



ANNUAL SHORT REPORT

For the year ended
31 March 2014

Henderson
GLOBAL INVESTORS

Henderson UK Strategic Income Unit Trust

Henderson UK Strategic Income Unit Trust

Short Report

For the year ended 31 March 2014

Fund Manager

Paul Craig

Other information

With effect from 20 January 2014, PricewaterhouseCoopers LLP replaced KPMG Audit Plc as the Auditors of the Fund.

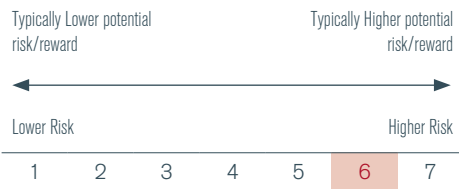
Investment objective and policy

To achieve a high level of income.

The Fund will invest principally in the UK in a managed portfolio of investment trust shares and other closed-ended vehicles. The Fund may also invest in exchange traded funds, unregulated collective investment schemes (which include limited partnerships), money market instruments and deposits.

Risk and reward profile

The Fund currently has 1 unit class in issue; Income units. The risk and reward profile is as follows:



The value of an investment in the Fund can go up or down. When you sell your units 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 invests in a mix of different asset classes
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

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

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

Focus risk The Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event.

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

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

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

Fund Manager's commentary

In the year ended 31 March 2014 the Henderson UK Strategic Income Fund rose 7.0%* while the IMA UK Equity Income sector rose by 13.9%. By comparison, the FTSE All-Share Index Total Return Index rose by 8.9%*.

UK equity markets rose 8.9% during the period under review; however, much of this gain was achieved in the third and fourth quarters of 2013. While investor's initially reacted positively to the US Federal Reserve's policy of forward guidance announced late last year, worries over the impact of the 'tapering'(reduction) of quantitative easing (asset

purchases) saw equities start 2014 on a weak footing. Stock markets recovered as the first quarter progressed, but gains were pared back by the crisis in Ukraine.

Despite these international concerns, the UK economy showed further signs of improvement, growing 0.8% in the third quarter of 2013. This was the fastest growth for three years and within the data all sectors showed improvement, signalling a broad-based recovery.

Against this backdrop, while the Fund was unable to achieve the same level of return as the broader market, it is pleasing to report that the unit price proved less volatile than the broader market. This is largely the result of holding a diversified portfolio of closed-end funds encompassing alternative asset classes, such as property and infrastructure together with a variety of UK equity income funds.

Investment activity was higher than normal, and concentrated in the fourth quarter of 2014 as we took advantage of buoyant equity markets and narrow discounts to net asset values for many closed-end funds. The proceeds were switched into alternative closed-end funds that offered a combination of greater liquidity, lower market beta and wider discounts.

Equity markets have been rising as investors have become more optimistic about the outlook for economic growth and interest rates, which has been supported by a gradual improvement in forward looking data together with forward guidance (about the path of interest rates) from the US and UK

central banks. Going forward, corporate earnings will need to provide the impetus for markets to move higher.

There are reasons to be cheerful. A more robust economy could encourage capital spending and business investment, as well as hiring, as corporate leaders see an uptick in customer demand. Interestingly, several of our underlying managers have noted that 'some' of their portfolio companies are seeing a pick-up in their earnings visibility, i.e. increasing orders. But there are also reasons to be careful. That said, the consensus view is that economic growth will accelerate globally in 2014. If that prediction proves wrong, there is much more downside risk than US or UK central bank tapering alone.

Despite these concerns, we do not see a recession in 2014, nor do we see negative equity returns or a third year of 20%+ gains. Rather, we expect an unremarkable 2014 unfolding for equity markets in aggregate, but with a more marked dispersion of returns. Consequently, we continue to favour our core managers that focus on businesses with quality characteristics but who are cognisant of valuations. We believe this should provide attractive upside potential as well as providing both a fundamental and valuation margin of safety. In addition, we also continue to favour diversification throughout the portfolio, which provides access (in our opinion) to interesting opportunities in a broad range of investment strategies and asset classes including, property and infrastructure, amongst others.

* Bloomberg quoted.

Performance summary

	31 Mar 13- 31 Mar 14 %	31 Mar 12- 1 Mar 13 %	31 Mar 11- 31 Mar 12 %	31 Mar 10- 31 Mar 11 %	31 Mar 09- 31 Mar 10 %
Henderson UK Strategic Income Unit Trust	7.3	13.6	(1.2)	20.7	67.1
FTSE All-share Total Return Index	8.8	16.8	1.4	8.7	52.3

Source: Morningstar, bid to bid, net income reinvested net of fees, GBP, based on annualised returns.
Figures in brackets are negative.

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

Summary of Fund performance

Unit class	Net asset value* 2014 p	Net asset value* 2013 p	Net asset value % change
Income units	10.44	10.19	2.45

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

Fund facts

Accounting dates	Payment dates
31 March, 30 September	31 May, 31 August, 30 November, Final day of February

Ongoing charge figure*

	2014 %	2013 %
Income units	1.74+	1.70

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.

* 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 0.18% to 0.14%.

Performance record

Calendar year	Net revenue (pence per unit)	Highest offer price (pence per unit)	Lowest offer price (pence per unit)
Income units			
2009	0.65	9.72	5.54
2010	0.49	10.46	8.11
2011	0.48	10.59	8.48
2012	0.42	10.23	8.70
2013	0.44	10.86	9.40
2014	0.20+	10.67+	10.19+

+ to 31 March

Net revenue distribution

Unit class	2014 p	2013 p
Income units	0.43	0.42

Total dividend distributions for the year ended 31 March 2014, comparison is for the same period last year.

Past performance is not a guide to future performance.

Major holdings	
as at 2014	%
Investors Capital Trust	7.30
Fidelity Special Values	5.66
Renewable Energy Generation	5.56
Edinburgh Investment Trust	5.16
Montanaro European Smaller Companies	4.97
Polar Capital Financials Fund	4.86
Ecofin Water & Power Opportunities 6% 31/07/2016	4.86
Alliance Trust	4.79
Temple Bar Investment Trust	4.20
Finsbury Growth & Income Trust	3.82

Asset allocation	
as at 2014	%
Investment trusts	69.35
Collective investment schemes	9.83
Equities	9.38
Convertible bonds	7.99
Net other assets	3.45
Total	100.00

Major holdings	
as at 2013	%
Investors Capital Trust	9.03
Middlefield Canadian Income Trust	6.76
Greenwich Loan Income	6.56
Ecofin Water & Power Opportunities	5.41
Renewable Energy Generation	5.10
Polar Capital Financials Fund	4.94
Montanaro European Smaller Companies	4.78
Fidelity Special Values	4.55
Ecofin Water & Power Opportunities 6% 31/07/2016	4.39
City Natural Resources High Yield	4.08

Asset allocation	
as at 2013	%
Investment Trusts	75.93
Collective Investment Schemes	9.72
Convertible bonds	9.29
Equities	5.67
Net other liabilities	(0.61)
Total	100.00

Report and accounts

This document is a short report of the Henderson UK Strategic Income Unit Trust for the year ended 31 March 2014.

Copies of the annual and half yearly long form reports 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.

Issued by:

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate,
London EC2M 3AE

Member of the IMA and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

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.

Trustee

National Westminster Bank Plc

135 Bishopsgate
London EC2M 3UR

Auditor

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Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

From 20 January 2014:
PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Contact us

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Head Office address:
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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 March 2014. If you have confirmed a change of address with us since that date we will ensure all future correspondence will be sent to your new address.

Online valuations

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

Any questions?

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

Important Information

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

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