

Henderson

Japan Capital Growth

Fund

Short Report

For the six months ended 30 April 2013

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Fund Manager

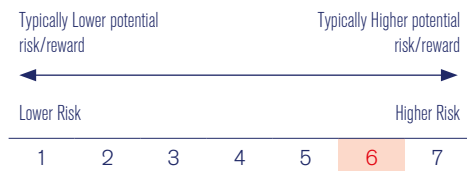
Michael Wood-Martin

Investment objective and policy

To aim to provide capital growth by investing in Japanese companies. The Fund is not restricted in the size of companies in which it can invest.

Synthetic risk and reward profile

The Fund currently has 2 types of shares in issue; A accumulation and I accumulation. Each type of share has the same risk and reward profile which is as follows:



The value of an investment in the Fund can go up and 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 country
- 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.

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.

Manager's commentary

Having languished for several months the Japanese stock market was transformed following the announcement of an election in November, which lay the foundation for a return to power for the opposition Liberal Democratic Party (LDP). Such was the landslide victory that the stock market responded favourably to the proposed measures to weaken the currency via a more proactive monetary policy. Stocks gained close to 60% over the period and whilst some of this was lost through yen depreciation to overseas investors, the Japanese stock market returned an impressive 35% in sterling terms. Sentiment at both corporate and consumer levels picked up. The housing market reflected an upturn in activity while wage increases began to filter through. The stock market ended the period on a high with the currency remaining at a level which prices corporate Japan back into global markets. The weak currency should provide the springboard from which profits can rapidly expand.

Over the period, the Fund rose 33.4% using the mid-day net asset value (NAV) price, compared with a rise of 35.6% in the MSCI Japan Index.

Performance within the market had a domestic bias with real estate and financials being amongst the strongest gainers. Cyclical sectors generally rose less than the market due to the prospect of slower growth overseas. The more predictable sectors also lagged the gain in the index. Within the portfolio the commitment to the financial sector had the most positive influence on performance. On a stock specific basis gainers were led by Daiwa Securities, which witnessed a huge rise in profits, and which contributed meaningfully to the overall performance of the Fund. Banking stocks Mitsubishi UFG, Sumitomo Mitsui Financial Group and Mizuho also performed well. Murata Manufacturing (electronics) and Mitsui OSK (shipping) contributed for separate reasons; the former on reflection of continuous strength in business, and the latter benefiting from a recovery from the depths of the shipping cycle. On the negative side the large position in consumer discretionary fared poorly although there have been signs of late that businesses are beginning to witness and upturn in activity. Retailers Yamada Denki, Rakuten and Nitori lagged the move in the index. Nintendo also failed to keep up with the market as sales of console games remained muted while business conditions at TDK (electronics) remained suppressed. The performance of the Fund fell slightly behind the gain in the market over the period.

A couple of holdings were removed and a couple of new additions were made to the portfolio over the period. Shin-Etsu Chemical and Secom (security services) were sold from the portfolio as both stocks had become relatively expensive. Each had performed strongly in recent years and it was felt that there

were better opportunities elsewhere. Shimamura (retail) and Suzuki Motor were introduced to the portfolio. Shimamura is one of Japan's leading chain store retailers selling mainly clothing for men, women and children. Revenues and profits have steadily expanded over the past decade and this trend is expected to continue. Suzuki Motor is a rather unique company with revenues derived both from Japan and from India via the company's alliance with Maruti. Prospects in India are improving thus providing an opportunity for Suzuki's share price to benefit. The structure of the portfolio remains largely the same with a bias towards domestic rather than overseas sectors in anticipation of an acceleration of activity within Japan.

The Japanese equity market appears over-extended by a number of measures following its spectacular rise over the past several months and may need to consolidate and catch its breath. Nevertheless, the outlook for Japan remains constructive and investors should focus on the measures that are being undertaken to reflate economic activity. With both political and financial authorities' interests aligned for the first time in many years the probability for successful policy implementation is greatly improved. Such has been the pressure on the economy through a strong currency over the past number of years that the recent reversal in the yen is all the more meaningful. Profits are expected to expand and the anticipated flow through to the domestic economy is raising growth expectations. Although equities need to consolidate we envisage that momentum will take the market higher.

Discrete annual performance

	1 May 12- 30 Apr 13 %	1 May 11- 30 Apr 12 %	1 May 10- 30 Apr 11 %	1 May 09- 30 Apr 10 %	1 May 08- 30 Apr 09 %
Henderson Japan Capital Growth Fund	24.4	4.9	(8.4)	23.0	(11.9)
MSCI Japan Index	27.4	(0.5)	(6.3)	21.7	(12.4)

Source: Morningstar - mid to mid, net income reinvested, 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* 30/04/13 p	Net asset value* 31/10/12 p	Net asset value % change
Class A accumulation	208.28	156.29	33.27
Class I accumulation	223.51	166.97	33.86

*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	31 December

Ongoing charge figure

	30/04/13 %	31/10/12 %
Class A	1.76	1.77
Class I	0.87	1.03**

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. Ongoing charges are all payments deducted from the assets of the Fund during the period, except for expenses that are explicitly excluded by regulation.

** From 1 August 2012, the Annual Management Charge decreased from 1.00% to 0.75% and the general administration charge increased from 0.06% to 0.10%.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	-	160.50	118.70
2009	0.05	155.70	117.00
2010**	-	146.90	139.80
Class A accumulation			
2008	0.28	166.60	123.40
2009	0.99	162.20	121.90
2010	0.59	181.70	146.30
2011	0.72	183.40	152.10
2012	0.64	177.10	152.60
2013	-*	217.40+	161.80+
Class I accumulation			
2008	1.10	173.20	128.50
2009	1.64	169.00	127.20
2010	1.70	191.60	153.30
2011	1.71	193.60	160.60
2012	1.92	188.40	163.00
2013	-*	233.40+	173.20+

* to 28 June

+ to 30 April

** X share class merged with A share class on 11 January 2010

Past performance is not a guide to future performance.

Major holdings

as at 30/04/13	%
Mitsubishi UFJ Financial	7.02
Rakuten	5.07
Yamada Denki	4.97
Sumitomo Mitsui Financial	4.93
Daiwa Securities	4.78
Canon	3.98
Sekisui Chemical	3.79
Credit Saison	3.74
TDK	3.71
Nippon Telegraph & Telephone	3.66

Major holdings

as at 31/10/12	%
Mitsubishi UFJ Financial	6.26
Yamada Denki	5.34
Sumitomo Mitsui Financial	4.58
Rakuten	4.58
Daiwa Securities	4.36
Tokio Marine Holdings	4.24
Canon	4.20
Mizuho Financial	3.97
Nintendo	3.93
Keyence	3.70

Asset allocation

as at 30/04/13	%
Financials	27.49
Industrials	20.54
Consumer goods	20.85
Technology	14.28
Consumer services	12.07
Telecommunications	3.66
Net other assets	1.11
Total	100.00

Asset allocation

as at 31/10/12	%
Financials	26.07
Industrials	25.79
Consumer goods	15.86
Technology	14.05
Consumer services	12.72
Telecommunications	2.79
Net other assets	2.72
Total	100.00

Report and accounts

This document is a short report of the Henderson Japan Capital Growth Fund for the six months ended 30 April 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:

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate,
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Member of the IMA and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

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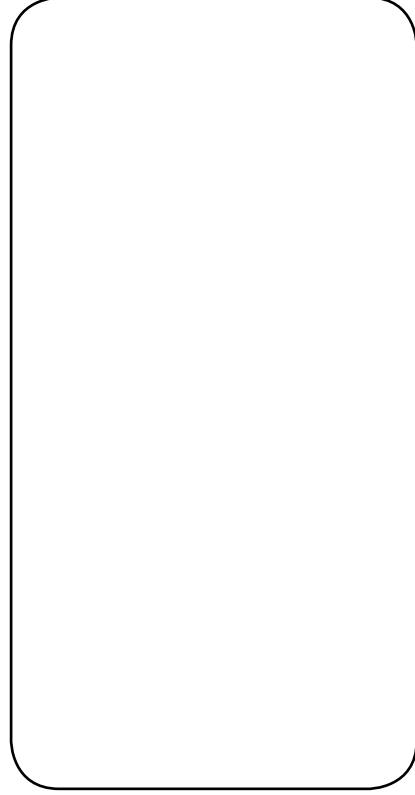
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 30 April 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 Japan Capital 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

Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), 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. Telephone calls may be recorded and monitored. Ref: 34V

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

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