Henderson
GLOBAL INVESTORS

Henderson Institutional

Long Dated Credit Fund

Short Report
For the year ended 30 June 2013

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Fund Manager

Philip Payne

Other information

Effective 24 September 2012, Henderson Long Dated Credit Fund changed its name to Henderson Institutional Long Dated Credit Fund.

Investment objective and policy

To provide a return by investing primarily in long dated sterling denominated investment grade corporate bonds. In line with the scheme's benchmark index the term corporate bond will include debt instruments issued by any entity other than a Government or local authority. The Fund may also invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Risk and reward profile

The Fund currently has 7 types of share class in issue;

A income, I accumulation, Z gross accumulation, A gross income, I gross accumulation, I income and I gross income. 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 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 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.

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.

Geographic risk The Fund's value may fall where it has concentrated exposure to a particular country or region 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 Factors" section of the Fund's prospectus.

Manager's commentary

Corporate bond markets have performed very strongly over the last twelve months benefiting from highly accommodative central bank monetary policy, a calming of the crisis in the eurozone and strong inflows into the asset class as the 'search for yield' theme continued in the low rate environment. Over the period the Fund has underperformed the benchmark with the Fund returning 2.8% compared to the benchmark return of 4.4%.

In the early part of the period under review, markets benefited from renewed investor confidence following actions taken by European policymakers and the central banks to ensure stability and to safeguard the monetary policy transmission mechanism. This resulted in the decline of government bond yields (higher bond prices) for peripheral European countries such as Italy and Spain and a sharp fall in credit spreads. The biggest beneficiaries of this have been financials, especially subordinated bonds, along with corporate issuers from peripheral countries who had seen their funding costs soar in 2011 as a result of the weakness in government bonds. During this period the Fund's performance suffered due to a cautious stance and several underweight positions in corporate and government related issuers from Italy, Spain and France, which outperformed. In particular the decision not to own foreign sovereign bonds issued by Italy in sterling has detracted from performance along with an underweight position towards Italian utility Enel. As markets stabilised and confidence returned we increased exposure to Enel.

In September 2012 global credit markets benefited from further policy moves by the Federal Reserve (Fed) in the United States of America who increased their asset purchase programme by US$85bn a month and decided to link the outlook for interest rates to unemployment and inflation. This ongoing stimulus has been one of the main drivers of markets over the period. Two of the sectors, which have been the biggest beneficiaries of the ongoing stimulus, have been banks and insurers; sectors to which the Fund has increased exposure. In banks we have favoured UK and US banks, as we believe they have strengthened their balance sheets more than other jurisdictions over recent years. In the UK positions in HSBC and Lloyds have worked well, whilst the strongest performance has come through holdings in Citigroup and Bank of America in the US. After the strong performance over the recent year the Fund has recently cut back exposure to Citigroup.

Good performance has also come through holdings in Standard Life and Scottish Widows (new holding) over the last year and we still believe their valuations remain attractive.

One of the sectors where our holdings have detracted from performance over the year has been telecoms. Our holdings in AT&T has been impacted by a one notch rating downgrade, to low single A, due to an increase in capital expenditure and share buybacks, persistent rumours of large acquisitions and a reluctance by some investors to own longer dated bonds due to duration (interest rate sensitivity) concerns. Whilst the position has underperformed we still believe the bonds have an attractive valuation compared to other European operators and these concerns are priced into spreads at current levels. The increased appetite for risk over the year has also detracted from our holdings in healthcare issuers such as GlaxoSmithKline and Pfizer, and in other highly rated issuers such as Wal-Mart, as investors have favoured higher yielding, lower rated issuers, which has been supportive of our holding in Daily Mail & General.

Following their full year results and subsequent downgrade to BBB by the credit rating agencies Fitch and Standard & Poor's (S&P), the Fund has increased exposure to Tesco. The bonds had underperformed over the last year and we viewed the decision to exit from the US business, and focus on improving the strength of their balance sheet, as a positive for their performance going forward. Exposure to supranational, foreign sovereign and government agency debt has remained light although exposure has been increased to the European Investment Bank (EIB) over the period. These sectors have performed well and proven to be resilient in the recent market weakness detracting from the Fund's relative performance.

Towards the end of the period the focus of the market has moved away from Europe, despite the numerous issues which still remain unresolved, to increased expectations that the Fed will begin to taper their asset purchases later this year. The reaction in markets has seen government bond yields rise sharply and credit spreads widen from their tightest levels since early 2010. The sharp change in investor sentiment has impacted the Fund's holdings in financials, and some of the recent new deals that the Fund has participated in, especially some of the subordinated bonds issued by non-financial companies.

Performance summary

	1 Jul 12 - 30 Jun 13 %	1 Jul 11- 30 Jun 12 %	1 Jul 10- 30 Jun 11 %	1 Jul 09- 30 Jun 10 %	1 Jul 08- 30 Jun 09 %
Henderson Institutional Long Dated Credit Fund	2.8	14.9	3.7	12.7	5.6
iBoxx GBP Non-Gilt +15 years Index	4.4	15.5	4.3	7.6	3.2

Source : Morningstar - mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer.
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.

Fund facts

Accounting dates	Payment dates
30 June, 31 December	31 August, 30 November, 28/29 February, 31 May

Ongoing charge figure

	2013 %	2012 %
Class A	1.20	1.20
Class I	0.55	0.55
Class Z	0.04	0.03

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

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X income			
2008	4.43	141.80	120.90
2009	4.40	146.30	120.80
2010**	1.03	141.20	139.80
Class A income			
2008	4.89	138.80	118.30
2009	4.82	143.20	118.20
2010	4.88	152.00	134.90
2011	4.73	155.10	137.60
2012	4.39	169.30	151.00
2013	3.29*	174.40+	156.90+
Class I income			
2008	5.37	139.00	119.00
2009	5.29	142.70	118.70
2010	3.95	154.10	135.50
2011	4.63	158.40	140.20
2012	5.31	173.00	154.30
2013	4.02*	178.20+	160.40+
Class I accumulation			
2008	7.35	189.00	167.10
2009	7.54	208.60	168.60
2010	5.85	230.30	199.80
2011	7.04	247.00	211.90
2012	8.34	277.30	241.40
2013	6.50*	290.20+	261.20+
Class A gross income			
2008	6.10	139.90	100.00
2009	6.12	144.30	119.20
2010	6.15	152.80	136.20
2011	5.97	156.40	138.80
2012	5.52	170.70	152.40
2013	4.15*	175.90+	158.30+

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class I gross income			
2008	6.78	139.10	118.70
2009	6.73	143.50	118.50
2010	6.98	152.70	135.50
2011	6.87	155.60	138.10
2012	6.52	169.90	151.60
2013	4.94*	175.00+	157.70+
Class I gross accumulation			
2008	9.56	194.60	173.00
2009	10.00	220.20	175.00
2010	10.92	243.20	210.40
2011	11.27	263.00	225.20
2012	11.18	299.20	259.00
2013	8.78*	314.30+	283.20+
Class Z gross accumulation			
2008***	2.10	102.80	92.96
2009	5.89	118.90	94.16
2010	6.51	131.90	113.80
2011	3.38	143.48	122.80
2012	6.90	164.10	141.60
2013	5.44*	172.80+	155.90+

* to 30 August
\+ to 30 June
**Class X merged with Class A on 11 January 2010
***Class Z gross accumulation launched 14 May 2008

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 A income	155.95	156.55	(0.38)
Class I income	159.22	159.85	(0.39)
Class I accumulation	259.32	252.18	2.83
Class A gross income	157.13	157.76	(0.40)
Class I gross income	157.81	158.38	(0.36)
Class I gross accumulation	283.40	273.37	3.67
Class Z gross accumulation	156.00	149.70	4.21

*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 A income	4.38	4.48
Class I income	5.36	5.39
Class I accumulation	8.62	8.39
Class A gross income	5.52	5.64
Class I gross income	6.57	6.61
Class I gross accumulation	11.63	11.22
Class Z gross accumulation	7.22	6.82

Total interest distributions for the year ended 30 June 2013, comparison is for the same period last year.

Major holdings

as at 2013	%
KFW 6% 07/12/2028	1.84
Lloyds TSB Bank 6% 08/02/2029	1.84
Network Rail Infrastructure Finance 4.75% 29/11/2035	1.66
Pfizer 6.5% 03/06/2038	1.58
European Investment Bank 5.625% 07/06/2032	1.47
Bank of America 7% 31/07/2028	1.36
Centrica 7% 19/09/2033	1.31
Western Power Distribution 5.75% 16/04/2032	1.21
AT&T 4.875% 01/06/2044	1.11
KFW 5.75% 07/06/2032	1.11

Major holdings

as at 2012	%
KFW 6% 07/12/2028	2.84
Pfizer 6.5% 03/06/2038	2.06
Lloyds TSB Bank 6% 08/02/2029	1.92
Network Rail Infrastructure Finance 4.75% 29/11/2035	1.89
UK Treasury 6% 07/12/2028	1.62
Centrica 7% 19/09/2033	1.52
European Investment Bank 5.625% 07/06/2032	1.44
European Investment Bank 6% 07/12/2028	1.39
UK Treasury 4.5% 07/09/2034	1.37
Électricité de France 6.125% 02/06/2034	1.34

Asset allocation

as at 2013	%
Eurobonds	93.11
Government bonds	2.78
Floating rate notes	1.34
Derivatives	0.01
Net other assets	2.76
Total	**100.00**

Asset allocation

as at 2012	%
Eurobonds	88.83
Government bonds	8.22
Floating rate notes	0.70
Net other assets	2.25
Total	**100.00**

Report and accounts

This document is a short report of the Henderson Institutional Long Dated Credit Fund for the year ended 30 June 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 30 June 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 Long Dated Credit 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.

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