

ANNUAL SHORT REPORT

For the year ended
23 November 2013

**Henderson Multi-Manager
Income & Growth Fund**

Henderson Multi-Manager Income & Growth Fund

Short Report

For the year ended 23 November 2013

Fund Manager

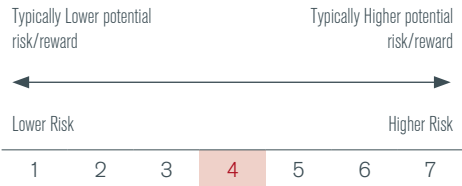
Bill McQuaker

Investment objective and policy

The Fund aims to provide long term capital growth with the potential for some income generation. The Fund will invest in a spread of authorised unit trusts and/or authorised companies selected from those available in the whole market. The Fund will not be restricted to any particular economic sectors and the investment policy will take a long term balanced view of stock markets worldwide while maintaining a core holding in the UK. The Fund may also invest in transferable securities including investment trusts, money market instruments, deposits and derivatives and forward transactions.

Risk and reward profile

The Fund currently has 3 unit classes in issue; A Income and Accumulation units and I Income. 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, or otherwise gains exposure to, 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.

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.

Managers' commentary

The Fund gained 12.8% over the period under review against the IMA Mixed Investment 20-60% at 10.1%, outperforming the benchmark by 2.7%.

The strongest performing asset classes for the Fund over the period were UK and European equities. Key contributions from the underlying funds were received from Old Mutual UK Dynamic Fund, which benefited from strong stock selection, and the Cazenove European Income Fund, with its exposure in mid cap value names, benefited the most from the rally in European equities. Holdings in Franklin UK Mid Cap Fund, CF Lindsell Train UK Equity Fund, Artemis European Growth Fund all posted strong

returns over the year. Elsewhere in the portfolio, specialist equity holding Polar Capital Global Insurance performed well over the period. Other solid performers included Findlay Park American Fund and GLG Japan CoreAlpha Fund, the latter benefiting from the reforms of new Prime Minister Shinzo Abe.

The detractors to performance over the period were attributed to holdings in ETFS Physical Gold, iShares USD TIPS ETF, PIMCO GIS Income Fund and BlackRock Gold & General Fund.

At the start of the period under review, we maintained our focus on increasing exposure to risk assets across both equities and fixed income. Within equities this was expressed through Asian and European markets at the expense of defensively positioned managers and physical gold. New equity positions were initiated in Euro Stoxx futures as well as Cazenove European Income Fund. Within fixed income markets this theme continued with re-positioning tilted towards high yield and emerging markets debt.

During the first half of 2013 we reduced our exposure to gold in favour of further increasing our exposure to Japan. We closed out the long Euro Stoxx 50 Index Futures position and re-allocated the investment into a new holding in Artemis European Growth Fund. We also fully sold the holdings in M&G Corporate Bond Fund and Royal London UK Index Linked Fund to re-allocate into Royal London Global Index Linked and a new holding in PIMCO US Dollar Short Maturity Source ETF; this was in order to add exposure to the US dollar and lower duration. We sold the holding in BlackRock Gold & General Fund, further reduced the exposure to ETFS Physical Gold, and added to CF Lindsell Train UK Equity Fund and Veritas Global Equity Income Fund.

We scaled back the weighting in GLG Japan CoreAlpha Fund taking profit for the Fund as the holding had performed strongly and introduced physical property exposure to the portfolio via a new holding in the Henderson UK Property Fund, given its yield of around 4.5%, which looked attractive relative to most areas of fixed income.

We reduced the position in AXA US Short Duration High Yield to fund a new position in PIMCO GIS Income Fund in order to give the Fund exposure to the US housing recovery and in particular non-

agency mortgage-backed securities. Physical Gold was also further reduced due to continuing volatility. We believe it remains a valuable hedge against fiat currency debasement and higher-than-expected inflation but a smaller exposure was merited given continued price action.

During the third calendar quarter of 2013 we managed our exposure to cyclical equity markets and interest rate duration. The holding in Cazenove European Income Fund was reduced after a personnel change, with proceeds switched into Artemis European Growth Fund. Our position in the Old Mutual Global Strategic Bond Fund was reduced after the Fund Manager took a significantly bearish position on developed sovereign bonds, with proceeds rotated into ETFs providing exposure to UK Gilts and to US TIPS. We reduced European and Japan equity exposure further, post significant price appreciation, rotating into more defensive positions alongside a new position initiated in Legal & General UK Property Unit Trust.

Towards the end of the period we divested the holding in IP Income Fund and re-allocated proceeds into the existing holding in Artemis Income Fund, and initiated a new holding in the Majedie UK Equity Fund. Following a period of strong performance we also reduced the position in Artemis European Growth Fund taking profits and reducing cyclical exposure within the Fund. We subsequently re-allocated proceeds into the GLG Japan CoreAlpha Fund.

After a period of uncertainty due to taper discussions over the summer, markets may once again be moving towards complacency and behaving as though the environment of abundant liquidity is to continue. European data has stabilised after an improvement over the summer, however, we are concerned that price rises seem out of step with the pace of the improving fundamental data. The latest data out of the US has been better than expected, indicating a greater possibility of the Fed 'tapering' its bond purchase programme in the near term, which could induce similar conditions to those experienced earlier in the year when the Fed first considered the notion. Given this backdrop, we favour equities with a bias towards lower beta risk assets and are cautious on duration assets, preferring cash over bonds.

Performance summary

	23 Nov 12- 23 Nov 13 %	23 Nov 11- 23 Nov 12 %	23 Nov 10- 23 Nov 11 %	23 Nov 09- 23 Nov 10 %	23 Nov 08- 23 Nov 09 %
Henderson Multi-Manager Income & Growth Fund	12.8	6.0	(3.6)	9.4	25.9
IMA Mixed Investment 20-60% shares	10.1	9.2	(0.9)	7.8	21.2

Source : Morningstar - bid to bid, net revenue reinvested, net of fees, GBP.

Figures in brackets are negative.

The benchmark name changed from sector average (Cautious Managed) to IMA Mixed Investment 20-60% Shares as at 1 January 2012.

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.

Summary of Fund performance

Share class	Net asset value* 2013 p	Net asset value* 2012 p	Net asset value % change
Class A income	135.92	122.68	10.79
Class I income	113.00	101.28	11.57
Class A accumulation	141.73	125.63	12.82

*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	2.34	2.28
Class I income	2.03	0.72
Class A accumulation	2.42	2.32

Total dividend distributions for the year ended 23 November 2013, comparison is for the same period last year.

Fund facts

Accounting dates	Payment dates
23 November, 23 May	23 January, 23 April, 23 July, 23 October

Ongoing charge figure

	2013 %	2012 %
Class A	2.34*	2.26
Class I	1.52**	1.52

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.

The Fund is a non-UCITS retail fund and we have adopted this disclosure to enable comparison across our fund range.

* From 10 August 2013 the General Administration Charge (GAC) decreased from 0.18% to 0.14%.

** From 10 August 2013 the General Administration Charge (GAC) decreased from 0.10% to 0.075%.

The OCF includes a synthetic of 0.66% (2012: 0.97%) to incorporate the OCF of underlying funds.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A income			
2009	2.88	119.90	91.32
2010	2.40	129.20	116.50
2011	2.64	129.90	115.20
2012	2.16	125.30	117.80
2013	2.37	139.80+	125.50+
2014	0.75*	-	-
Class I income			
2012#	-	103.60	99.94
2013	2.09	116.00+	103.70+
2014	0.62*	-	-
Class A accumulation			
2011**	0.68	122.10	115.90
2012	2.19	129.10	119.80
2013	2.45	144.70+	129.30+
2014	0.78*	-	-

* to 23 January

+ to 23 November

Class I income was launched on 1 August 2012

** Class A accumulation was launched on 12 August 2011

Major holdings

as at 2013	%
Deutsche Global Liquidity Managed Platinum	10.33
Artemis Income	5.83
Franklin Templeton UK Mid Cap	5.06
Findlay Park American Fund	4.95
Old Mutual UK Dynamic Equity Fund	4.95
Henderson UK Property Unit Trust+	4.93
CF Lindsell Train UK Equity	4.92
PIMCO USD Short Maturity Source	3.99
First State Asia Pacific Leaders	3.85
Henderson Strategic Bond +	3.83

+Related party to the Fund

Major holdings

as at 2012	%
Old Mutual Global Strategic Bond 'B'	6.77
ETFS Physical Gold	6.02
First State Asia Pacific Leaders 'B'	5.08
Kames High Yield Bond	5.03
Veritas Global Equity Income	4.95
CF Lindsell Train UK Equity	4.68
AXA US Short Duration High Yield Income	4.67
Henderson Strategic Bond +	4.60
Franklin Templeton UK Mid Cap	4.51
Artemis Income	4.36

Asset allocation

as at 2013	%
United Kingdom	25.90
Global Bonds	15.96
Cash	10.33
North America	9.61
Europe	8.93
UK Fixed Interest	8.68
Specialist	7.25
Other	5.86
Asia Pacific	3.85
Japan	3.82
Derivatives	(0.18)
Net other liabilities	(0.01)
Total	100.00

Asset allocation

as at 2012	%
Global Bonds	35.07
United Kingdom	26.04
Specialist	10.69
North America	7.85
Other	7.48
Asia Pacific	5.08
Cash	3.65
Japan	3.42
Derivatives	0.09
Net other assets	0.63
Total	100.00

Report and accounts

This document is a short report of the Henderson Multi-Manager Income & Growth Fund for the year ended 23 November 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.

Issued by:

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate,
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by the Financial Conduct Authority.
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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 23 November 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 Multi-Manager Income & Growth 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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