52.

8 Debtors

	2013 £000	2012 £000
Accrued revenue	194	209
Amounts receivable for issue of shares	680	458
Currency transactions awaiting settlement	3,010	-
Overseas withholding tax reclaimable	99	99
Sales awaiting settlement	655	568
Total debtors	**4,638**	**1,334**

9 Cash and bank balances

	2013 £000	2012 £000
Cash and bank balances	23,478	26,176
Total cash and bank balances	**23,478**	**26,176**

10 Creditors

	2013 £000	2012 £000
Accrued ACD's periodic charge	402	770
Accrued Depositary's fees	4	8
Accrued other expenses	60	78
Amounts payable for cancellation of shares	2,807	410
Currency transactions awaiting settlement	3,031	-
Purchases awaiting settlement	5,158	1,466
Total creditors	**11,462**	**2,732**

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

12 Related party transactions

The Financial Reporting Standard number 8 (FRS 8) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under FRS8 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', 'Statement of change in net assets attributable to Shareholders' and the 'Balance sheet' on pages 44 and 45 and notes 5, 8 and 10 on pages 47 to 50 including all creations and cancellations where the ACD acted as principal.

Skandia Life Assurance Company Ltd and Nortrust Nominees Ltd, as material shareholders, are related parties holding shares comprising 9.51% (2012: 16.14%) and 3.35% (2012: 19.53%) of the total assets of the Fund as at 31 October 2013.

Material transactions throughout the year such as creations and cancellations for these shareholders are included in the Statement of change in net assets attributable to shareholders.

13 Shareholder funds

The Fund currently has 3 share classes; Class A (Retail with front-end charges), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

Class A	1.50%
Class I	0.75%
Class Z	0.00%*

* Charges for managing Z class shares are levied outside the Fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 37. The distribution per share class is given in the distribution table on page 52. All share classes have the same rights on winding up.

14 Risk

Risks in respect of financial assets and liabilities are set out in note 3 of the aggregated financial statements on pages 11 to 12.

Currency risk

Net currency monetary assets and liabilities consist of:

Currency	Investment assets including investment liabilities £000	Net other assets £000	Net assets £000
2013			
Euro	19,472	27	19,499
Japanese yen	8,997	-	8,997
Korean won	22,585	(398)	22,187
Swedish krona	3,246	9	3,255
Swiss franc	-	5	5
Taiwan dollar	8,652	2,229	10,881
UK sterling	4,400	16,230	20,630
US dollar	316,292	(3,848)	312,444
Total	**383,644**	**14,254**	**397,898**

Currency			
2012			
Brazilian real	1,530	-	1,530
Euro	18,328	2,007	20,335
Hong Kong dollar	5,372	-	5,372
Japanese yen	2,131	2,752	4,883
Korean won	25,282	-	25,282
Swedish krona	2,149	200	2,349
Swiss franc	-	5	5
Taiwan dollar	10,918	1,497	12,415
UK sterling	11,111	3,928	15,039
US dollar	282,112	12,437	294,549
Total	**358,933**	**22,826**	**381,759**

Interest rate risk profile of financial assets and financial liabilities

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

Sensitivity analysis

A sensitivity analysis has not been undertaken as the Fund's exposure to derivative activity is considered insignificant.

Distribution tables for the year ended 31 October 2013 (in pence per share)

Final dividend distribution (accounting date 31 October 2013, paid on 31 December 2013)

	Net revenue	Distribution paid 31/12/2013	Distribution paid 31/12/2012
Class I accumulation	1.8948	1.8948	-
Class Z accumulation	1.4908	1.4908	1.0103

Class A accumulation – There is no distribution for the year to 31 October 2013 (2012: nil).

Authorised Corporate Director's report

Fund Manager
Claire Orme

Investment objective and policy
To aim to provide capital growth by investing in emerging market companies. These companies will either be incorporated in emerging markets or, if incorporated elsewhere, derive a majority of their revenue from, or from activities related to, emerging markets. For the avoidance of doubt the Fund may also invest in securities of other investment vehicles whose objectives are compatible with that of the Fund.

Performance summary

	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %	31 Oct 09 - 31 Oct 10 %	31 Oct 08 - 31 Oct 09 %
Henderson Institutional Emerging Markets Fund*	6.6	2.7	(8.4)	26.4	57.9
Henderson Institutional Emerging Markets Fund**	4.8	(1.4)	(7.7)	21.9	59.6
MSCI Emerging Markets Free Index	6.8	(2.8)	(8.6)	27.4	60.9

* Source for closing prices GAV: BNP.
** Source for midday prices: Morningstar, mid-mid, net income reinvested, net of fees.
Figures in brackets are negative.

Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Significant portfolio changes for the year ended 31 October 2013

Largest purchases	£000	Largest sales	£000
Fomento Economico Mexicano	596	iShares MSCI Taiwan	624
BRF	482	Hyundai Motor	470
iShares MSCI Taiwan	442	Samsung Electronics	374
Hyundai Motor	348	HDFC Bank ADS	340
Semen Indonesia	277	Petroleo Brasileiro Preference	300
Hyundai Mobis	262	Tencent	287
Samsung Electronics	246	POSCO	254
Want Want China Holdings	232	Astra International	250
Enersis ADR	151	Cia De Bebidas Preference	232
Petroleo Brasileiro Preference	146	America Movil ADR	223
Total purchases	**4,029**	**Total sales**	**7,046**

Fund Manager's commentary

Investment background

Emerging markets moved higher over the twelve-month period. Global equities were boosted by supportive data from the US housing and labour markets, firmer central bank liquidity measures in the US, Europe and Japan, as well as signs of a stabilisation of economic indicators in China. However, the emerging markets underperformed the developed markets as a result of anticipated changes to US central bank policy. Areas that had benefited the most from inflows as investors sought higher yields saw the largest sell-downs. Emerging market equities, bonds and currencies all suffered in August, particularly in those countries running current account deficits; higher US rates would make it harder for some emerging markets to get access to capital for investments.

Whilst macroeconomic data was initially solid in China, the tightening of controls over local government financing as well as increased scrutiny over rapidly expanding forms of lending affected investor sentiment. This was compounded by uncertainty surrounding the once-in-a-decade leadership transition. Concerns about a slowdown in China's growth rate, which dominated the first half of 2013, were allayed towards the end of the period. Solid domestic demand and improvements in the export market saw gross domestic product (GDP) expand at an annual rate of 7.8% year-on-year in the third quarter.

Latin American equities initially responded well to reports from China that the political transition to a new government was progressing smoothly. Industrial production also began a modest re-acceleration. The Brazilian economy displayed some signs of a recovery as retail sales expanded after a series of interest rate cuts and tax law changes spurred consumer transactions. However, the country's economy continued to be hampered by low levels of investment in both the state and private sector due to a lack of transparency in regulation, rising costs, and continuing fears over the global economy. Later in the period, Brazil rallied having suffered the most from weakening emerging market currencies during the first half of the year. Mexican equities declined as weak economic statistics and disappointing earnings results took away some of the excitement generated by the new government's reform plans.

Performance

The Fund's return was in line with MSCI Emerging Markets Index gain of 6.8% in the twelve months to 31 October 2013.

Outlook

The macro outlook for emerging markets remains mixed in the short term. A few good economic data releases have come out of the US in recent weeks. This has renewed investors' fears about the US Federal Reserve tapering its asset purchase programme soon. At the same time, the market participants in Europe seem to have shifted their expectations for further monetary policy easing. Inflation figures in continental Europe are coming in lower than expectations, threatening the recovery.

Note: All index returns are total returns in sterling, sourced from Thomson Reuters Datastream, for the 12 months to 31 October 2013, unless otherwise stated.

Comparative tables as at 31 October 2013

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)
Class A accumulation				
31/10/2011	59,776,597	4,059,496	1,680,518	241.56
31/10/2012	45,870,138	4,160,258	1,705,915	243.87
31/10/2013	45,605,791	3,438,102	1,345,050	255.61
Class I accumulation				
31/10/2011	59,776,597	10,536,958	4,146,498	254.12
31/10/2012	45,870,138	10,256,911	3,970,712	258.31
31/10/2013	45,605,791	12,462,085	4,570,370	272.67
Class Z accumulation				
31/10/2011	59,776,597	45,180,143	16,459,493	274.49
31/10/2012	45,870,138	31,452,969	11,158,752	281.87
31/10/2013	45,605,791	29,705,604	9,884,682	300.52

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	1.18	234.00	109.30
2009	1.43	231.50	126.50
2010**	-	239.60	229.70
Class A accumulation			
2008	1.87	241.80	113.20
2009	1.99	240.80	131.10
2010	1.27	288.10	223.60
2011	1.99	291.90	211.70
2012	1.88	267.30	220.20
2013	1.62*	279.40+	225.10+
Class I accumulation			
2008	3.45	249.40	117.00
2009	3.96	250.10	135.70
2010	3.49	303.30	232.30
2011	4.08	305.30	222.60
2012	3.87	281.90	231.80
2013	3.41*	296.80+	239.50+
Class Z accumulation			
2008	6.68	261.00	122.80
2009	4.79	265.20	142.90
2010	6.05	324.80	246.60
2011	8.96	327.10	240.40
2012	8.86	306.60	250.50
2013	7.53*	325.00+	263.10+

* to 31 December
\+ to 31 October
** Class X merged with Class A on 11 January 2010

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 year, except for expenses that are explicitly excluded by regulation.

	2013 %	2012 %
Class A	1.81*	1.84
Class I	1.10	1.12
Class Z	0.10	0.11

It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

* From 10 August 2013, the General Administration Charge (GAC) decreased from 0.24% to 0.18%.

Risk and reward profile

The Fund currently has 3 types of shares in issue; A accumulation, I accumulation and Z accumulation. Each type of share has the same risk and reward profile which is as follows:

Typically Lower potential risk/reward ← → **Typically Higher potential risk/reward**

Lower Risk						**Higher Risk**
1	2	3	4	5	6	7

The synthetic risk and reward indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions. The value of an investment in the Fund can go up or down. When you sell your shares, they may be worth less than you paid for them. The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- As a category, shares are 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.

There have been no changes to the risk rating in the year.

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

Portfolio statement as at 31 October 2013

Holding	Investment	Market value £000	Percentage of total net assets %
	Income from Collective Investment Schemes 4.95% (2012: 4.64%)		
	Taiwan 4.95% (2012: 4.64%)		
102,601	iShares MSCI Taiwan	2,258	4.95
	Equities 88.09% (2012: 90.74%)		
	Brazil 11.51% (2012: 12.51%)		
37,920	All America Latina Logistica	85	0.19
74,864	Banco Bredesco Preference	676	1.48
75,570	Banco Itau Financeira Preference	732	1.60
31,266	BRF	459	1.01
26,587	Cia De Bebidas Preference	622	1.36
41,193	Cia Siderurgica Nacional	140	0.31
54,400	Electrobras Centrais	108	0.24
36,765	Embraer-Empresa Bras De Aeronautica	168	0.37
40,633	Gerdau Preference	201	0.44
125,077	Itausa Investimentos Preference	338	0.74
155,652	Petroleo Brasileiro Preference	889	1.95
33,626	Usinas Sider Minas Preference	112	0.25
20,649	Vale Rio Doce	206	0.45
55,856	Vale Rio Doce Preference 'A'	513	1.12
		5,249	11.51
	Chile 1.51% (2012: 1.54%)		
41,152	Enersis ADR	422	0.92
26,000	Latam Airlines Group ADR	268	0.59
		690	1.51
	China 19.21% (2012: 18.81%)		
608,921	Aluminum Corporation of China 'H'	142	0.31
2,188,100	Bank of China 'H'	638	1.40
418,316	Bank of Communications Hong Kong Branch 'H'	190	0.42
468,000	Beijing Capital International Airport 'H'	205	0.45
219,000	China Communications Construction 'H'	111	0.24
1,787,790	China Construction	864	1.89
287,000	China Cosco 'H'	84	0.18
210,520	China Life Insurance	348	0.76
92,489	China Merchant	203	0.45
144,894	China Mobile	947	2.09
179,840	China Overseas Land & Investment	346	0.76
715,845	China Petroleum & Chemical 'H'	363	0.80
118,704	China Shenhua Energy 'H'	225	0.49
249,977	China South Locomotive And Rolling Stock	129	0.28
590,516	China Telecom 'H'	192	0.42
171,000	Citic Pacific	151	0.33
463,901	CNOOC	591	1.30
116,800	Guangzhou R&F Properties	128	0.28
1,700,000	Industrial & Commercial Bank of China 'H'	740	1.62
61,500	Kingboard Chemicals	100	0.22

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	China (continued)		
614,235	Petrochina 'H'	437	0.96
60,000	Ping An Insurance 'H'	294	0.64
173,500	Shimao Property	271	0.59
22,700	Tencent	770	1.69
229,000	Want Want China Holdings	218	0.48
516,000	Zijin Mining 'H'	74	0.16
		8,761	19.21
	Colombia 1.39% (2012: 1.45%)		
7,500	Bancolombia Preference ADR	262	0.58
12,548	Ecopetrol SA ADR	370	0.81
		632	1.39
	Czech Republic 0.18% (2012: 0.73%)		
4,695	Cez	84	0.18
	Egypt 0.31% (2012: 0.60%)		
290,711	Orascom Telecom	122	0.27
290,711	Orascom Telecom Media & Technology	17	0.04
		139	0.31
	Hungary 0.11% (2012: 0.10%)		
7,637	OTP Bank GDR	49	0.11
	India 6.18% (2012: 6.98%)		
17,856	Dr Reddys Laboratories ADS	441	0.97
17,582	HDFC Bank ADS	396	0.87
12,261	ICICI Bank ADR	285	0.62
13,984	Infosys Technologies ADR	462	1.01
114,843	ITC GDR	388	0.85
23,613	Reliance Industries GDS	435	0.95
16,025	Tata Motors ADR	312	0.69
5,076	Ultratech Cement	101	0.22
		2,820	6.18
	Indonesia 1.99% (2012: 2.78%)		
885,120	Astra International	325	0.71
1,685,500	Bumi Resources	42	0.09
225,000	Semen Indonesia	178	0.39
2,828,675	Telekomunikasi IND	363	0.80
		908	1.99
	Korea 16.44% (2012: 15.46%)		
3,949	Cheil Industries	208	0.46
2,731	Daelim Industrial	158	0.35
7,810	Daewoo Shipbuilding & Marine	153	0.33
1,290	E-Mart	190	0.42
3,470	GS Engineering & Construction	73	0.16
5,890	Hana Financial	141	0.31
14,820	Hynix Semiconductor	278	0.61
879	Hyundai Heavy Industries	131	0.29
1,693	Hyundai Mobis	297	0.65
3,914	Hyundai Motor	581	1.27
3,503	Hyundai Steel	180	0.39

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	Korea (continued)		
11,470	Korea Electric Power	190	0.42
2,159	KT&G	98	0.21
12,003	LG Display	176	0.38
2,402	LG Electronics	96	0.21
1,246	NCsoft	150	0.33
788	Naver Corp	276	0.61
572	NHN Entertainment	38	0.08
972	POSCO	181	0.40
4,213	Samsung C & T	155	0.34
2,542	Samsung Electronics	2,185	4.79
1,247	Samsung Engineering	55	0.12
1,951	Samsung Fire & Marine	284	0.62
4,747	Samsung Heavy Industries	108	0.24
5,719	Samsung Securities	158	0.35
2,630	Samsung Techwin	89	0.20
12,410	Shinhan Financial	337	0.74
1,701	SK	192	0.42
2,483	SK Innovation	217	0.47
925	SK Telecom	123	0.27
		7,498	16.44
	Malaysia 3.58% (2012: 4.12%)		
225,300	Berjaya Sports Toto	181	0.40
209,623	CIMB Group	309	0.68
112,367	Malayan Banking Berhad	216	0.47
104,700	MISC Berhad	105	0.23
158,900	Public Bank Berhad (Alien Mkt)	574	1.26
130,800	Sime Darby	246	0.54
		1,631	3.58
	Mexico 5.25% (2012: 4.72%)		
37,384	America Movil ADR	498	1.09
340,620	Cemex	226	0.50
81,757	Fomento Economico Mexicano	476	1.04
184,700	Grupo Mexico 'B'	365	0.80
25,043	Grupo Televisa ADR	475	1.04
218,108	Wal-Mart De Mexico 'V'	354	0.78
		2,394	5.25
	Peru 0.87% (2012: 0.99%)		
4,691	Credicorp	399	0.87
	Philippines 0.69% (2012: 0.52%)		
7,631	Philippine Long Distance Telephone Company	314	0.69
	Poland 1.54% (2012: 1.16%)		
4,473	Bank Pekao	174	0.38
30,631	Powszechna Kasa Oszczednosci Bank Polski	253	0.56
2,899	Powszechny Zaklad Ubezpieczen	275	0.60
		702	1.54

Holding	Investment	Market value £000	Percentage of total net assets %
	Russia 6.32% (2012: 6.36%)		
59,272	Gazprom ADR	344	0.75
55,173	Gazprom OAO ADS	321	0.70
24,110	JSC MMC Norilsk	228	0.50
13,150	Lukoil ADR	536	1.18
9,780	Magnit	391	0.86
24,470	Mobile Telesystems ADR	347	0.76
34,918	Surgutneftegaz ADR	190	0.42
10,911	Tatneft GDR	279	0.61
9,260	Uralkali GDR	154	0.34
52,276	VTB Bank GDR	90	0.20
		2,880	6.32
	South Africa 6.86% (2012: 7.88%)		
687	Anglo Platinum	17	0.04
12,401	Anglogold Ashanti	118	0.26
26,881	Gold Fields	79	0.17
20,576	Impala Platinum	156	0.34
17,070	Imperial	226	0.50
43,745	MTN	542	1.19
11,521	Naspers 'N'	672	1.47
46,014	PPC Limited	91	0.20
18,796	SASOL	599	1.31
40,285	Standard Bank	318	0.70
43,518	Vodacom	310	0.68
		3,128	6.86
	Taiwan 0.14% (2012: 0.09%)		
19,414	Delta Electronic	63	0.14
	Thailand 1.99% (2012: 1.87%)		
139,519	Bangkok Bank	572	1.25
53,400	PTT	337	0.74
		909	1.99
	Turkey 2.02% (2012: 2.07%)		
238,053	Eregli Demir Celik 'A'	205	0.45
88,440	KOC	271	0.59
110,671	Turkiye Garanti Bankasi	278	0.61
98,785	Turkiye Is Bankasi 'C'	169	0.37
		923	2.02
	Derivatives 0.07% (2012: 0.00%)		
	Futures 0.08% (2012: 0.00%)		
172	SGX MSCI Taiwan Index November 2013	37	0.08
	Forwards (0.01%) (2012: 0.00%)		
	Buy TWD 71,079,175; Sell USD 2,425,000 November 2013	(4)	(0.01)
	Investments assets including investment liabilities	**42,464**	**93.11**
	Net other assets	3,142	6.89
	Net assets	**45,606**	**100.00**

Statement of total return for the year ended 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Income					
Net capital gains	**2**		1,617		87
Revenue	**4**	1,272		1,553	
Expenses	**5**	(221)		(230)	
Net revenue before taxation		1,051		1,323	
Taxation	**6**	(129)		(148)	
Net revenue after taxation			922		1,175
Total return before distributions			2,539		1,262
Finance costs: Distributions	**7**		(922)		(1,175)
Change in net assets attributable to shareholders from investment activities			**1,617**		**87**

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Opening net assets attributable to shareholders		**45,870**		**59,777**
Amounts receivable on issue of shares	5,186		1,601	
Amounts payable on cancellation of shares	(7,989)		(16,770)	
		(2,803)		(15,169)
Change in net assets attributable to shareholders from investment activities (see above)		1,617		87
Retained distribution on accumulation shares		922		1,175
Closing net assets attributable to shareholders		**45,606**		**45,870**

Balance sheet as at 31 October 2013

		2013		2012	
	Notes	**£000**	**£000**	**£000**	**£000**
Assets					
Investment assets			42,468		43,752
Debtors	**8**	36		46	
Cash and bank balances	**9**	3,994		3,181	
Total other assets			4,030		3,227
Total assets			46,498		46,979
Liabilities					
Investment liabilities			4		-
Creditors	**10**	73		89	
Bank overdrafts		815		1,020	
Total other liabilities			888		1,109
Total liabilities			**892**		**1,109**
Net assets attributable to shareholders			**45,606**		**45,870**

Notes to the financial statements as at 31 October 2013

1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the aggregated financial statements on pages 8 to 12.

2 Net capital gains

Net capital gains on investments during the year comprise:

	2013 £000	2012 £000
Derivative contracts	466	25
Forward currency contracts	(4)	-
Non-derivative securities	1,253	65
Other currency (losses)/gains	(92)	9
Transaction costs	(6)	(12)
Net capital gains	**1,617**	**87**

3 Portfolio transaction costs

	2013 £000	2012 £000
Purchases in year before transaction costs	4,026	1,652
Commissions	3	2
Total purchase transaction costs*	3	2
Purchases including transaction costs	**4,029**	**1,654**
Sales in year before transaction costs	7,057	14,345
Commissions	(9)	(16)
Taxes	(2)	(3)
Total sale transaction costs*	(11)	(19)
Sales net of transaction costs	**7,046**	**14,326**
Transaction handling charges*	**6**	**12**

* These amounts have been deducted in determining net capital gains.

4 Revenue

	2013 £000	2012 £000
Bank interest	2	15
Overseas dividends	1,262	1,449
Stock lending revenue	8	28
Income from offshore funds	-	61
Total revenue	**1,272**	**1,553**

5 Expenses

	2013 £000	2012 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	171	171
General administration charge*	17	21
	188	192
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	5	5
Safe custody fees	19	26
	24	31
Other expenses:		
Dividend collection charges	8	7
Prior year expense under accrued	1	-
	9	7
Total expenses	**221**	**230**

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through GAC, is £9,660 (2012: £9,660).

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

	2013 £000	2012 £000
UK corporation tax	20	40
Double tax relief	(20)	(40)
Overseas tax reclaims	(7)	4
Overseas withholding tax	135	144
Total current tax (note 6b)	**128**	**148**
Deferred tax (note 6c)	1	-
Total taxation	**129**	**148**

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20%. The differences are explained below:

	2013 £000	2012 £000
Net revenue before taxation	1,051	1,323
Corporation tax at 20% (2012: 20%)	210	265
Effects of:		
Irrecoverable overseas tax	107	107
Non-taxable overseas dividends*	(183)	(223)
Other non taxable revenue	(3)	(1)
Unused management expenses	(3)	-
Current tax charge for the year (note 6a)	**128**	**148**

* Overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is a deferred taxation at the Balance sheet date of £1,326 (2012: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is potential deferred tax liability of £2,651 (2012: nil) in relation to unused management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

Notes to the financial statements (continued)

7 Finance costs

Distributions and interest

	2013 £000	2012 £000
Final accumulation	922	1,175
Finance costs: Distributions	922	1,175
Total finance cost	**922**	**1,175**

Details of the distribution per share are set out in the distribution table on page 72.

8 Debtors

	2013 £000	2012 £000
Accrued revenue	36	44
Amounts receivable for issue of shares	-	2
Total debtors	**36**	**46**

9 Cash and bank balances

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	151	161
Cash and bank balances	3,843	3,020
Total cash and bank balances	**3,994**	**3,181**

10 Creditors

	2013 £000	2012 £000
Accrued ACD's periodic charge	15	27
Accrued Depositary's fees	1	1
Accrued other expenses	3	4
Amounts payable for cancellation of shares	53	57
Deferred taxation	1	-
Total creditors	**73**	**89**

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

12 Related party transactions

The Financial Reporting Standard number 8 (FRS 8) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under FRS 8 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', 'Statement of change in net assets attributable to Shareholders' and the 'Balance sheet' on pages 63 to 64 and notes 5, 8 and 10 on pages 66 to 68 including all creations and cancellations where the ACD acted as principal.

Related parties, such as other authorised Funds managed by Henderson Investment Funds Limited, may hold shares in the Fund via a nominee company, Harewood Nominees Limited. Harewood Nominees Limited holds shares comprising 27.31% (2012: 22.26%) of the total net assets of the Fund as at 31 October 2013

HSBC Global Custody Nominee (UK) Limited, as a material shareholder, is a related party holding shares comprising 65.13% (2012: nil) of the total net assets of the Fund as at 31 October 2013.

Material transactions throughout the year such as creations and cancellations for these shareholders are included in the Statement of change in net assets attributable to shareholders.

13 Shareholder funds

The Fund currently has 3 share classes available; Class A (Retail with front-end charges), Class I (Institutional) and Class Z (Institutional). The annual management charge on each share class is as follows:

Class A	1.50%
Class I	1.00%
Class Z	0.00%*

* Charges for managing Z class shares are levied outside the Fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 55. The distribution per share class is given in the distribution table on page 72. All share classes have the same rights on winding up.

14 Financial derivatives

The Fund has used financial derivatives for the purpose of efficient portfolio management.

The use of derivatives can create additional counterparty risks. Details of the ACD's policies for managing counterparty and other risks are set out in note 3 in the aggregated financial statements.

The types of derivatives held at the year-end were futures and forward foreign currency contracts. Details of individual contracts are shown in the portfolio statement on page 62, and the total position by counterparty at the year-end is summarised below:

At 31 October 2013 the underlying exposure for each category of derivatives was as follows:

Counterparty	Forward foreign currency contracts £000	Futures £000
Deutsche Bank	3,015	-
UBS	-	3,189

At 31 October 2012 the underlying exposure for each category of derivatives was as follows:

Counterparty	Forward foreign currency contracts £000	Futures £000
UBS	-	2,143

15 Securities lending

The Fund and the Investment Manager have entered into a securities lending programme with BNP Paribas Securities Services acting as the Securities Lending Agent for the purposes of efficient portfolio management and in order to generate income.

Securities Lending Revenue is disclosed under 'Revenue' in the Statement of Total Return. The gross stock lending revenue for the year was £10,870 with expenses of £3,261 deducted to give net stock lending revenue of £7,609.

	2013 £000	2012 £000
Aggregate value of securities on loan at the year end	653	501
Aggregate value of collateral held at the year end	705	532

All collateral was in the form of equity securities.

Eligible collateral types are approved by the Investment Manager and may consist of UK gilts, certificates of deposit, treasury bills, sovereign debt, euro sterling bonds and equities. The value of collateral required will range from 105.62% to 110.06% of the value of the securities on loan.

The counterparties at the year end were Citi, Deutsche Bank, Goldman Sachs and Morgan Stanley (2012: Citi, Deutsche Bank, Goldman Sachs, Morgan Stanley and ING Bank).

16 Risk

Risks in respect of financial assets and liabilities are set out in note 3 of the aggregated financial statements on pages 11-12.

Currency risk

Net currency monetary assets and liabilities consist of:

Currency	Investment assets including investment liabilities £000	Net other assets £000	Net assets £000
2013			
Brazilian real	5,249	21	5,270
Czech Republic koruna	84	-	84
Egyptian pounds	140	-	140
Hong Kong dollar	8,761	-	8,761
Indonesian rupiah	908	3	911
Korean won	7,498	-	7,498
Malysian ringgit	1,631	-	1,631
Mexico peso	1,421	4	1,425
Polish zloty	702	-	702
South African rand	3,129	-	3,129
Taiwan dollar	1,564	1,665	3,229
Thai bhat	909	-	909
Turkish lira	923	-	923
UK sterling	2,258	14	2,272
US dollar	7,287	1,435	8,722
Total	**42,464**	**3,142**	**45,606**

Currency			
2012			
Brazilian real	5,739	35	5,774
Czech Republic koruna	333	15	348
Egyptian pounds	124	-	124
Euro	-	34	34
Hong Kong dollar	8,629	49	8,678
Indonesian rupiah	1,275	5	1,280
Israeli shekel	-	70	70
Korean won	7,093	16	7,109
Malysian ringgit	1,891	-	1,891
Mexico peso	950	24	974
Polish zloty	532	15	547
South African rand	3,614	137	3,751
Taiwan dollar	41	429	470
Thai bhat	855	-	855
Turkish lira	947	50	997
UK sterling	2,130	60	2,190
US dollar	9,599	1,179	10,778
Total	**43,752**	**2,118**	**45,870**

Interest rate risk profile of financial assets and financial liabilities

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

Sensitivity analysis

A sensitivity analysis has not been undertaken as the Fund's exposure to derivative activity is considered insignificant.

Distribution tables for the year ended 31 October 2013 (in pence per share)

Final dividend distribution (accounting date 31 October 2013, paid on 31 December 2013)

	Net revenue	Distribution paid 31/12/2013	Distribution paid 31/12/2012
Class A accumulation	1.6204	1.6204	1.8783
Class I accumulation	3.4098	3.4098	3.8687
Class Z accumulation	7.5260	7.5260	8.8629

Authorised Corporate Director's report

Fund Managers
Kevin Adams and Joanna Murdock

Investment objective and policy
To aim to provide a return by investing in fixed and floating rate securities in any area of the world, except the United Kingdom. The Fund will invest primarily in bonds issued by Governments, public authorities and international organisations.

Performance summary

	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %	31 Oct 09 - 31 Oct 10 %	31 Oct 08 - 31 Oct 09 %
Henderson Institutional Overseas Bond Fund	(5.1)	0.4	1.2	10.9	11.9
JP Morgan Global Bond Traded ex UK Index	(3.4)	2.3	2.5	11.4	13.4

Source: Morningstar – mid to mid, net income reinvested, net of fees.
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 year ended 31 October 2013

Largest purchases	£000
Japan (Government of) 5 year issue	27,216
US Treasury 0.375% 15/06/2015	20,027
US Treasury 4.625% 15/11/2016	18,708
France (Government of) 4.25% 25/10/2023	17,999
Italy (Rep of) 5% 01/03/2022	17,835
Sweden 3.75% 12/08/2017	13,908
US Treasury 3.625% 15/08/2019	13,694
US Treasury 3.75% 15/11/2018	13,361
France (Government of) 4.25% 25/10/2018	12,843
US Treasury 0.25% 30/11/2014	12,403
Total purchases	**372,452**

Largest sales	£000
US Treasury 4.5% 15/05/2017	30,554
France (Government of) 4.25% 25/10/2023	26,610
Italy (Rep of) 5% 01/03/2022	26,450
US Treasury 4% 15/02/2015	25,840
Japan (Government of) 0.3% 20/03/2017	20,708
US Treasury 2.25% 31/05/2014	16,884
US Treasury 2.12% 15/08/2021	16,542
Italy (Rep of) 4.75% 01/05/2017	14,835
US Treasury 3.625% 15/08/2019	14,077
US Treasury 0.25% 30/11/2014	12,725
Total sales	**382,006**

Fund Managers' commentary

Market commentary

The early part of the period was characterised by a reach for higher yields in bond markets. This was due to the ongoing stimulus from the US Federal Reserve (Fed) and a calmer European situation, which combined with an aggressive stimulus programme from the Bank of Japan boosted risk seeking behaviour amongst investors. The second part of the period saw considerable investor uncertainty as the Fed contemplated tapering their quantitative easing (QE) programme in the face of excessive risk taking in financial markets and a significant recovery in the US economy. This prompted a substantial increase in government bond yields (prices fell) and a great deal of volatility in riskier asset classes, with emerging market debt suffering in particular. Ultimately the Fed chose to maintain their current level of accommodation, feeling that the economy required continued support to sustain the recovery. This appeared prescient as the end of the period was dominated by political wrangling in the US, which resulted in a government shutdown and the prospect of a US government default

Investment activity

The Fund underperformed its benchmark over the period principally due to our relative value strategies and our positioning for an increase in inflation expectations in the US and Canada.

During the period we were consistently positioned for Italian government debt to outperform Spanish government debt. We believe longer-term debt dynamics are better in Italy and the prevailing primary surplus gives them a big advantage over other peripheral European countries such as Spain. However, Italy experienced significant political uncertainty as elections produced an unstable coalition government whilst Spain's economic growth outlook improved. This resulted in the position underperforming. We expect political stability to return to Italy and that the Italian economy will improve, resulting in Italian debt outperforming both Spain and other European government bonds in the near future.

In the US, we successfully positioned for a steeper yield curve*, as central bank policy remained accommodative. However, as the period progressed, better economic data was met with an increased expectation that the Fed would taper and we reversed the position expecting the yield curve to flatten (on expectations of a rise in short term rates). This strategy was initially profitable, but the Fed's surprise decision not to taper resulted in significant underperformance for this strategy. While we have reduced the position, we expect the US economy to continue to recover robustly and that tapering is likely to occur sooner than the market currently expects.

Positioning for US government bond yields to rise relative to other developed economies such as Sweden and Australia proved profitable as the US economy continued to recover, whilst Europe and its closest trading partners struggled with low inflation and generally lower growth. Meanwhile, in Australia, lower commodity prices due to a weaker Chinese economy resulted in lower growth and subsequently lower yields, as the central bank cut interest rates. Continuing the theme of lower Chinese growth and the knock-on impact to Australia and other China-related economies, we positioned for Australian and Singaporean government bond yields to decline relative to the yields on German and French government debt. This strategy performed poorly on better-than-expected economic growth figures from China and falling inflation in Europe. This prompted speculation of a rate cut from the European Central Bank (ECB), in spite of better economic data for the region.

The Mexican government continues to implement economic reforms, which should lift potential growth, and the Mexican central bank has gained credibility in its ability to manage inflation — both of which should result in lower yields and a flatter yield curve. For these reasons, we believe long-dated Mexican government bonds should outperform their US equivalents.

Our positioning for higher yields in both the US and Europe on an outright basis outperformed but was offset by positions looking for higher inflation expectations in the US and Canada as inflation remained low across the developed world. The position has been maintained as we continue to expect inflation expectations to increase in these markets as the recovery in economic growth translates into an increase in wages.

In currency markets, we positioned for the Australian dollar to weaken relative to the Mexican peso and Canadian dollar, and latterly for the euro and Japanese yen to weaken relative to the US dollar. Collectively this proved profitable over the course of the year.

Outlook

We expect developed economies to continue their gradual and uneven recovery over the coming months with the US and UK leading the way and Europe lagging significantly behind. We also anticipate that when the Fed start to taper their asset purchase programme we will see a gradual increase in government bond yields. In China, we continue to see a slower pace of economic growth as the economy rebalances away from investment led growth to one based on consumption, which we believe will likely have negative impacts in related economies such as Australia.

*A yield curve is a plot of interest rates from bonds of equal credit quality but different maturity, at any given point of time. A steepening yield curve can come about through rising short term rates or falling long term bond prices (higher yields).

Comparative tables as at 31 October 2013

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)
Class A income				
31/10/2011	207,803,996	5,847,373	3,375,611	173.22
31/10/2012	230,866,375	5,056,531	2,905,045	174.06
31/10/2013	218,219,008	5,619,695	3,419,523	164.34
Class I income				
31/10/2011	207,803,996	1,120,969	646,537	173.38
31/10/2012	230,866,375	1,076,487	617,865	174.23
31/10/2013	218,219,008	48,301	29,325	164.71
Class I accumulation				
31/10/2011	207,803,996	2,228	1,003	222.13
31/10/2012	230,866,375	2,248	1,000	224.80
31/10/2013	218,219,008	2,144	1,000	214.40
Class 3 gross accumulation				
31/10/2012*	230,866,375	5,661,776	5,701,596	99.30
31/10/2013	218,219,008	4,993,313	5,248,568	95.14
Class I gross accumulation				
31/10/2011	207,803,996	22,544,239	9,733,904	231.61
31/10/2012	230,866,375	25,141,995	10,677,875	235.46
31/10/2013	218,219,008	25,683,033	11,421,890	224.86
Class Z gross accumulation				
31/10/2011	207,803,996	178,289,187	102,421,808	174.07
31/10/2012	230,866,375	193,927,338	109,037,758	177.85
31/10/2013	218,219,008	181,872,522	106,547,123	170.70

* Class 3 launched 26 August 2012

Comparative tables (continued)

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	1.90	179.50	123.00
2009	2.13	183.70	147.90
2010**	-	163.30	160.40
Class A income			
2008	2.39	178.70	122.50
2009	2.76	183.00	147.20
2010	1.81	177.50	159.70
2011	1.37	183.20	162.30
2012	0.73	181.50	170.20
2013	0.66*	178.50+	162.20+
Class I income			
2008	2.85	178.80	122.80
2009	3.39	183.10	147.40
2010	2.63	177.70	159.90
2011	2.10	183.50	162.50
2012	1.65	181.80	170.60
2013	1.42*	178.70+	162.70+
Class I accumulation			
2008	3.43	218.20	146.60
2009	4.16	223.40	182.00
2010	3.29	224.10	199.20
2011	2.66	234.50	206.40
2012	2.12	234.00	219.10
2013	1.85*	231.80+	211.70+
Class 3 gross accumulation			
2012+	0.02	101.00	97.40
2013	1.42*	102.40+	93.72+
Class I gross accumulation			
2008	4.46	224.90	149.90
2009	5.37	230.30	187.70
2010	4.31	233.00	206.30
2011	3.74	244.40	214.60
2012	2.76	244.30	228.70
2013	2.62*	242.60+	221.60+
Class Z gross accumulation			
2008	3.88	166.70	110.60
2009	4.76	170.80	139.50
2010	4.04	174.20	153.60
2011	3.65	183.60	160.70
2012	2.97	184.20	172.20
2013	2.86*	183.50+	168.10+

* to 31 December
+ to 31 October
** Class X merged with Class A on 11 January 2010
+ Class 3 launched 26 August 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 year, except for expenses that are explicitly excluded by regulation.

	2013 %	2012 %
Class A	1.19*	1.20
Class I	0.54**	0.55
Class Z	0.05**	0.05
Class 3	0.23***	0.23

It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

From 10 August 2013, the general administration charge (GAC):
* decreased from 0.18% to 0.14%
** decreased from 0.03% to 0.023%
*** decreased from 0.06% to 0.045%

Risk and reward profile

The Fund currently has 6 types of share in issue; Class A Income, Class I Income, Class I accumulation, Class 3 gross accumulation, Class I gross accumulation and Class Z gross accumulation. Each type of share has the same risk and reward profile which is as follows:

Typically Lower potential risk/reward						**Typically Higher potential risk/reward**
Lower Risk						**Higher Risk**
1	2	3	4	5	6	7

The synthetic risk and reward indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions. The value of an investment in the Fund can go up or down. When you sell your shares, they may be worth less than you paid for them. The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- As a category, bonds are less volatile than shares
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks.

There have been no changes to the risk rating in the year.

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

Portfolio statement as at 31 October 2013

Holding	Investment	Market value £000	Percentage of total net assets %
	Bonds 89.77% (2012: 95.20%)		
	Australia 5.70% (2012: 0.48%)		
	Government bonds 5.70% (2012: 0.48%)		
AUD 10,467,000	Australia 4% 20/08/2015	10,976	5.03
AUD 2,210,000	Australia 5.5% 21/04/2023	1,461	0.67
		12,437	5.70
	Canada 1.53% (2012: 1.91%)		
	Government bonds 1.53% (2012: 1.91%)		
CAD 2,864,000	Canada 4.25% Index-Linked 01/12/2021	3,329	1.53
	Denmark 0.78% (2012: 0.00%)		
	Government bonds 0.78% (2012: 0.00%)		
CAD 13,433,000	Denmark 3% 15/11/2021	1,706	0.78
	Europe 16.91% (2012: 22.25%)		
	Government bonds 16.91% (2012: 22.25%)		
EUR 3,580,000	Belgium 4.25% 28/03/2041	3,477	1.60
EUR 210,000	France (Government of) 4.5% 25/04/2041	219	0.10
EUR 1,551,000	France (Government of) 8.5% 25/04/2023	2,033	0.93
EUR 2,013,000	Germany (Fed Rep of) 4.25% 04/07/2018	1,995	0.91
EUR 1,351,000	Germany (Fed Rep of) 4.75% 04/07/2034	1,552	0.71
EUR 4,967,000	Italy (Rep of) 3% 15/06/2015	4,315	1.98
EUR 3,131,000	Italy (Rep of) 5.25% 01/08/2017	2,913	1.33
EUR 9,899,000	Italy (Rep of) 5% 01/09/2040	8,537	3.91
EUR 6,404,000	Italy (Rep of) 4.5% 01/05/2023	5,663	2.60
EUR 7,156,000	Italy (Rep of) 2.75% 01/12/2015	6,206	2.84
		36,910	16.91
	Corporate bonds 0.00% (2012: 0.00%)		
EUR 800,000	Lehman Brothers 5.75% Perpetual +	-	-
	Japan 28.48% (2012: 29.90%)		
	Government bonds 28.48% (2012: 29.90%)		
JPY 980,700,000	Japan (Government of) 0.4% 20/06/2015	6,253	2.87
JPY 1,470,800,000	Japan (Government of) 0.3% 20/03/2017	9,379	4.30
JPY 2,106,700,000	Japan (Government of) 0.1% 20/12/2017	13,324	6.11
JPY 1,460,900,000	Japan (Government of) 1.1% 20/06/2021	9,745	4.47
JPY 781,100,000	Japan (Government of) 0.9% 20/06/2022	5,121	2.35
JPY 637,100,000	Japan (Government of) 2.1% 20/03/2030	4,570	2.09
JPY 1,216,700,000	Japan (Government of) 2.1% 20/12/2030	8,666	3.97
JPY 526,000,000	Japan (Government of) 2% 20/09/2040	3,611	1.65
JPY 169,400,000	Japan (Government of) 1.9% 20/09/2042	1,138	0.52
JPY 49,300,000.00	Japan (Government of) 2% 20/03/2052	339	0.15
		62,146	28.48
	Mexico 1.56% (2012: 0%)		
	Government bonds 1.55% (2012: 0%)		
MXN 67,433,000	Mexico 7.75% 13/11/2042	3,391	1.56
	Singapore 1.79% (2012: 0%)		
	Government bonds 1.79% (2012: 0%)		
SGD 7,300,000	Singapore (Rep of) 3.375% 01/09/2033	3,903	1.79

Holding	Investment	Market value £000	Percentage of total net assets %
	Sweden 0.83% (2012: 1.67%)		
	Government bonds 0.83% (2012: 1.67%)		
SEK 17,460,000	Sweden 3.75% 12/08/2017	1,821	0.83
	United States 32.19% (2012: 38.99%)		
	Government bonds 32.19% (2012: 38.99%)		
USD 1,097,000	US Treasury 0.25% 30/11/2014	684	0.31
USD 30,917,000	US Treasury 0.375% 15/06/2015	19,284	8.84
USD 15,921,000	US Treasury 4.625% 15/11/2016	11,100	5.09
USD 9,811,000	US Treasury 3.75% 15/11/2018	6,829	3.13
USD 11,881,000	US Treasury 1.375% 31/01/2020	7,235	3.32
USD 11,255,000	US Treasury Inflation-Linked 0.125% 15/01/2023	6,938	3.18
USD 14,965,000	US Treasury 0.755% 28/02/2018	9,177	4.20
USD 1,485,000	US Treasury 5% 15/05/2037	1,154	0.53
USD 6,631,000	US Treasury 3.875% 15/08/2040	4,351	1.99
USD 2,753,000	US Treasury 3.125% 15/02/2042	1,561	0.72
USD 3,505,000	US Treasury 3% 15/05/2042	1,935	0.88
		70,248	32.19
	Derivatives (0.18%) (2012: 0.00%)		
	Forward foreign exchange contracts (0.03%) (2012: 0.06%)		
	Buy CAD 661,927 : Sell GBP 400,821 December 2013	(6)	-
	Buy EUR 13,076,855 : Sell GBP 11,022,259 December 2013	48	0.02
	Buy EUR 502,842 : Sell GBP 420,000 December 2013	6	-
	Buy GBP 10,274,852 : Sell AUD 17,587,874 December 2013	(62)	(0.03)
	Buy GBP 280,000 : Sell AUD 475,434 December 2013	1	-
	Buy GBP 479,732 : Sell DKK 4,240,980 December 2013	(2)	-
	Buy GBP 4,068,024 : Sell JPY 641,222,233 December 2013	(3)	-
	Buy GBP 3,608,746 : Sell MXN 74,800,000 December 2013	40	0.02
	Buy GBP 1,569,293 : Sell SEK 1,6106,345 December 2013	21	0.01
	Buy GBP 3,610,000 : Sell SGD 7,240,000 December 2013	(25)	(0.01)
	Buy GBP 2,460,000 : Sell USD 3,947,887 December 2013	2	-
	Buy JPY 344,081,540 : Sell GBP 2,200,000 December 2013	(16)	(0.01)
	Buy USD 2,227,395 : Sell AUD 2,370,000 December 2013	(6)	-
	Buy USD 2,770,852 : Sell EUR 2,050,000 December 2013	(10)	-
	Buy USD 23,964,886 : Sell GBP 14,978,971 December 2013	(57)	(0.03)
		(69)	(0.03)
	Futures (0.15%) (2012: (0.06%))		
(128)	CBT US December 2013	(216)	(0.10)
30	CBT US December 2013	81	0.04
(81)	EURO BUND December 2013	(336)	(0.16)
105	SFE Australian December 2013	135	0.06
221	SFE Australian December 2013	12	0.01
		(324)	(0.15)
	Investment assets including investment liabilities	**195,498**	**89.59**
	Net other assets	22,721	10.41
	Net assets	**218,219**	**100.00**

+ Value less than £500

Credit ratings

Investment	Market value £000	Percentage of total net assets %
Above investment grade (AAA - BBB)	195,891	89.77
Total bonds	**195,891**	**89.77**
Totals derivatives	**(393)**	**(0.18)**
Investment assets including investment liabilities	**195,498**	**89.59**
Net other asset	22,721	10.41
Net assets	**218,219**	**100.00**

Source: Standard & Poor's

Statement of total return for the year ended 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Income					
Net capital (losses)/gains	2		(13,352)		908
Revenue	4	3,781		3,627	
Expenses	5	(307)		(303)	
Net revenue before taxation		3,474		3,324	
Taxation	6	-		-	
Net revenue after taxation			3,474		3,324
Total return before distributions			(9,878)		4,232
Finance costs: Distributions	7		(3,474)		(3,324)
Change in net assets attributable to shareholders from investment activities			**(13,352)**		**908**

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Opening net assets attributable to shareholders		**230,866**		**207,804**
Amounts receivable on issue of shares	34,234		55,314	
Amounts payable on cancellation of shares	(36,994)		(36,569)	
		(2,760)		18,745
Stamp duty reserve tax		(1)		(2)
Change in net assets attributable to shareholders from investment activities (see above)		(13,352)		908
Retained distribution on accumulation shares		3,465		3,410
Unclaimed distributions		1		1
Closing net assets attributable to shareholders		**218,219**		**230,866**

Balance sheet as at 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Assets					
Investment assets			196,237		220,038
Debtors	8	1,448		4,763	
Cash and bank balances	9	22,239		10,802	
Total other assets			23,687		15,565
Total assets			219,924		235,603
Liabilities					
Investment liabilities			739		248
Creditors	10	444		3,503	
Bank overdrafts		515		977	
Distribution payable on income shares		7		9	
Total other liabilities			966		4,489
Total liabilities			**1,705**		**4,737**
Net assets attributable to shareholders			**218,219**		**230,866**

Notes to the financial statements as at 31 October 2013

1 Accounting policies
The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the aggregated financial statements on pages 8 to 12.

2 Net capital (losses)/gains
Net capital (losses)/gains on investments during the year comprise:

	2013 £000	2012 £000
Derivative contracts	(545)	(1)
Forward currency contracts	(203)	332
Non-derivative securities	(12,767)	1,319
Other currency gains/(losses)	171	(735)
Transaction costs	(8)	(7)
Net capital (losses)/gains	**(13,352)**	**908**

3 Portfolio transaction costs

	2013 £000	2012 £000
Purchases in year before transaction costs	372,448	302,614
Commissions	4	2
Total purchase transaction costs*	4	2
Purchases including transaction costs	**372,452**	**302,616**
Sales in year before transaction costs	382,010	271,646
Commissions	(4)	(2)
Total sale transaction costs*	(4)	(2)
Sales net of transaction costs	**382,006**	**271,644**
Transaction handling charges*	**8**	**7**

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

4 Revenue

	2013 £000	2012 £000
Bank interest	13	26
Interest on debt securities	3,752	3,579
Interest on margin	-	1
Stock lending revenue	16	21
Total revenue	**3,781**	**3,627**

5 Expenses

	2013 £000	2012 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	195	191
General administration charge*	74	73
	269	264
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	23	25
Safe custody fees	15	14
	38	39
Total expenses	**307**	**303**

Irrecoverable VAT is included in the above expenses where relevant.

*The current audit fee, which is levied through GAC, is £9,660 (2012: £9,660).

6 Taxation

(a) Analysis of charge in the year

There is no tax charge for year.

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20%. The differences are explained below:

	2013 £000	2012 £000
Net revenue before taxation	3,474	3,324
Corporation tax at 20% (2012: 20%)	695	665
Effects of:		
Revenue being paid as interest distributions	(695)	(665)
Current tax charge for the year (note 6a)	**-**	**-**

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2012: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £2 (2012: £20) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

7 Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	2013 £000	2012 £000
Interim income	19	29
Interim accumulation	2,580	2,474
Final income	7	9
Final accumulation	885	936
Tax withheld on interest distributions	3	9
	3,494	3,457
Amounts deducted on cancellation of shares	87	41
Amounts received on issue of shares	(107)	(174)
Finance costs: Distributions	3,474	3,324
Total finance cost	**3,474**	**3,324**

Details of the distribution per share are set out in the distribution tables on page 92.

8 Debtors

	2013 £000	2012 £000
Accrued revenue	1,448	1,958
Amounts receivable for issue of shares	-	1
Amounts receivable on mergers	-	2
Sales awaiting settlement	-	2,802
Total debtors	**1,448**	**4,763**

9 Cash and bank balances

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	1,020	329
Cash and bank balances	21,219	10,473
Total cash and bank balances	**22,239**	**10,802**

10 Creditors

	2013 £000	2012 £000
Accrued ACD's periodic charge	17	31
Accrued Depositary's fees	2	4
Accrued other expenses	7	10
Amounts payable for cancellation of shares	416	684
Income tax payable	2	3
Purchases awaiting settlement	-	2,771
Total creditors	**444**	**3,503**

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

12 Related party transactions

The Financial Reporting Standard number 8 (FRS 8) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under FRS 8 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', 'Statement of change in net assets attributable to Shareholders' and the 'Balance sheet' on pages 82 and 83 and notes 5, 8 and 10 on pages 85 and 87 including all creations and cancellations where the ACD acted as principal.

Nortrust Nominees Limited and HSBC Global Custody Nominee, as material shareholders, are related parties comprising 11.22% (2012: 10.35%) and 83.33% (2012: nil) of the net assets of the Fund as at 31 October 2013.

Material transactions throughout the year such as creations and cancellations for these shareholders are included in the Statement of change in net assets attributable to shareholders.

13 Shareholder funds

The Fund currently has 4 share classes available; Class A (Retail with front-end charges), Class I (Institutional), Class Z (Institutional) and Class 3 accumulation units. The annual management charge on each share class is as follows:

Class A	1.00%
Class I	0.50%
Class Z	0.00%*
Class 3	0.15%

* Charges for managing Class Z shares are levied outside the Fund and are agreed between the ACD and investors.

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 75. The distribution per share class is given in the distribution table on page 92. All share classes have the same rights on winding up.

14 Financial derivatives

The Fund has used financial derivatives for the purpose of efficient portfolio management.

The use of derivatives can create additional counterparty risks. Details of the ACD's policies for managing counterparty and other risks are set out in note 3 to the financial statements.

The types of derivatives held at the year-end were futures and forward foreign currency contracts. Details of individual contracts are shown in the portfolio statement on page 11, and the total position by counterparty at the year-end is summarised below:

At 31 October 2013 the underlying exposure for each category of derivatives was as follows:

	Forward foreign currency contracts £000	Futures £000
Counterparty		
BNP Paribas	11,071	-
Credit Suisse	18,982	-
Deutsche Bank	3,569	-
Merrill Lynch	2,424	-
Morgan Stanley	279	-
Royal Bank of Scotland	16,592	-
Societe General	5,919	-
UBS	2,780	1,837

At 31 October 2012 the underlying exposure for each category of derivatives were as follows:

	Forward foreign currency contracts £000	Futures £000
Counterparty		
BNP Paribas	3,641	-
Citibank	18,711	-
Credit Suisse	6,670	-
Royal Bank of Scotland	20,287	-
UBS	16,208	8,590

15 Securities lending

The Fund and the Investment Manager have entered into a securities lending programme with BNP Paribas Securities Services acting as the Securities Lending Agent for the purposes of efficient portfolio management and in order to generate income.

Securities Lending Revenue is disclosed under 'Revenue' in the Statement of Total Return. The gross stock lending revenue for the year was £23,519 with expenses of £7,056 deducted to give net stock lending revenue of £16,463.

	2013 £000	2012 £000
Aggregate value of securities on loan at the year end	13,139	65,191
Aggregate value of collateral held at the year end	13,515	68,018

All collateral was in the form of bonds.

Eligible collateral types are approved by the Investment Manager and may consist of UK gilts, certificates of deposit, treasury bills, sovereign debt, euro sterling bonds and equities. The value of collateral required will range from 102.71% to 102.86% of the value of the securities on loan.

The counterparties at the year end were Deutsche Bank and Royal Bank of Scotland. This is consistent with prior year.

16 Risk

Risks in respect of financial assets and liabilities are set out in note 3 of the aggregated financial statements on pages 11 and 12.

Currency risk

Net currency monetary assets and liabilities consist of:

Currency	Investment assets including investment liabilities £000	Net other assets including (liabilities) £000	Net assets £000
2013			
Australian dollar	3,264	349	3,613
Canadian dollar	3,724	46	3,770
Danish krone	1,226	48	1,274
Euro	46,685	16,307	62,992
Japanese yen	60,261	2,142	62,403
Mexican peso	(218)	94	(124)
Singapore dollar	293	22	315
Swedish krona	252	593	845
UK sterling	(2,698)	2,211	(487)
US dollar	82,709	909	83,618
Total	**195,498**	**22,721**	**218,219**

Currency			
2012			
Australian dollar	1,166	429	1,595
Canadian dollar	4,408	113	4,521
Euro	51,355	3,625	54,980
Japanese yen	68,939	765	69,704
Swedish krona	3,840	363	4,203
UK sterling	96	765	861
US dollar	89,986	5,016	95,002
Total	**219,790**	**11,076**	**230,866**

16 Risk (continued)

Interest rate risk

The interest rate risk profile of the Fund's financial assets and liabilities at the year end is set out in the following table:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency				
2013				
Australian dollar	266	12,437	230	12,933
Canadian dollar	1	3,329	45	3,375
Danish krone	4	1,706	44	1,754
Euro	15,785	36,910	575	53,270
Japanese yen	1,993	62,146	150	64,289
Mexican peso	2	3,391	92	3,485
Singapore dollar	2	3,903	20	3,925
Swedish krona	580	1,821	14	2,415
UK sterling	3,176	-	65	3,241
US dollar	430	70,248	559	71,237
Total	**22,239**	**195,891**	**1,794**	**219,924**
Currency				
2012				
Australian dollar	427	1,116	51	1,594
Canadian dollar	53	4,408	60	4,521
Cayman dollar	2,968	51,374	3,483	57,825
Japanese yen	585	69,025	180	69,790
Swedish krona	225	3,847	138	4,210
UK sterling	2,474	-	119	2,593
US dollar	4,070	90,022	978	95,070
Total	**10,802**	**219,792**	**5,009**	**235,603**

Currency	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
2013				
Canadian dollar	-	-	6	6
Euro	-	-	336	336
Japanese yen	-	-	16	16
UK sterling	515	-	543	1,058
US dollar	-	-	289	289
Total	**515**	**-**	**1,190**	**1,705**
Currency				
2012				
Euro	-	-	2,845	2,845
Japanese yen	-	-	86	86
Swedish krona	-	-	7	7
UK sterling	977	-	757	1,734
US dollar	-	-	65	65
Total	**977**	**-**	**3,760**	**4,737**

16 Risk (continued)

Fixed rate financial assets Currency	Weighted average interest rate (%)	Weighted average period for which rate is fixed (years)
2013		
Australian dollar	4.00	2.79
Canadian dollar	4.25	8.09
Danish krone	1.03	8.05
Euro	3.20	13.48
Mexican peso	6.91	29.05
Japanese yen	0.79	9.16
Singapore dollar	3.44	19.85
Swedish krona	1.39	3.78
US dollar	0.98	7.26
Currency		
2012		
Australian dollar	4.48	10.48
Canadian dollar	2.60	6.59
Euro	3.83	9.80
Japanese yen	0.84	9.51
Swedish krona	1.96	8.09
US dollar	1.77	6.27

The 'weighted average interest rate' is based on the redemption yield of each asset, weighted by their market value.

Sensitivity analysis

A sensitivity analysis has not been undertaken as the Fund's exposure to derivative activity is considered insignificant.

Distribution tables for the year ended 31 October 2013 (in pence per share)

Interim interest distribution (accounting date 31 January 2013, paid on 29 March 2013)

Group 1: shares purchased prior to 1 November 2012
Group 2: shares purchased on or after 1 November 2012

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 29/03/2013	Distribution paid 30/03/2012
Class A income						
Group 1	0.3460	0.0692	0.2768	-	0.2768	0.2572
Group 2	0.0895	0.0179	0.0716	0.2052	0.2768	0.2572
Class I income						
Group 1	0.6218	0.1244	0.4974	-	0.4974	0.4909
Group 2	0.3649	0.0730	0.2919	0.2055	0.4974	0.4909
Class I accumulation	0.8040	0.1608	0.6432	-	0.6432	0.6289
Class 3 gross accumulation						
Group 1	0.4392	-	0.4392	-	0.4392	n/a
Group 2	0.3509	-	0.3509	0.0883	0.4392	n/a
Class I gross accumulation						
Group 1	0.8523	-	0.8523	-	0.8523	0.8186
Group 2	0.2796	-	0.2796	0.5727	0.8523	0.8186
Class Z gross accumulation						
Group 1	0.8671	-	0.8671	-	0.8671	0.8409
Group 2	0.5516	-	0.5516	0.3155	0.8671	0.8409

Interim interest distribution (accounting date 30 April 2013, paid on 28 June 2013)

Group 1: shares purchased prior to 1 February 2013
Group 2: shares purchased on or after 1 February 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 28/06/2013	Distribution paid 29/06/2012
Class A income						
Group 1	0.0920	0.0184	0.0736	-	0.0736	0.1031
Group 2	-	-	-	0.0736	0.0736	0.1031
Class I income						
Group 1	0.3391	0.0678	0.2713	-	0.2713	0.3251
Group 2	0.0595	0.0119	0.0476	0.2237	0.2713	0.3251
Class I accumulation	0.4399	0.0880	0.3519	-	0.3519	0.4177
Class 3 gross accumulation						
Group 1	0.2767	-	0.2767	-	0.2767	n/a
Group 2	0.0698	-	0.0698	0.2069	0.2767	n/a
Class I gross accumulation						
Group 1	0.4704	-	0.4704	-	0.4704	0.5455
Group 2	0.0329	-	0.0329	0.4375	0.4704	0.5455
Class Z gross accumulation						
Group 1	0.5742	-	0.5742	-	0.5742	0.6260
Group 2	-	-	-	0.5742	0.5742	0.6260

Distribution tables for the year ended 31 October 2013 (in pence per share)

Interim interest distribution (accounting date 31 July 2013, paid on 30 September 2013)

Group 1: shares purchased prior to 1 May 2013
Group 2: shares purchased on or after 1 May 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 30/09/2013	Distribution paid 28/09/2012
Class A income						
Group 1	0.1423	0.0285	0.1138	-	0.1138	0.1566
Group 2	-	-	-	0.5240	0.1138	0.1566
Class I income						
Group 1	0.4445	0.0889	0.3556	-	0.3556	0.3900
Group 2	0.1756	0.0351	0.1405	0.2151	0.3556	0.3900
Class I accumulation	0.5774	0.1155	0.4619	-	0.4619	0.5019
Class 3 gross accumulation						
Group 1	0.3350	-	0.3350	-	0.3350	n/a
Group 2	0.1918	-	0.1918	0.1432	0.3350	n/a
Class I gross accumulation	0.6047	-	0.6047	-	0.6047	0.6555
Class Z gross accumulation						
Group 1	0.6831	-	0.6831	-	0.6831	0.7208
Group 2	0.2331	-	0.2331	0.4500	0.6831	0.7208

Final interest distribution (accounting date 31 October 2013, paid on 31 December 2013)

Group 1: shares purchased prior to 1 August 2013
Group 2: shares purchased on or after 1 August 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 31/12/2013	Distribution paid 31/12/2012
Class A income						
Group 1	0.2471	0.0494	0.1977	-	0.1977	0.2154
Group 2	0.1393	0.0279	0.1114	0.0863	0.1977	0.2154
Class I income						
Group 1	0.3726	0.0745	0.2981	-	0.2981	0.4433
Group 2	0.2076	0.0415	0.1661	0.1320	0.2981	0.4433
Class I accumulation	0.4850	0.0970	0.3880	-	0.3880	0.5718
Class 3 gross accumulation						
Group 1	0.3702	-	0.3702	-	0.3702	0.0214
Group 2	0.1321	-	0.1321	0.2381	0.3702	0.0214
Class I gross accumulation						
Group 1	0.6896	-	0.6896	-	0.6896	0.7404
Group 2	0.2608	-	0.2608	0.4288	0.6896	0.7404
Class Z gross accumulation						
Group 1	0.7386	-	0.7386	-	0.7386	0.7847
Group 2	0.0618	-	0.0618	0.6768	0.7386	0.7847

Authorised Corporate Director's report

Fund Manager
Matthew Beesley

Investment objective and policy
To aim to provide capital growth by investing in companies in any economic sector and any area of the world.

Other Information
With effect from 2 December 2013 the Henderson International Fund changed its name to Henderson World Select Fund, and the Investment objective and policy changed to:
The Fund aims to provide capital growth by investing in a concentrated portfolio of company shares in any economic sector and any area of the world. The Fund will invest in companies of any market capitalisation, and in a portfolio of typically 30-40 holdings.

Performance summary

	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %	31 Oct 09 - 31 Oct 10 %	31 Oct 08 - 31 Oct 09 %
Henderson International Fund	31.7	3.1	(0.4)	19.3	21.2
MSCI World Index	26.8	10.3	1.3	16.8	16.9

Source: Morningstar - mid to mid, net income reinvested, net of fees.
Figures in brackets are negative.
Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Significant portfolio changes for the year ended 31 October 2013

Largest purchases	**£000**	**Largest sales**	**£000**
eBay	1,988	Citigroup	2,104
Parker Hannifin	1,917	Unilever	2,034
Fortune Brands Home	1,873	Davita Healthcare Partners	1,958
Sumitomo Mitsui	1,865	Makita	1,938
Volvo	1,840	Las Vegas Sands	1,876
KBC	1,801	Standard Chartered	1,770
Pentair	1,788	Centrica	1,763
Walgreen	1,739	Allianz	1,749
Don Quijote	1,668	Oracle	1,722
Mediaset	1,593	Vodafone	1,696
Total purchases	**41,889**	**Total sales**	**44,973**

Fund Manager's Commentary

Improving global economic data and continuing central bank stimulus underpinned the rally in equities over the 12-month review period, raising the US S&P 500 Index to all-time highs. Japanese markets led the rally in early 2013, boosted by the new leadership's plans to reinvigorate the economy and create inflation via aggressive monetary intervention and fiscal policy changes. However, a keynote speech by US Federal Reserve (Fed) Chairman Ben Bernanke in May led to a sharp reversal in global risk sentiment, as investors began to contemplate the implications of a reduction in the US$85bn monthly stimulus injected by the US central bank. As US bond yields rose (prices fell) in reaction, emerging markets took the brunt of the pain, augmented by weak economic data from China. During the third quarter of 2013 the market resumed its upward trajectory led by European bourses as expectations of economic recovery in the region dominated investor sentiment.

The Fund outperformed its benchmark over the review period, returning 31.7% versus the benchmark's return of 26.8%. Shares in North American and Japanese companies added the most to returns while the Fund's slight overweight allocation to Emerging Markets detracted. By sector outperformance was driven by consumer discretionary and financials positions. This was offset slightly by underperforming positions in information technology and healthcare. At the stock level, leading UK retail bank Lloyds was a standout performer returning close to 90% over the period. Our view has been that investors have underappreciated the bank's earnings power and overemphasised the bank's non-performing loan book. With the strengthening UK economy providing a tailwind, recent quarters have seen Lloyds report solid earnings and lower impairment charges. Similarly, Belgian bank KBC Groep enjoyed a year of consensus-beating earnings thanks to rising revenues, lower costs and falling impairment charges. While the bank is still in debt to the Flemish state over aid provided during the financial crisis, KBC's solid capital adequacy and earnings power means the bank should be well on track to make this repayment ahead of schedule.

Strong relative returns were not confined to European banks alone. Positive relative returns were distributed regionally and by sector. In North America, broadcaster CBS, internet services firm priceline.com, and auto parts manufacturer BorgWarner reported earnings ahead of consensus expectations. In Japan, Makita and Don Quijote outperformed, while in the UK broadcaster ITV successfully reduced the company's indebtedness, finding efficiency savings across the business, and lowering the exposure to advertising revenues by growing its more stable production division.

Underperformance came from US software solutions firm Citrix, which reported lower than expected earnings as weak enterprise spending weighed on revenues. Citrix, however, still appears well-positioned to benefit from structural growth in cloud computing and networking. Underperformance from positions in BG Group and Rio Tinto prompted us to review these positions, ultimately leading to them being sold. Our outlook for earnings growth at both firms was compromised: in BG's case by revised production guidance in late 2012; and at Rio Tinto through its exposure to iron ore prices and by extension to slowing Chinese growth.
During the period we initiated a position in Japanese retailer and operator of Muji stores Ryohin Keikaku. Given its solid pricing power the company appears well-positioned to benefit from renewed consumer confidence and inflation in Japan, an improvement in Japanese home sales, as well as increasing demand from the emerging Chinese consumer. We also added two positions in Italy: Unicredit and Mediaset, The weak economic environment in Italy drove both companies to undertake significant restructuring and cost cutting. We believe Unicredit is now more conservatively provisioned than its discount to book value would imply, while Mediaset should be in a strong position to benefit from operational leverage as revenues recover. During the first and second quarters of 2013 we reduced the Fund's exposure to emerging markets, both directly and indirectly, as tightening Chinese credit conditions and slowing gross domestic product growth along with rising US long-term interest rates made us more cautious towards the region. We sold positions in Indonesian bank Bank Mandiri and Turkish bank Turkiye Halk Bankasi as these had reached our price targets, as well as Citigroup, Standard Chartered, and Las Vegas Sands.

Over the course of the past five years we have witnessed companies restructure and improve efficiency in order to operate and survive in an environment of lower economic growth. With economic data improving globally, along with business and consumer sentiment indicators, there is scope for increased profitability. While we are conscious that political and macroeconomic factors may continue to drive markets and investor sentiment in the short term, our investment philosophy and process remains focused on fundamental bottom-up opportunities within companies undergoing significant change.

Comparative tables as at 31 October 2013

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)
Class A accumulation				
31/10/2011	48,282,271	47,322,288	8,809,220	537.19
31/10/2012	49,800,815	48,720,164	8,562,717	568.98
31/10/2013	62,421,968	60,739,551	8,135,245	746.62
Class I accumulation				
31/10/2011	48,282,271	959,983	163,948	585.54
31/10/2012	49,800,815	1,080,651	172,662	625.88
31/10/2013	62,421,968	1,682,417	203,053	828.56

Comparative tables (continued)

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	-	536.20	325.30
2009	0.94	483.80	328.50
2010#	-	494.60	476.10
Class A accumulation			
2008	0.45	555.70	338.60
2009	3.06	506.50	342.50
2010	-	590.00	480.30
2011	-	594.30	478.10
2012	-	612.40	541.20
2013	0.40*	750.60+	592.10+
Class I accumulation			
2008	4.48	587.70	359.80
2009	6.57	542.60	364.70
2010	1.69	638.00	514.90
2011	4.48	642.80	520.10
2012	3.89	670.10	592.90
2013	6.12*	833.00+	652.30+

* to 31 December
+ to 31 October
# Class X merged with Class A on 11 January 2010

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 year, except for expenses that are explicitly excluded by regulation.

	2013 %	2012 %
Class A	1.76*	1.76
Class I	0.87**	0.85†

It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

† From 1 August 2012, the General Administration Charge (GAC) increased from 0.06% to 0.10%.

From 10 August 2013, the GAC:
* decreased from 0.24% to 0.18%
** decreased from 0.10% to 0.075%

Risk and reward profile

The Fund currently has 2 types of shares in issue; A accumulation and I accumulation. Each type of share has the same risk and reward profile which is as follows:

Typically Lower potential risk/reward ← → **Typically Higher potential risk/reward**

Lower Risk — **Higher Risk**

1	2	3	4	5	6	7

The synthetic risk and reward indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions. The value of an investment in the Fund can go up or down. When you sell your shares, they may be worth less than you paid for them. The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- As a category, shares are 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.

There have been no changes to the risk rating in the year.

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

Portfolio statement as at 31 October 2013

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 94.73% (2012: 94.33%)		
	Australia 2.05% (2012: 0.00%)		
466,300	Treasury Wine Estates	1,281	2.05
	Belgium 3.11% (2012: 0.00%)		
57,100	KBC	1,940	3.11
	France 1.43% (2012: 0.00%)		
374,600	Alcatel	893	1.43
	Germany 2.78% (2012: 8.19%)		
288,400	Infineon Technologies	1,738	2.78
	Hong Kong 3.15% (2012: 1.90%)		
622,300	AIA Group	1,966	3.15
	Italy 5.44% (2012: 0.00%)		
594,700	Mediaset	1,857	2.98
328,000	Unicredit	1,536	2.46
		3,393	5.44
	Japan 9.25% (2012: 5.13%)		
37,400	Don Quijote	1,545	2.48
179,100	Ebara	596	0.96
28,200	Ryohin Keiaku	1,750	2.80
62,950	Sumitomo Mitsui	1,881	3.01
		5,772	9.25
	Korea 2.22% (2012: 0.00%)		
1,610	Samsung Electronics	1,384	2.22
	Sweden 2.59% (2012: 0.00%)		
202,000	Volvo	1,617	2.59
	Switzerland 3.03% (2012: 0.00%)		
45,250	Pentair	1,890	3.03
	United Kingdom 4.85% (2012: 17.83%)		
650,100	ITV	1,241	1.99
2,306,410	Lloyds Banking Group	1,788	2.86
		3,029	4.85
	United States 54.83% (2012: 59.28%)		
38,300	Bed Bath & Beyond	1,842	2.95
24,400	Borg Warner	1,567	2.51
53,340	CBS	1,963	3.14
68,810	Charles Schwab	970	1.55
40,180	Citrix Systems	1,420	2.27
22,240	Cummins	1,758	2.82
57,000	eBay	1,870	3.00
10,329	Expedia	378	0.61

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
	United States (continued)		
74,200	Fortune Brands Home	1,990	3.19
3,150	Google	2,021	3.24
50,530	L Brands	1,969	3.15
53,100	Microsoft	1,168	1.87
36,810	National Oilwell Varco	1,860	2.98
31,670	Occidental Petroleum	1,895	3.04
29,600	Parker Hannifin	2,150	3.44
97,990	Pfizer	1,871	3.00
26,460	Praxair	2,054	3.29
2,350	Priceline	1,542	2.47
25,510	PVH	1,978	3.17
53,200	Walgreen	1,962	3.14
		34,228	54.83
	Investment assets	**59,131**	**94.73**
	Net other assets	3,291	5.27
	Net assets	**62,422**	**100**

Statement of total return for the year ended 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Income					
Net capital gains	2		15,158		2,999
Revenue	4	1,137		847	
Expenses	5	(977)		(873)	
Net revenue/(expense) before taxation		160		(26)	
Taxation	6	(115)		(87)	
Net revenue/(expense) after taxation			45		(113)
Total return before distributions			15,203		2,886
Finance costs: Distributions	7		(45)		(7)
Change in net assets attributable to shareholders from investment activities			**15,158**		**2,879**

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Opening net assets attributable to shareholders		**49,801**		**48,282**
Amounts receivable on issue of shares	189		444	
Amounts payable on cancellation of shares	(2,771)		(1,811)	
		(2,582)		(1,367)
Change in net assets attributable to shareholders from investment activities (see above)		15,158		2,879
Retained distribution on accumulation shares		45		7
Closing net assets attributable to shareholders		**62,422**		**49,801**

Balance sheet as at 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Assets					
Investment assets			59,131		46,981
Debtors	**8**	915		1,301	
Cash and bank balances	**9**	2,867		2,228	
Total other assets			3,782		3,529
Total assets			62,913		50,510
Liabilities					
Creditors	**10**	491		618	
Bank overdrafts		-		91	
Total other liabilities			491		709
Total liabilities			**491**		**709**
Net assets attributable to shareholders			**62,422**		**49,801**

1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the aggregated financial statements on pages 8 to 12.

2 Net capital gains

Net capital gains on investments during the year comprise:

	2013 £000	2012 £000
Non-derivative securities	15,234	3,086
Other currency losses	(72)	(84)
Transaction costs	(4)	(3)
Net capital gains	**15,158**	**2,999**

3 Portfolio transaction costs

	2013 £000	2012 £000
Purchases in year before transaction costs	41,820	52,304
Commissions	56	75
Taxes	13	29
Total purchase transaction costs*	69	104
Purchases including transaction costs	**41,889**	**52,408**
Sales in year before transaction costs	45,038	55,596
Commissions	(64)	(82)
Taxes	(1)	(2)
Total sale transaction costs*	(65)	(84)
Sales net of transaction costs	**44,973**	**55,512**
Transaction handling charges*	**4**	**3**

* These amounts have been deducted in determining net capital gains.

4 Revenue

	2013 £000	2012 £000
Bank interest	7	7
Overseas dividends	898	693
UK dividends	232	147
Total revenue	**1,137**	**847**

5 Expenses

	2013 £000	2012 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	840	751
General administration charge*	126	114
	966	865
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	6	4
Safe custody fees	5	4
	11	8
Total expenses	**977**	**873**

Irrecoverable VAT is included in the above expenses where relevant.
*The current audit fee, which is levied through GAC, is £9,660 (2012: £9,660).

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

	2013 £000	2012 £000
Overseas tax reclaims	(17)	(9)
Overseas withholding tax	132	96
Total current tax (note 6b)	**115**	**87**

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20%. The differences are explained below:

	2013 £000	2012 £000
Net revenue/(expense) before taxation	160	(26)
Corporation tax at 20% (2012: 20%)	32	(5)
Effects of:		
Irrecoverable overseas tax	114	87
Non-taxable overseas dividends **	(179)	(135)
UK dividends*	(46)	(29)
Unused management expenses	194	169
Current tax charge for the year (note 6a)	**115**	**87**

* As an OEIC this item is not subject to corporation tax.

** Overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2012: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £1,715,916 (2012: £1,522,104) in relation to unused management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

7 Finance costs

Distributions and interest

	2013 £000	2012 £000
Final accumulation	45	7
Total finance cost	**45**	**7**
Net revenue/(expense) after taxation	45	(113)
Revenue shortfall	-	120
Finance cost: Distributions	**45**	**7**

Details of the distribution per share are set out in the distribution tables on page 110.

8 Debtors

	2013 £000	2012 £000
Accrued revenue	51	58
Amounts receivable for issue of shares	27	-
Currency transactions awaiting settlement	382	-
Overseas withholding tax reclaimable	72	56
Sales awaiting settlement	383	1,187
Total debtors	**915**	**1,301**

9 Cash and bank balances

	2013 £000	2012 £000
Cash and bank balances	2,867	2,228
Total cash and bank balances	**2,867**	**2,228**

10 Creditors

	2013 £000	2012 £000
Accrued ACD's periodic charge	77	124
Accrued Depositary's fees	1	1
Accrued other expenses	10	11
Amounts payable for cancellation of shares	20	10
Currency transactions awaiting settlement	383	-
Purchases awaiting settlement	-	472
Total creditors	**491**	**618**

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

12 Related party transactions

The Financial Reporting Standard number 8 (FRS 8) on ‘Related Party Disclosures’ requires the disclosure of details of material transactions between the Fund and any related parties. Under FRS 8 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the ‘Statement of total return’, ‘Statement of change in net assets attributable to Shareholders’ and the ‘Balance sheet’ on pages 102 and 103 and notes 5, 8 and 10 on pages 105 to 108 including all creations and cancellations where the ACD acted as principal.

HSBC Global Custody Nominee, as a material shareholders is a related party holding shares comprising 60.56% (2012: nil) of the total net assets of the Fund as at 31 October 2013.

Material transactions throughout the year such as creations and cancellations for this shareholder are included in the Statement of change in net assets attributable to shareholders.

13 Shareholder funds

The Fund currently has 2 share classes available: Class A (Retail with front-end charges) and Class I (Institutional). The annual management charge on each share class is as follows:

Class A	1.50%
Class I	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 96. The distribution per share class is given in the distribution table on page 110. All share classes have the same rights on winding up.

14 Risk

Risks in respect of financial assets and liabilities are set out in note 3 of the aggregated financial statements on pages 11 to 12.

Currency risk

Net currency monetary assets and liabilities consist of:

Currency	Investment assets £000	Net other assets including (liabilities) £000	Net assets £000
2013			
Australian dollar	1,281	-	1,281
Euro	7,964	14	7,978
Hong Kong dollar	1,966	1	1,967
Indonesian rupiyah		1	1
Japanese yen	5,772	33	5,805
Korean won	1,384	-	1,384
Swedish krona	1,617	-	1,617
Swiss franc	-	49	49
UK sterling	3,029	3,179	6,208
US dollar	36,118	14	36,132
Total	**59,131**	**3,291**	**62,422**

Currency	Investment assets £000	Net other assets including (liabilities) £000	Net assets £000
2012			
Euro	4,080	5	4,085
Hong Kong dollar	947	1	948
Indonesian rupiah	997	(162)	835
Japanese yen	2,558	32	2,590
Norwegian krone	-	2	2
Swiss franc	-	41	41
UK sterling	10,533	1,797	12,330
US dollar	27,866	1,104	28,970
Total	**46,981**	**2,820**	**49,801**

Interest rate risk profile of financial assets and financial liabilities

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

Sensitivity analysis

A sensitivity analysis has not been undertaken as no derivative activity has been undertaken during the year.

Distribution tables for the year ended 31 October 2013 (in pence per share)

Final dividend distribution (accounting date 31 October 2013, paid on 31 December 2013)

	Net revenue	Distribution paid 31/12/2013	Distribution paid 31/12/2012
Class A accumulation	0.3986	0.3986	-
Class I accumulation	6.1156	6.1156	3.8851

Authorised Corporate Director's report

Fund Manager
Michael Wood-Martin

Investment objective and policy
To aim to provide capital growth by investing in Japanese companies. The Fund is not restricted in the size of companies in which it can invest.

Performance summary

	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %	31 Oct 09 - 31 Oct 10 %	31 Oct 08 - 31 Oct 09 %
Henderson Japan Capital Growth Fund	30.3	(4.7)	5.5	7.1	7.5
MSCI Japan Index	34.6	(2.9)	(3.1)	8.2	11.7

Source: Morningstar – mid to mid, net income reinvested, net of fees.
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 year ended 31 October 2013

Largest purchases	£000	Largest sales	£000
Suzuki	1,390	TDK	1,666
Suntory Beverage & Food	979	Daiwa Securities	1,281
Inpex	824	Sony	1,197
Disco	795	Shin-Etsu Chemical	1,010
Shimamura	751	Rakuten	944
Credit Saison	705	Nomura Research Institute	755
Sony	588	Secom	734
Canon	565	Murata Manufacturing	587
Nippon Telegraph & Telephone	491	Benesse	563
Murata Manufacturing	471	Credit Saison	483
Total purchases	**11,485**	**Total sales**	**12,482**

Fund Manager's commentary

It was a tremendous twelve months for Japan as the change in government coupled with a more aggressive approach being adopted by the central bank transformed sentiment towards the equity market. Stocks enjoyed a terrific rise with the market soaring by close to 75% on the initial burst of enthusiasm, which was then followed by a necessary period of consolidation over the latter stages of the period. The main stock market indices ended more than 60% higher while the smaller indices performed even better. There was a price to be paid, however, in that the value of the yen slipped on account of the easier monetary stance so part of this gain was given back when returns are viewed from overseas. Nevertheless equities gained more than a third when measured in sterling terms, which catapulted Japan to the top of performance tables in comparison to equity returns elsewhere. The weakness of the yen is already having an impact as the benefits feed through to profits, which are on course to record a rapid recovery this year and which should continue to have a positive effect thereafter. It was a year when politics took centre stage for all the right reasons.

Financials were the strongest contributors to the portfolio as this sector was one of the first to benefit from the recovery in the stock market. Consumer discretionary, which was not an automatic beneficiary of the changes in monetary policy, was the weakest area. At the stock level the large commitment to the financial sector reflected the strongest gainers, with Daiwa Securities more than doubling in share price. Bank positions also performed strongly. Other contributors included Sony (electronics), which benefited from further restructuring, Murata Manufacturing (components), where the company's position goes from strength to strength, and Mitsui O.S.K. Lines (shipping) as investors anticipated a recovery in fortunes. Lagging the market were stocks that either did not benefit from policy change or had disappointing earnings. These included Yamada Denki (retail) and Nintendo (gaming). Inpex (oil exploration) was left behind as commodity-related stocks fared poorly.

The portfolio maintained its bias towards one of domestic reflation backed by the change in political landscape, with sizeable weightings in financials and domestic discretionary. Over the period a number of stocks were sold out of the portfolio as their uses had either been fulfilled or the outlook had diminished. Disposals included Shin-Etsu Chemical and Secom (security) on the grounds of valuation, whereas both Benesse (educational materials) and TDK (electronics) were sold as the outlook for their respective businesses took a turn for the worse. New additions included retailer Shimamura whose track record of profitable business expansion is impressive, Suzuki Motor, which has exposure to the nascent Indian car market, and Disco, which occupies a niche area within the electronics industry. A position was also established in new listing Suntory Beverage & Food, which is one of Japan's largest soft drinks companies.

Outlook

As the stock market has corrected there has been growing concern over the much vaulted reforms promised by the newly elected government and rather charismatic premier Abe-san. Perhaps this is healthy scepticism. The outlook for profit growth is encouraging as the full benefits of a weaker yen and easier monetary policy wash though the economy. With wages and corporate spending looking set to rise, while the banking sector is witnessing an expansion in lending, the prospects for growth are promising. Japan is in many ways distinctive from economies elsewhere as it is only just beginning to benefit from the policies that have recently been enacted, so that the way ahead should compare favourably. The stock market has risen substantially, albeit from levels that were extraordinarily supressed, but it would be premature to call time on Japan just at the point when the economy finally turns the corner. We believe the path towards Japan's recovery is only part travelled.

Comparative tables as at 31 October 2013

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)
Class A accumulation				
31/10/2011	33,646,495	17,142,999	10,524,701	162.88
31/10/2012	32,357,052	17,344,282	11,097,473	156.29
31/10/2013	40,470,358	21,817,525	10,700,992	203.88
Class I accumulation				
31/10/2011	33,646,495	16,503,496	9,553,805	172.74
31/10/2012	32,357,052	15,012,770	8,991,103	166.97
31/10/2013	40,470,358	18,652,833	8,485,628	219.82

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	-	160.50	118.70
2009	0.05	155.70	117.00
2010#	-	146.90	139.80
Class A accumulation			
2008	0.28	166.60	123.40
2009	0.99	162.20	121.90
2010	0.59	181.70	146.30
2011	0.72	183.40	152.10
2012	0.64	177.10	152.60
2013	0.10*	221.60+	161.80+
Class I accumulation			
2008	1.10	173.20	128.50
2009	1.64	169.00	127.20
2010	1.70	191.60	153.30
2011	1.71	193.60	160.60
2012	1.92	188.40	163.00
2013	2.09*	238.00+	173.20+

* to 31 December
+ to 31 October
# Class X merged with Class A on 11 January 2010

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 year, except for expenses that are explicitly excluded by regulation.

	2013 %	2012 %
Class A	1.76*	1.77
Class I	0.87**	1.03†

It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

† From 1 August 2012, the Annual Management Charge decreased from 1.00% to 0.75% and the General Administration Charge (GAC) increased from 0.06% to 0.10%.

From 10 August 2013 the GAC:

* decreased from 0.24% to 0.18%.

** decreased from 0.10% to 0.075%.

Risk and reward profile

The Fund currently has 2 types of share in issue; A accumulation and I accumulation. Each type of share has the same risk and reward profile which is as follows:

Typically Lower potential risk/reward						**Typically Higher potential risk/reward**
Lower Risk						**Higher Risk**
1	2	3	4	5	6	7

The synthetic risk and reward indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions. The value of an investment in the Fund can go up or down. When you sell your shares, they may be worth less than you paid for them. The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- The Fund focuses 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.

There have been no changes to the risk rating in the year.

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

Portfolio statement as at 31 October 2013

Holding	Investment	Market value £000	Percentage of total net assets %
	Equities 98.90% (2012: 97.28%)		
	Consumer goods 29.12% (2012: 15.86%)		
126,000	Daiwa House Industries	1,565	3.87
6,380	Keyence	1,700	4.20
16,700	Nintendo	1,166	2.88
16,600	Nitori	968	2.39
233,000	Sekisui Chemical	1,681	4.15
35,500	Seven & I	814	2.01
11,400	Shimamura	796	1.97
62,000	Sony	737	1.82
46,700	Suntory Beverage & Food	955	2.36
90,100	Suzuki Motor	1,404	3.47
		11,786	29.12
	Consumer services 10.38% (2012: 12.72%)		
32,700	Japan Airlines	1,187	2.93
78,400	Tokio Marine	1,592	3.93
819,100	Yamada Denki	1,424	3.52
		4,203	10.38
	Financials 22.75% (2012: 26.07%)		
80,900	Credit Saison	1,373	3.39
286,000	Daiwa Securities	1,617	4.00
671,400	Mitsubishi UFJ Financial	2,641	6.53
1,216,800	Mizuho Financial	1,582	3.91
66,700	Sumitomo Mitsui Financial	1,993	4.92
		9,206	22.75
	Industrials 17.64% (2012: 25.79%)		
22,300	Disco	874	2.16
218,000	Inpex	1,566	3.87
480,000	Mitsui O.S.K Lines	1,255	3.11
30,100	Murata Manufacturing	1,503	3.71
27,100	Sankyo	799	1.97
85,500	Yamato Holdings	1,140	2.82
		7,137	17.64
	Technology 15.94% (2012: 14.05%)		
82,300	Canon	1,608	3.97
113,400	Nippon Television	1,291	3.19
40,500	Nomura Research Institute	843	2.08
63,100	NS Solutions	895	2.21
224,000	Rakuten	1,816	4.49
		6,453	15.94
	Telecommunications 3.07% (2012: 2.79%)		
38,500	Nippon Telegraph & Telephone	1,241	3.07
	Investment assets	**40,026**	**98.90**
	Net other assets	444	1.10
	Net assets	**40,470**	**100.00**

Statement of total return for the year ended 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Income					
Net capital gains/(losses)	2		9,561		(1,434)
Revenue	4	767		770	
Expenses	5	(525)		(473)	
Net revenue before taxation		242		297	
Taxation	6	(54)		(54)	
Net revenue after taxation			188		243
Total return before distributions			9,749		(1,191)
Finance costs: Distributions	7		(188)		(243)
Change in net assets attributable to unitholders from investment activities			**9,561**		**(1,434)**

Statement of change in net assets attributable to shareholders

for the year ended 31 October 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Opening net assets attributable to shareholders		**32,357**		**33,646**
Amounts receivable on issue of shares	10,911		4,121	
Amounts payable on cancellation of shares	(12,547)		(4,219)	
		(1,636)		(98)
Change in net assets attributable to shareholders from investment activities (see above)		9,561		(1,434)
Retained distribution on accumulation shares		188		243
Closing net assets attributable to shareholders		**40,470**		**32,357**

Balance sheet as at 31 October 2013

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
Assets					
Investment assets			40,026		31,476
Debtors	**8**	637		502	
Cash and bank balances	**9**	109		1,046	
Total other assets			746		1,548
Total assets			40,772		33,024
Liabilities					
Creditors	**10**	302		667	
Total other liabilities			302		667
Total liabilities			302		667
Net assets attributable to shareholders			**40,470**		**32,357**

Notes to the financial statements as at 31 October 2013

1 Accounting policies

The accounting policies, distribution policy and potential risks are set out in notes 1 to 3 of the aggregated financial statements on pages 8 to 12.

2 Net capital gains/(losses)

Net capital gains/(losses) on investments during the year comprise:

	2013 £000	2012 £000
Non-derivative securities	9,548	(1,428)
Other currency gains/(losses)	15	(4)
Transaction costs	(2)	(2)
Net capital gains/(losses)	**9,561**	**(1,434)**

3 Portfolio transaction costs

	2013 £000	2012 £000
Purchases in year before transaction costs	11,471	10,833
Commissions	14	14
Total purchase transaction costs*	14	14
Purchases including transaction costs	**11,485**	**10,847**
Sales in year before transaction costs	12,497	10,695
Commissions	(15)	(15)
Total sale transaction costs*	(15)	(15)
Sales net of transaction costs	**12,482**	**10,680**
Transaction handling charges*	**2**	**2**

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

4 Revenue

	2013 £000	2012 £000
Bank interest	2	3
Overseas dividends	762	767
Stock lending revenue	4	-
Total revenue	**768**	**770**

5 Expenses

	2013 £000	2012 £000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	453	413
General administration charge*	65	53
	518	466
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	4	4
Safe custody fees	3	3
	7	7
Total expenses	**525**	**473**

Irrecoverable VAT is included in the above expenses where relevant.

* The current audit fee, which is levied through GAC is £9,660 (2012: £9,660).

6 Taxation

(a) Analysis of charge in the year

The tax charge comprises:

	2013 £000	2012 £000
Overseas withholding tax	54	54
Total taxation	**54**	**54**

b) Factors affecting current tax charge for year

The tax assessed for the year is different to the standard rate of corporation tax in the UK for funds of authorised open ended investment companies (OEICs) of 20%. The differences are explained below:

	2013 £000	2012 £000
Net revenue before taxation	243	297
Corporation tax at 20% (2012: 20%)	49	59
Effects of:		
Irrecoverable overseas tax	54	54
Non-taxable overseas dividends*	(153)	(153)
Unused management expenses	104	94
Current tax charge for the year (note 6a)	**54**	**54**

* Overseas dividends are not subject to corporation tax from 1 July 2009 due to changes enacted in the Finance Act 2009.

OEICs are exempt from tax on capital gains made in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred tax

There is no provision required for deferred taxation at the Balance sheet date (2012: nil).

(d) Factors that may affect future tax charges

At the year end, after claiming relief against revenue taxable on receipt, there is a potential deferred tax asset of £2,131,888 (2012: £2,028,013) in relation to unused management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

7 Finance costs

Distributions and interest

	2013 £000	2012 £000
Final accumulation	188	243
Finance costs: Distributions	188	243
Total finance cost	**188**	**243**

Details of the distribution per share are set out in the distribution table on page 124.

8 Debtors

	2013 £000	2012 £000
Accrued revenue	262	269
Amounts receivable for issue of shares	14	5
Currency transactions awaiting settlement	126	143
Overseas withholding tax reclaimable	-	85
Sales awaiting settlement	235	-
Total debtors	**637**	**502**

9 Cash and bank balances

	2013 £000	2012 £000
Cash and bank balances	109	1,046
Total cash and bank balances	**109**	**1,046**

10 Creditors

	2013 £000	2012 £000
Accrued ACD's periodic charge	39	31
Accrued other expenses	5	5
Amounts payable for cancellation of shares	23	291
Currency transactions awaiting settlement	126	144
Purchases awaiting settlement	109	196
Total creditors	**302**	**667**

11 Contingent liabilities and commitments

There were no contingent liabilities or outstanding commitments at the current or prior year end.

12 Related party transactions

The Financial Reporting Standard number 8 (FRS 8) on 'Related Party Disclosures' requires the disclosure of details of material transactions between the Fund and any related parties. Under FRS 8 the ACD is deemed to be a related party. All transactions and balances associated with the ACD are disclosed within the 'Statement of total return', 'Statement of change in net assets attributable to Shareholders' and the 'Balance sheet' on pages 116 to 117 and notes 5, 8 and 10 on pages 119 to 121 including all creations and cancellations where the ACD acted as principal.

HSBC Global Custody Nominees Limited and Scottish Equitable Plc as material shareholders, are related parties holding shares comprising 35.29% (2012: 34.03%) and 12.06% (2012: 8.65%) of the total assets of the Fund as at 31 October 2013.

Material transactions throughout the year such as creations and cancellations for these shareholders are included in the statement of change in net assets attributable to shareholders.

13 Shareholder funds

The Fund currently has 2 share classes available; Class A and Class I. The annual management charge on each share class is as follows:

Class A	1.50%
Class I	0.75%

The net asset value of each share class, the net asset value per share and the number of shares in each share class are given in the comparative table on page 113. The distribution per share class is given in the distribution table on page 124. All share classes have the same rights on winding up.

14 Securities lending

The Fund and the Investment Manager have entered into a securities lending programme with BNP Paribas Securities Services acting as the Securities Lending Agent for the purposes of efficient portfolio management and in order to generate income.

Securities Lending Revenue is disclosed under 'Revenue' in the Statement of Total Return. The gross stock lending revenue for the year was £5,269 with expenses of £1,581 deducted to give net stock lending revenue of £3,688.

	2013 £000	2012 £000
Aggregate value of securities on loan at the year end	258	773
Aggregate value of collateral held at the year end	278	881

All collateral was in the form of bonds.

Eligible collateral types are approved by the Investment Manager and may consist of UK gilts, certificates of deposit, treasury bills, sovereign debt, euro sterling bonds and equities. The value of collateral required will range from 101% to 107% of the value of the securities on loan.

The counterparty at the year end was Commerzbank (2012: Deutsche Bank).

15 Risk

Risks in respect of financial assets and liabilities are set out in note 3 of the aggregated financial statements on pages 11-12.

Currency risk

Net currency monetary assets and liabilities consist of:

	Investment assets £000	Net other assets £000	Net assets £000
Currency			
2013			
Japanese yen	40,026	219	40,245
UK sterling	-	225	225
Total	**40,026**	**444**	**40,470**
Currency			
2012			
Japanese yen	31,476	268	31,744
UK sterling	-	613	613
Total	**31,476**	**881**	**32,357**

Interest rate risk profile of financial assets and financial liabilities

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

Sensitivity analysis

A sensitivity analysis has not been undertaken as the Fund's exposure to derivative activity is considered insignificant.

Distribution tables for the year ended 31 October 2013 (in pence per share)

Final dividend distribution (accounting date 31 October 2013, paid on 31 December 2013)

	Net revenue	Distribution paid 31/12/2013	Distribution paid 31/12/2012
Class A accumulation	0.0963	0.0963	0.6403
Class I accumulation	2.0893	2.0893	1.9155

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 lines are also available:

Client Services: 0800 832 832

or you can contact us via e-mail at **support@henderson.com**

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

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