Henderson
GLOBAL INVESTORS

ANNUAL SHORT REPORT

For the year ended
31 October 2013

Henderson Institutional North American Enhanced Equity Fund

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Short Report
For the year ended 31 October 2013

Fund Manager

Henderson Multi Strategy Equities Team

Investment objective and policy

The Fund aims to provide consistent capital growth relative to the FTSE World North America Index (or such other index as may from time to time replace it) through investing primarily in North American companies. There are no restrictions on the size of the companies in which the Fund may invest.

The Fund aims to provide an annual return above that of the FTSE World North America Index, whilst controlling risk. The Fund will invest primarily in North American companies included within the FTSE World North America Index. Additionally, the Fund can invest in companies listed on other exchanges which are associated with FTSE World North America Index listed shares or other North American companies.

The Fund will not attempt to replicate identically the share composition of the FTSE World North America Index, and the Fund Manager will actively review the shares within the portfolio, and effect adjustments as necessary in order to achieve the investment objective.

The Fund may invest the property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Other information

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

Risk and reward profile

The Fund currently has 4 types of share class in issue; A accumulation, I accumulation, Y accumulation and Z accumulation. Each type of share class 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

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

Derivatives risk Certain derivatives could behave unexpectedly or could expose the Fund to losses that are significantly greater than the cost of the derivative.

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

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

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

Fund Manager's commentary

The Henderson Institutional North American Enhanced Equity Fund outperformed the benchmark in the twelve month period ended 31 October 2013, returning 26.2%, compared to the FTSE World North America Index return of 26.0%.

In the final months of 2012, US equities essentially marked time, albeit with considerable intra-period volatility. Stocks were pressured by a tightly-contested, contentious presidential election, which resulted in the re-election of President Obama, and worries regarding the 'fiscal cliff's': tax and spending cut machinations in Washington. However, those negative forces were countermanded by another round of solid corporate earnings reports and generally improving economic data domestically and internationally, particularly in China and other emerging markets.

In the first quarter or 2013 US equities shrugged off concerns abroad and political discord in Washington to post the 13th best first calendar quarter return since 1928. The market was buoyed by optimism that the US housing recovery is entrenched and that employers are starting to hire again. Additionally, Federal Reserve (Fed) chairman Bernanke made it clear that he remains committed to quantitative easing.

US share prices along with those around the globe surged early in the second quarter. Japan's new-found policy activism lifted expectations of an end to their economy's twenty-year deflationary trap. June was, however, a rough month for risk assets globally as the Fed signalled at the end of May it may begin tapering its asset purchase programme this year.

Over the third quarter of 2013, fears of faltering US growth were replaced by worries that economic strength would be sufficient to lead the Fed to remove stimulus. While in July equities rose reflecting the widespread evidence of a firmer economic backdrop and moderating concerns about premature policy tightening by the Fed, August proved disappointing as tapering concerns resurfaced along with uncertainty about who will be the next leader of the central bank. Rising tensions in the Middle East also led to a jump in oil prices to nearly US$110 per barrel, which also weighed. The key surprise during September was that the widely-anticipated 'tapering' of asset purchases did not occur. Global equity markets welcomed the outcome, climbing after the announcement, although US government shutdown fears towards the end of the month erased a portion of the gains. Generally solid economic growth, surprisingly low inflation, and the no taper announcement helped calm the bond markets. US 10-year Treasury yields ended September at about 2.6%, backing off from the near 3% yield seen in late August. In commodities, as fears subsided that the Syrian crisis would escalate, oil prices responded by falling back to around US$103 per barrel (West Texas Intermediate crude oil).

The final month of the reporting period, October, broke with its traditional pattern and delivered healthy returns for equities this year. A good part of the upside impetus reflected things that did not occur. Mid-month saw an end to the US government shutdown. More importantly, the threat of a US default was defused as the debt ceiling was raised through early next year. Amid modest US economic momentum, US policy makers communicated a willingness to extend their asset purchases at the rate previously in place.

Overall, during the period under review, US equities performed strongly as the US economy healed and the view that quantitative easing (QE) would come to an end gained strength; US Treasury yields moved considerably higher and gold prices fell.

Within sectors industrials, healthcare and consumer services produced the best returns. While telecoms, technology and utilities were strong up until the Fed chairman alluded to the possibility of tapering asset purchases (reduction in QE), concerns that higher rates will follow soon after hurt the performance of interest rate proxy sectors such as these, which suffered versus the rest of the market.

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 North American Enhanced Equity Fund*	26.2	14.4	5.8	21.4	9.8
FTSE World North America Index**	26.0	14.1	5.8	20.3	9.0

Source: Henderson Global Investors & FTSE
* Fund returns calculated using close of business prices on a gross asset value basis in GBP.
** Customised net dividends re-invested (Market Capitalisation on weighted Index of United States of America and Canada).

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.

Fund facts

Accounting dates	Payment dates
30 April, 31 October	30 June, 31 December

Ongoing charge figure

	2013 %	2012 %
Class Y	0.79	0.76
Class A	1.75*	1.76
Class I	0.79	0.79
Class Z	0.04	0.04

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

It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators with the aim of ensuring a harmonised approach to the calculation of the OCF by all UCITS.

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

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class Y accumulation			
2008	0.94	99.10	66.40
2009	1.19	98.54	65.15
2010	2.01	115.50	93.50
2011	1.14	118.68	97.37
2012	1.75	129.60	115.50
2013	2.03*	160.55+	125.82+
Class A accumulation			
2008	1.99	503.10	335.31
2009	3.59	494.28	328.43
2010	1.67	575.30	468.70
2011	0.49	588.42	482.18
2012	3.85	636.40	570.50
2013	4.35*	782.96+	616.40+
Class I accumulation			
2008	5.02	529.46	354.74
2009	6.37	526.42	348.05
2010	5.57	617.30	499.50
2011	5.42	634.10	520.11
2012	9.21	692.40	617.10
2013	10.65*	857.33+	672.02+
Class Z accumulation			
2008	2.08	138.60	93.30
2009	2.36	139.47	91.76
2010	2.29	164.50	132.40
2011	2.50	169.63	139.24
2012	3.52	186.60	165.20
2013	4.14*	232.16+	151.37+

* to 31 December
+ to 31 October

Past performance is not a guide to future performance.

Summary of Fund performance

Share class	Net asset value* 2013 p	Net asset value* 2012 p	Net asset value % change
Class Y accumulation	156.98	125.10	25.48
Class A accumulation	764.14	613.74	24.51
Class I accumulation	838.22	668.12	25.46
Class Z accumulation	227.33	180.11	26.22

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

Net revenue distribution

Share class	2013 p	2012 p
Class Y accumulation	2.03	1.75
Class A accumulation	4.35	3.85
Class I accumulation	10.65	9.21
Class Z accumulation	4.14	3.52

Total dividend distributions for the year ended 31 October 2013, comparison is for the same period last year.

Major holdings

as at 2013	%
Apple	2.61
Exxon Mobil	2.21
Google 'A'	1.58
Microsoft	1.48
General Electric	1.45
Johnson & Johnson	1.40
Chevron	1.29
Wells Fargo	1.24
Procter & Gamble	1.24
Pfizer	1.12

Major holdings

as at 2012	%
Apple	3.64
Exxon Mobil	2.78
Microsoft	1.57
General Electric	1.47
IBM	1.47
Chevron	1.45
Johnson & Johnson	1.27
Pfizer	1.27
Wal-Mart Stores	1.27
Procter & Gamble	1.25

Asset allocation

as at 2013	%
United States:	
Financials	16.12
Technology	14.19
Consumer services	12.59
Industrials	11.03
Health care	10.47
Consumer goods	9.62
Oil & gas	9.17
Fixed interest	2.16
Others	6.48
Overseas:	
Canada	6.71
Derivatives	(0.14)
Net other assets	1.60
Total	**100.00**

Asset allocation

as at 2012	%
United States:	
Technology	14.94
Financials	14.75
Consumer services	12.27
Industrials	10.11
Consumer goods	9.52
Oil & gas	9.43
Health care	9.37
Fixed interest	4.00
Others	6.37
Overseas:	
Canada	7.33
Derivatives	(0.20)
Net other assets	2.11
Total	**100.00**

Report and accounts

This document is a short report of the Henderson Institutional North American Enhanced Equity Fund for the year ended 31 October 2013.

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

Other information

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

Risk warning

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

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Changes of address - regulatory requirements
FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 October 2013. If you have confirmed a change of address with us since that date we will ensure all future correspondence will be sent to your new address.

Online valuations
You can value your Henderson Institutional North American Enhanced Equity Fund at any time by logging on to www.henderson.com. Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of shares.

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