

INTERIM SHORT REPORT

For the six months ended
31 December 2013

Henderson UK Equity Income Fund

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Short Report

For the six months ended 31 December 2013

Fund Manager

James Henderson

Investment objective and policy

To aim to provide income in excess of the yield of the FTSE All Share Index, with some prospects for capital growth, by investing primarily in United Kingdom companies. The Fund may invest in fixed interest and convertible securities as well as ordinary shares. The Fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Other Information

With effect from 13 January 2014 the Henderson UK Equity Income Fund changed its name to Henderson UK Equity Income & Growth Fund, and the Investment objective and policy changed to:

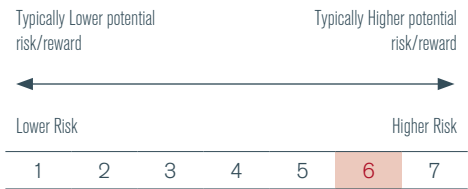
The Fund aims to provide dividend income with prospects for both income and capital growth over the medium to long term by investing primarily in United Kingdom companies.

The Fund may invest in fixed interest and convertible securities as well as ordinary shares. The Fund may invest in other transferable securities, money market instruments, deposits and units in collective investment schemes.

Derivatives and forward transactions may be used for the purposes of efficient portfolio management only.

Risk and reward profile

The Fund currently has 8 types of share class in issue; A income, I accumulation, C income, Z accumulation, I income, Z income, A Euro hedged accumulation and A USD hedged 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:

- As a category, shares are more volatile than either bonds or money market instruments
- The Fund focuses on a single country
- 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.

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

Over the six months under review, the net asset value total return was 19.5%, compared with the FTSE All-Share Index total return of 11.4%. Over the last five years the Fund has performed strongly.

During the second half of 2013 domestic economic activity improved significantly. Third quarter gross domestic product (GDP) growth figures showed construction, services and manufacturing all grew, while unemployment hit its lowest level since 2009. At the company level, we continue to be encouraged by the rapid build-up of cash on corporate balance sheets, some of which should ultimately be returned to shareholders via dividends and buybacks.

In this environment of an improving economy, the small- and mid-cap portion of the Fund outperformed due to its higher domestic exposure

than that of the main index. The exposure to industrial companies has been beneficial to performance, with some of the manufacturing firms such as Senior amongst the most significant contributors. Other notable outperformers during the review period included stocks exposed to the improving UK housing market, such as Topps Tiles and Bellway. One of the largest individual detractors was technology company Carclo, a company we believe in the medium term will grow substantially.

The buying and selling of holdings has remained relatively low. We did, however, take the opportunity to trim some positions that had performed well including DS Smith, Ashtead, and Numis. We still see value in these names but feel it is prudent to take profits following large price moves. At the margin we have been adding to holdings with strong dividend yields where we see a valuation opportunity, such as AstraZeneca and BP.

While the UK equity market has re-rated during 2013, we think that earnings multiples for positions held in the Fund remain fair and that companies remain disciplined with regards to their capital spend and mergers and acquisitions. While there are worries that margins generated by UK companies are unsustainably high, many companies held have fundamentally changed their business models to operate in increasingly niche, value-added areas and therefore margins should be maintained, if not grown further.

Performance summary

	30 Jun 13- 31 Dec 13 %	30 Jun 12- 31 Dec 12 %	30 Jun 11- 31 Dec 11 %	30 Jun 10- 31 Dec 10 %	30 Jun 09- 31 Dec 09 %
Henderson UK Equity Income Fund	19.5	15.3	(11.0)	26.8	30.0
FTSE All-Share Index	11.4	8.7	(6.2)	22.0	29.1

Source : Morningstar - mid to mid (excluding initial charges) 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.

Summary of Fund performance

Share class	Net asset value* 31/12/13 p	Net asset value* 30/06/13 p	Net asset value % change
Class A income	619.89	525.67	17.92
Class I income	678.89	574.96	18.08
Class I accumulation	1,125.23	928.05	21.25
Class Z income	204.61	172.19	18.83
Class C income	175.41	148.75	17.92
Class Z accumulation	177.47	147.31	20.47
Class A Euro hedged accumulation #	857.60	n/a	n/a
Class A USD hedged accumulation #	622.40	n/a	n/a

* 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.

Class A Euro hedged accumulation and A USD hedged accumulation launched on 18 November 2013

Fund facts

Accounting dates

30 June, 31 December

Payment dates

31 August, 30 November, last day in February, 31 May

Ongoing charge figure

	31/12/13 %	30/06/13 %
Class A	1.70*	1.75
Class C	1.70*	1.75
Class I	0.84**	0.86
Class Z	0.06***	0.08
Class A Euro hedge	1.68†	n/a
Class A USD hedge	1.68†	n/a

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

From 10 August 2013, the General Administration Charge (GAC) decreased:

* from 0.24% to 0.18%

** from 0.10% to 0.075%

*** from 0.06% to 0.045%

† Class A Euro hedged and Class A USD hedged launched on 18 December 2013, these are estimated figures.

Net revenue distribution

Share class	31/12/13 p	31/12/12 p
Class A income	7.94	7.49
Class I income	9.03	8.48
Class I accumulation	14.96	13.45
Class Z income	2.74	2.54
Class C income	2.25	2.12
Class Z accumulation	2.35	2.10

Share class	31/12/13 Euro cents	31/12/12 Euro cents
Class A Euro hedged accumulation #	2.38	n/a

Share class	31/12/13 USD cents	31/12/12 USD cents
Class A USD hedged accumulation #	2.38	n/a

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

Class A Euro hedged accumulation and A USD hedged accumulation launched on 18 November 2013

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X income			
2009	14.39	341.10	202.70
2010 **	2.12	344.70	366.40
Class A income			
2009	15.74	352.40	209.50
2010	13.62	434.30	333.20
2011	15.06	468.80	363.10
2012	15.59	481.50	400.30
2013	19.68	623.60+	485.30+
2014	3.36*	-	-
Class I income			
2009	16.09	373.60	220.70
2010	15.01	464.80	354.20
2011	17.02	503.60	390.80
2012	17.64	523.20	431.60
2013	22.17	682.70+	527.20+
2014	3.84*	-	-
Class I accumulation			
2009	22.11	531.90	301.30
2010	21.68	688.00	507.50
2011	25.52	764.90	600.10
2012	27.46	834.60	667.10
2013	35.93	1,132.00+	846.90+
2014	6.37*	-	-
Class Z income			
2009	4.60	109.10	64.20
2010	4.39	137.00	103.70
2011	5.00	149.10	115.90
2012	5.25	156.60	127.80
2013	6.72	205.90+	155.70+
2014	1.17*	-	-

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class C income			
2009	4.35	99.71	59.19
2010	3.86	122.90	94.29
2011	4.26	132.70	102.70
2012	4.41	136.30	113.30
2013	5.57	176.50+	137.30+
2014	0.95*	-	-
Class Z accumulation			
2012 #	3.05	130.00	102.20
2013	5.64	177.60+	129.20+
2014	1.00*	-	-

Calendar year	Net revenue (Euro cents per share)	Highest price (Euro cents per share)	Lowest price (Euro cents per share)
Class A Euro hedged accumulation			
2013	-	1,031.58+	992.25+
2014 ##	2.38*	-	-

Calendar year	Net revenue (USD cents per share)	Highest price (USD cents per share)	Lowest price (USD cents per share)
Class A USD hedged accumulation			
2013	-	1,031.44+	992.24+
2014 ##	2.38*	-	-

* to 28 February 2014

+ to 31 December 2013

** Class X merged with Class A on 11 January 2010

Class Z launched 16 September 2011

Class A Euro hedged accumulation and A USD hedged accumulation launched on 18 November 2013

Past performance is not a guide to future performance.

Major holdings	
as at 31/12/13	%
Senior	3.88
BP	3.39
GKN	2.71
Hiscox	2.69
Rio Tinto	2.55
Smith (DS)	2.20
Interserve	2.12
Hill & Smith	2.02
Phoenix Group	1.99
Royal Dutch Shell 'B'	1.96

Asset allocation	
as at 31/12/13	%
Industrials	32.10
Financials	21.43
Basic materials	10.03
Consumer goods	8.47
Oil & gas	7.70
Consumer services	6.61
Health care	4.84
Technology	3.15
Telecommunications	2.07
Real estate	1.90
Collective investment schemes	0.80
Construction & building	0.71
Net other assets	0.19
Total	100.00

Major holdings	
as at 30/06/13	%
Senior	4.52
GKN	2.99
Hiscox	2.98
BP	2.92
Royal Dutch Shell 'B'	2.52
Smith (DS)	2.45
Hill & Smith	2.38
Phoenix Group	2.35
Interserve	2.33
GlaxoSmithKline	2.23

Asset allocation	
as at 30/06/13	%
Industrials	36.32
Financials	21.83
Basic materials	8.66
Consumer goods	8.40
Consumer services	7.96
Oil & gas	6.01
Health care	3.15
Technology	3.00
Telecommunications	1.76
Real estate	1.31
Collective investment schemes	1.27
Construction & building	0.78
Fixed interest	0.11
Net other liabilities	(0.56)
Total	100.00

Report and accounts

This document is a short report of the Henderson UK Equity Income Fund for the six months ended 31 December 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 period it covers and the results of those activities at the end of the period.

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.

Depository

National Westminster Bank Plc
135 Bishopsgate
London EC2M 3UR

Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Contact us

Client Services 0800 832 832
www.henderson.com

Head Office address:
201 Bishopsgate, London EC2M 3AE

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 December 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 UK Equity Income 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

Issued in the UK by Henderson Global Investors. Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 9063355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Ref: 34V

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

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