

Henderson Institutional

North American Enhanced Equity

 Fund

Short Report

For the six months ended 30 April 2013

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Fund Manager

David Elms

Investment objective and policy

The Fund aims to provide consistent capital growth relative to the FTSE World North America Index (or such other index as may from time to time replace it) through investing primarily in North American companies. There are no restrictions on the size of the companies in which the Fund may invest.

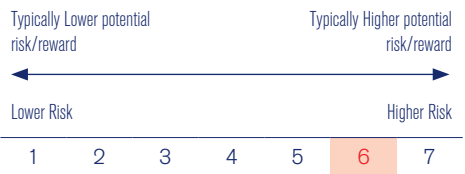
The Fund aims to provide an annual return above that of the FTSE World North America Index, whilst controlling risk. The Fund will invest primarily in North American companies included within the FTSE World North America Index. Additionally, the Fund can invest in companies listed on other exchanges which are associated with FTSE World North America Index listed shares or other North American companies.

The Fund will not attempt to replicate identically the share composition of the FTSE World North America Index, and the Fund Manager will actively review the shares within the portfolio, and effect adjustments as necessary in order to achieve the investment objective.

The Fund may invest the property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Synthetic risk and reward profile

The Fund currently has 4 types of share class in issue; A accumulation, I accumulation, Y accumulation and Z accumulation. Each type of share class 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 region
- 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.

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.

Manager's commentary

The Fund's return was 17.4% in line with the FTSE World North America Index gain of 17.4% in the six months to 30 April 2013.

Political change and evolving central bank policies played a decisive role in determining global market direction throughout the review period. At the start of the period President Obama successfully defeated Republican challenger Mitt Romney to win re-election – which was considered a negative by the equity markets as the continuation of a split House of Representatives and Senate led to fears over how a solution could be found to the impending tax rises and expenditure cuts (fiscal cliff), which would substantially impact US growth unless compromises could be made. Indications of willingness to compromise from both sides, however, increased equity market confidence that a deal could be struck and markets rose in December.

On 1 January, the last-minute deal over the US fiscal cliff triggered a lift in equity markets around the world. In the first quarter of 2013, US equity markets powered towards new record highs, despite intermittent jitters about the effects of US budget 'sequestration' (across-the-board spending cuts). Support from the US Federal Reserve (Fed) remained the critical driver for investors' appetite for equities as the central bank added US\$45bn in monthly Treasury purchases to its asset buying schedule, replacing its prior 'Operation Twist' programme. The focus on targeting a specific level of US unemployment (6.5% or below) was a key development towards the end of 2012, while further flexibility to increase or reduce asset purchases as necessary was built into its framework by April. Towards the end of the review period, improving macroeconomic data on key housing manufacturing and employment releases prompted some nervous

speculation about when the Fed might begin to wind down its bond-buying programme. While the first estimate of the US gross domestic product (GDP) growth came in below analysts' expectations, its 2.5% (annualised) clip was nevertheless a healthy improvement from the 0.4% advance registered during the fourth quarter of 2012.

In terms of corporate earnings, Q1 2013 results were slightly mixed. The majority of S&P 500 companies continued to disappoint on the sales revenue front, although overall revenues were around 1.9% higher than the same quarter last year, and an improvement relative to the two preceding quarters. However, earnings growth outperformed revenue growth with 72% of companies beating earnings-per-share (EPS) expectations versus 27% that missed, as corporates tried to maintain profit margins.

At the sector level, utilities, healthcare and financials were the best performers over the period while basic materials and technology were the worst. Merger and acquisition activity also continued with the management-led buyout of Dell being the highlight.

Economic data suggests that the US economy is improving; private sector job growth is rebounding and the housing recovery is entrenched. Other key data such as manufacturing output, railroad volumes, vehicle sales and bank lending are all turning up. The Congress has moved forward with the sequestration and extension of the debt ceiling. Gridlock in Washington, however, continues to restrain economic activity and business confidence. The eurozone remains weak as recessionary pressures are intensifying and banks are undercapitalised. In order to promote growth and thwart deflation, Japan has joined the quantitative easing fray while China's new government is attempting to transition to a consumer economy, which is negatively impacting growth.

Monetary policy has played a significant role in the market rally seen since summer 2012 – as it has done since the advent of the financial crisis. A period of consolidation for equities and other so-called 'riskier assets' could therefore lie ahead, especially if there are fewer initiatives from central banks in the latter half of 2013.

Performance summary

	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 Institutional North American Enhanced Equity Fund*	20.6	5.6	8.2	36.5	(13.8)
FTSE World North America Index**	20.5	5.5	7.3	35.0	(13.5)

Source: Henderson Global Investors and FTSE.

* Fund returns calculated using close of business prices on a gross asset value basis in GBP.

** Customised net dividends re-invested (Market Capitalisation weighted index of United States of America and Canada).

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 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 Y accumulation	146.50	125.10	17.11
Class A accumulation	715.70	613.74	16.61
Class I accumulation	782.12	668.12	17.06
Class Z accumulation	211.46	180.11	17.41

*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	30 June, 31 December	
Ongoing charge figure	30/04/13 %	31/10/12 %
Class Y	0.76	0.76
Class A	1.76	1.76
Class I	0.79	0.79
Class Z	0.04	0.04

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.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class Y accumulation			
2008	0.94	99.10	66.40
2009	1.19	98.54	65.15
2010	2.01	115.50	93.50
2011	1.14	118.68	97.37
2012	1.75	129.60	114.30
2013	1.04*	149.50+	125.60+
Class A accumulation			
2008	1.99	503.10	335.31
2009	3.59	494.28	328.43
2010	1.67	575.30	468.70
2011	0.49	588.42	482.18
2012	3.85	636.40	564.70
2013	2.50*	731.40+	615.30+
Class I accumulation			
2008	5.02	529.46	354.74
2009	6.37	526.42	348.05
2010	5.57	617.30	499.50
2011	5.42	634.10	520.11
2012	9.21	692.40	614.40
2013	5.52*	798.50+	663.40+
Class Z accumulation			
2008	2.08	138.60	93.30
2009	2.36	139.47	91.76
2010	2.29	164.50	132.40
2011	2.50	169.63	139.24
2012	3.52	186.60	164.80
2013	2.07*	215.70+	179.00+

* to 28 June

+ to 30 April

Past performance is not a guide to future performance.

Net revenue distribution

Unit class	30/04/13 p	30/04/12 p
Class Y accumulation	1.04	0.73
Class A accumulation	2.50	1.23
Class I accumulation	5.52	3.77
Class Z accumulation	2.07	1.52

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

Asset allocation

as at 30/04/13	%
Financials	15.74
Technology	14.19
Consumer services	12.14
Consumer goods	10.85
Industrials	10.06
Health care	9.36
Oil & gas	9.16
Fixed interest	3.06
Others	7.78
Overseas:	
Canada	6.40
Derivatives	0.17
Net other assets	1.09
Total	100.00

Major holdings

as at 30/04/13	%
Apple	2.50
Exxon Mobil	2.39
Microsoft	1.54
Johnson & Johnson	1.44
Chevron	1.41
IBM	1.39
General Electric	1.38
Google 'A'	1.30
Procter & Gamble	1.30
Pfizer	1.24

Asset allocation

at 31/10/12	%
Technology	14.94
Financials	14.75
Consumer services	12.27
Industrials	10.11
Consumer goods	9.52
Oil & gas	9.43
Health care	9.37
Fixed interest	4.00
Others	5.99
Overseas:	
Canada	7.71
Derivatives	(0.20)
Net other assets	2.11
Total	100.00

Major holdings

as at 31/10/12	%
Apple	3.64
Exxon Mobil	2.78
Microsoft	1.57
General Electric	1.47
IBM	1.47
Chevron	1.45
Johnson & Johnson	1.27
Pfizer	1.27
Wal-Mart Stores	1.27
Procter & Gamble	1.25

Report and accounts

This document is a short report of the Henderson Institutional North American Enhanced Equity 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.

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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London EC2M 3UR

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.

Auditor

PricewaterhouseCoopers LLP

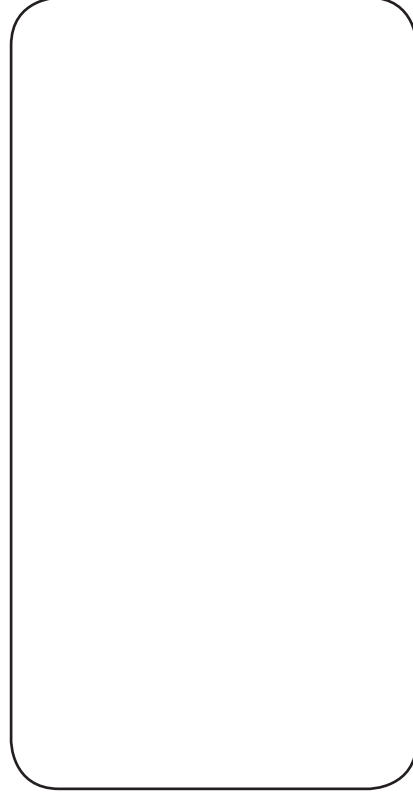
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Changes of address - regulatory requirements

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 Institutional North American Enhanced Equity 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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