INTERIM SHORT REPORT

Henderson
GLOBAL INVESTORS

For the six months ended
30 November 2013

Henderson UK Absolute Return Fund

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Short Report

For the six months ended 30 November 2013

Fund Managers

Luke Newman and Ben Wallace

Investment objective and policy

The Fund aims to achieve a positive absolute return over the long-term regardless of market conditions, by taking long and short positions primarily in equities or equity related derivative contracts of companies having their registered office in the UK; and companies that do not have their registered office in the UK but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in the UK, although all or a substantial proportion of the assets of the Fund may at any time consist of cash, near cash, deposits and/or money market instruments. The Fund will invest in companies of any market capitalisation.

Long positions may be held through a combination of direct investment and/or derivative instruments and short positions will be held through derivative positions, including but not limited to swaps and futures. The use of derivatives forms an important part of the investment strategy.

The Fund may also invest at the Manager's discretion in other transferable securities, derivative instruments and collective investment schemes.

Other information

With effect from 1 April 2013, the Financial Services Authority (FSA) was replaced by the Financial Conduct Authority (FCA).

On 3 June 2013, the Fund Administrator and Custodian of the Henderson UK Absolute Return Fund changed from HSBC Securities Services to BNP Paribas Securities Services and the Depositary changed from HSBC Bank plc to National Westminster Bank plc.

Risk and reward profile

The Fund currently has 2 types of share class in issue:

A accumulation and I accumulation.

The risk and reward profile is the same for each type of share and 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 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
- The Fund's short exposures mean it can lose money if certain shares rise in price
- 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 Factors" section of the Fund's prospectus.

Fund Managers' commentary

Market review

Equity markets were boosted by positive global macroeconomic data, particularly from the US, which suggested an improving global economy. Central bank policy also continued to provide a significant liquidity boost to the markets. However, in the final months of the period, the inconclusive Italian election results and bailout of Cyprus' banking sector led investors to take on a more cautious stance. In the UK, over recent months there have been more tangible signs that the economy is starting to improve, with consumer recovery in the UK aided by housing-friendly government initiatives and a pick-up in employment while corporate earnings appear to be resilient.

Fund performance and attribution

The Fund delivered a positive return of 6.2% in the six months to 30 November 2013.

Within the core book we continued to benefit from our long-standing position in telecom group BT. The group continues to generate strong cash flow allowing the payment of generous dividends, deleverage the balance sheet and invest in the core business concurrently. Following a strong rise in the shares over the past six months we have reduced the position size. A relatively new position in mining conglomerate BHP Billiton detracted from performance. Whilst we are not believers in the mining 'supercycle' we can now observe equity value emerging in Billiton. Post-2013, capital expenditure should begin to fall and even in a scenario where commodity prices weaken we would expect free cash flow to turn positive.

Online gaming group Betfair was also a strong positive contributor – rejecting a takeover approach from private equity firm CVC. To our mind this was the correct decision as the opportunity open to the impressive new management team, to refocus the business on regulated markets and capitalise on the high growth rates within the industry, were not reflected in the offer.

In addition, our core long holding in utility group National Grid continued to deliver value. We have long held the belief that a regulated asset that pays a dividend yield in excess of 5% and has the ability to grow that dividend at least in line with inflation is an attractive asset. The shares performed well during the period as investors began to re-rate the shares due to this secure income stream. Despite this strong performance the position remains in the core book as we expect to see further yield compression and hence equity upside.

On the core short book, one of the key winners was Royal Bank of Scotland. Although we believe the management of the group is highly capable, the combination of a weak balance sheet, a large element of UK government ownership and ongoing balance sheet shrinkage, make this an unattractive investment. The overall short position has been reduced due to the poor performance of the shares but a position remains within the short book.

The Fund also benefited from a tactical long in Bank of Ireland. The position was established on the view that the company was seeing a stabilisation of its net interest margin and the market was wrongly anticipating an equity issue over the short term. During the period, the company reported good progress on its margins and did not raise equity leading to a very strong rally in the shares in March. The position was sold following this performance.

A long position in cider producer C&C detracted over the period as the brewer's dominant position in the fast growing US market came under pressure from competitors. Following a meeting with management the position was closed as it was felt the risk of further market share loss could not be dismissed.

Fund Managers’ commentary (continued)

Outlook

Overall, despite a view that the macroeconomic environment will remain subdued at best, we continue to find good investment opportunities on both the long and short sides of the portfolio. Within the long book, we continue to believe that there are shares that remain materially undervalued if interest rates and bond yields remain low. Companies that fit this profile include National Grid, Centrica and GlaxoSmithKline. We also believe that there is considerable value in some businesses that have suffered due to this prolonged period of low interest rates. Insurance groups such as Resolution and Phoenix Group have seen investment income plummet due to the continual decline in high quality bond yields. These companies now look cheap at current bond yields and offer considerable upside if interest rates rise or yield curves steepen.

Within the short book, we have targeted several companies where we believe the groups have not properly invested in their businesses in order to maintain profits and cash flow over the short term. These short positions have been grown into rising equity markets.

Finally, within the tactical book, we are pleased to report that continued stock dispersion has led gross exposure and portfolio turnover to rise, resulting in stronger performance for the Fund.

Performance summary

	31 May 13- 30 Nov 13 %	31 May 12- 30 Nov 12 %	31 May 11- 30 Nov 11 %	31 May 10- 30 Nov 10 %	31 May 09- 30 Nov 09 %
Henderson UK Absolute Return Fund	6.2	3.9	(2.9)	1.9	4.3

Source: Morningstar – mid to mid (excluding initial charge) with net revenue reinvested for a basic rate taxpayer, net of fees, GBP.

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* 30/11/13 p	Net asset value* 31/05/13 p	Net asset value % change
Class A accumulation	134.54	126.38	6.46
Class I accumulation	138.35	129.72	6.65

* 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 May, 30 November	31 July, 31 January

Ongoing charge figure

	30/11/13 %	31/05/13 %
Class A#	1.71*	1.75
Class I#	1.06**	1.07

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 (CESR).

Please note, in addition to the OCF, a performance fee of 2.87% (31/05/13: 2.61%) has been charged to the Class A accumulation share class and 2.94% (31/05/13: 2.11%) to the Class I accumulation share class. For further details see the Prospectus.

From 10 August 2013, the General Administration Charge (GAC) decreased:
* from 0.24% to 0.18%.
** from 0.06% to 0.045%.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A accumulation			
2009**	–	108.79	99.99
2010	–	112.77	107.03
2011	–	116.50	109.52
2012	–	116.71	110.87
2013	–	134.60*	116.71*
2014	–+	–	–
Class I accumulation			
2009**	–	109.05	99.99
2010	0.33	113.53	107.58
2011	–	117.54	110.56
2012	0.53	119.33	112.43
2013	–	138.40*	119.50*
2014	0.25+	–	–

\+ to 31 January
* to 30 November
** From 14 April 2009 to 31 December 2009.

Net revenue distribution

Share class	30/11/13 p	30/11/12 p
Class I accumulation	0.25	–

There is no distribution for the six months ended 30 November 2013 (30 November 2012: Nil) for the Class A accumulation share class.

Total dividend distributions for the six months ended 30 November 2013, comparison is for the same period last year.

Past performance is not a guide to future performance.

Major holdings

as at 30/11/13	%
Deutsche Global Liquidity Managed Platinum	3.58
Commonwealth Bank of Australia 0.48% 20/03/2014	3.41
SEBS 0.48% 13/02/2014	3.41
ING 0.53% 21/02/2014	3.07
ABN Amro Bank 0.615% 05/03/2014	2.73
National Australia Bank 0.50% 17/02/2014	2.73
Bank of Nova Scotia 0.45% 03/03/2014	2.72
UBS 0.83% 10/01/2014	2.39
Credit Suisse 0.5% 15/01/2014	2.39
Nordea Bank 0.5% 10/01/2014	2.39

Major holdings

as at 31/05/13	%
Deutsche Global Liquidity Managed Platinum	3.75
Overseas Chinese Banking 0.41% 19/06/2013	3.75
BMO Capital 0.39% 24/06/2013	3.75
JP Morgan 0.45% 15/08/2013	3.75
National Australian Bank 0.4% 15/07/2013	3.13
Toronto Dominion Bank 0.4% 30/08/2013	3.13
Crédit Industriel et Commercial 0.53% 03/06/2013	3.12
Merrill Lynch 0.49% 06/06/2013	3.12
ABN Amro Bank 0.5% 12/06/2013	3.12
Deutsche Bank 0.5% 25/06/2013	3.12

Asset allocation

as at 30/11/13	%
United Kingdom	75.61
Ireland	3.58
Channel Islands	0.58
Cayman Islands	0.23
Net other assets	20.00
Total	**100.00**

Asset allocation

as at 31/05/13	%
United Kingdom	48.91
Ireland	3.83
Channel Islands	1.18
Cayman Islands	0.24
Luxembourg	(0.02)
Net other assets	45.86
Total	**100.00**

Report and accounts

This document is a short report of the Henderson UK Absolute Return Fund for the six months ended 30 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 period it covers and the results of those activities at the end of the period.

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.

Issued by:
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Member of the IMA and authorised and regulated by the Financial Conduct Authority.
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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 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 UK Absolute Return 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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