

ANNUAL SHORT REPORT

For the year ended
31 October 2013

**Henderson Institutional Asia Pacific
ex Japan Enhanced Equity Fund**

Henderson Institutional Asia Pacific ex Japan Enhanced Equity Fund

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 Asia Pacific ex Japan Index (or such other index as may from time to time may replace it) through investing primarily in Asia Pacific ex Japan 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 Asia Pacific ex Japan Index, whilst controlling risk. The Fund will invest primarily in Asia Pacific ex Japan companies included within the FTSE World Asia Pacific ex Japan Index. Additionally, the Fund can invest in companies listed on other exchanges which are associated with FTSE World Asia Pacific ex Japan Index listed shares or other Asia Pacific ex Japan companies.

The Fund will not attempt to replicate identically the share composition of the FTSE World Asia Pacific ex Japan 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.

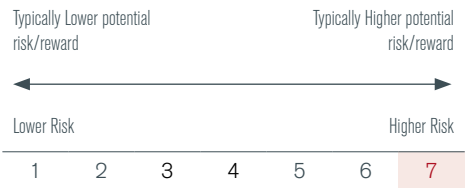
The Fund may invest the property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

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 3 types of share class in issue; Y accumulation, I accumulation and Z accumulation. Each type of share class has the same risk and reward profile which is as follows:



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 such as:

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

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

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 Warnings" section of the Fund's prospectus.

Fund Manager's commentary

Asia Pacific ex Japan 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 Asia Pacific ex Japan region 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. The FTSE World Asia Pacific ex Japan Index gained 14.2% in the twelve months to 31 October 2013.

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.

India performed well, encouraged by the liberalisation of retail foreign direct investment rules.

However, disappointing current account deficit data, industrial production and consumer price inflation (CPI), and the country's large fiscal deficit, resulted in currency weakness and policy tightening.

The Philippines benefited as gross domestic product growth and inflation data improved and progress was made in the public-private-partnership (PPP) infrastructure development programme. For the Philippines, robust domestic macroeconomic fundamentals and enhanced consumer spending and investment growth translated into impressive corporate earnings delivery.

Elsewhere, Thailand and Indonesia also enjoyed positive performance due to a combination of strong consumption, industrial and domestic investment activity growth.

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.

Australian equities gained strongly, owing to its perceived relative defensiveness. Macroeconomic indicators appeared to stabilise, with better-than-expected retail and labour market data, while key commodity prices firmed, as did the currency.

The Fund's return of 14.4% was in line with the FTSE World Asia Pacific ex Japan Index gain of 14.2% in the twelve months to 31 October 2013.

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. The near-term outlook for the Asia Pacific ex Japan region suggests potential volatility. Whilst regional valuations and the long-term outlook for the region's economy remain attractive, a level of uncertainty has been introduced by the Fed's surprise decision not to taper in September 2013. While recent data out of China has been showing signs of improvement, it remains to be seen whether this positive macro momentum will continue.

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 Asia Pacific ex Japan Enhanced Equity Fund*	14.4	7.6	(1.2)	23.8	60.1
FTSE World Asia ex Japan Index**	14.2	7.6	(1.2)	23.5	58.0

Source: Henderson Global Investors & FTSE

* Fund returns calculated using close of business prices on a gross asset value basis in GBP.

** Customised net dividends reinvested (Market Capitalisation weighted index of Australia, New Zealand, Hong Kong, Singapore, Taiwan and Korea).

Figures in brackets are negative.

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

Summary of Fund performance

Share class	Net asset value* 2013 p	Net asset value* 2012 p	Net asset value % change
Class Y accumulation	208.91	184.05	13.51
Class I accumulation	209.35	184.44	13.51
Class Z accumulation	306.29	267.75	14.39

*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
30 April, 31 October	30 June, 31 December

Ongoing charge figure

	2013 %	2012 %
Class Y	0.83	0.83
Class I	0.83	0.83
Class Z	0.08	0.08

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

Net revenue distribution

Share class	2013 p	2012 p
Class Y accumulation	4.58	4.24
Class I accumulation	4.59	4.24
Class Z accumulation	8.97	8.06

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

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class Y accumulation			
2008	2.78	150.90	78.98
2009	2.69	158.00	85.60
2010	3.45	195.40	146.10
2011	4.12	199.03	148.15
2012	4.24	194.31	163.57
2013	4.58*	219.57+	182.50+
Class I accumulation			
2008	2.79	151.20	79.14
2009	2.69	158.30	85.80
2010	3.46	195.87	146.36
2011	4.14	199.03	148.47
2012	4.24	194.71	163.92
2013	4.59*	220.04+	182.88+
Class Z accumulation			
2008	5.04	212.80	111.60
2009	4.77	225.00	121.30
2010	6.63	280.40	208.10
2011	7.91	286.63	213.75
2012	8.06	283.00	237.06
2013	8.97*	321.61+	266.79+

* to 31 December

+ to 31 October

Past performance is not a guide to future performance.

Major holdings	
as at 2013	%
Samsung Electronics	5.09
Commonwealth Bank of Australia	3.98
BHP Billiton	3.95
Westpac Bank	3.43
Taiwan Semiconductor Manufacturing	3.04
Australia & New Zealand Bank	2.98
National Australia Bank	2.63
AIA	2.11
Woolworths	1.43
Wesfarmers	1.38

Major holdings	
as at 2012	%
Samsung Electronics	6.03
BHP Billiton	3.91
Commonwealth Bank of Australia	3.27
Westpac Bank	2.79
Taiwan Semiconductor Manufacturing	2.68
Australia & New Zealand Bank	2.46
National Australia Bank	2.08
AIA	1.63
Woolworths	1.27
Hon Hai Precision Industry	1.23

Asset allocation	
as at 2013	%
Australia	38.17
Korea	20.99
Hong Kong	16.37
Taiwan	15.08
Singapore	7.24
New Zealand	0.77
Net other assets	1.38
Total	100.00

Asset allocation	
as at 2012	%
Australia	34.74
Korea	22.42
Hong Kong	19.59
Taiwan	14.40
Singapore	7.52
New Zealand	0.64
Net other assets	0.69
Total	100.00

Report and accounts

This document is a short report of the Henderson Institutional Asia Pacific ex Japan 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

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

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.

Depository

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Auditor

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Glasgow
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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 Asia Pacific ex Japan 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.

Important Information

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

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