Henderson
GLOBAL INVESTORS

INTERIM SHORT REPORT

For the six months ended
30 November 2013

Henderson European Selected Opportunities Fund

Henderson European Selected Opportunities Fund

Short Report

For the six months ended 30 November 2013

Fund Managers

John Bennett and Asim Rahman

Investment objective and policy

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets, by investing in companies having their registered office in Europe and companies that do not have their registered office in Europe 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 Europe.

The Fund will invest in companies of any market capitalisation.

The return will be a combination of capital and income returns.

The Fund may also invest at the Manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FCA Rules).

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 European Selected Opportunities 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 4 types of share class in issue:

A accumulation, I accumulation, C accumulation and I income.

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
- 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.

Fund Managers' commentary

Performance

Over the six months to 30 November the Fund returned 6.7% compared with a return of 6.8% for its benchmark, the FTSE World Europe excluding UK (GBP) Index.

The Federal Reserve (Fed) opened the door to a tapering of QE (quantitative easing) infinity in May which led to an initial pullback in European equity markets and an underperformance of those stocks paying high dividend yields. Notable outflows from emerging markets along with weaker US economic data subsequently led the Fed to delay any curtailment of its monthly bond purchase programme. During the period we also observed an improvement in economic data across Europe at a time when growth in emerging markets slowed. European equity markets have therefore delivered a positive return over the period and displayed signs of being able to outperform the USA and emerging markets; a contrast to what we have seen in recent years.

After a strong performance in the first half of the year, the Pharmaceutical sector was the main detractor from performance over the period. The sector fell victim to profit taking and from the effect of tapering talk on high yield stocks. Unlike most sectors, Pharma has met earnings expectations and shown evidence of a sequential growth pickup in recent quarters. Underleveraged balance sheets are largely moving towards net cash next year and consequently offer greater cash return prospects for shareholders. Novartis has for example initiated a share buyback program along with a strategic review of its existing portfolio. These factors lead us to retain our overweight to the sector.

Our underweight positioning in the Telecoms sector was a detractor from performance. M&A speculation across the sector ensued following Vodafone's disposal of Verizon Wireless. This led to an initial bounce in the sector whilst the fundamental headwinds (such as pricing pressure) have not abated. Industrials performed well over the period from the initial perception that these cyclical names could be a way to play an improvement in European economic growth. Subsequent earnings disappointments for these emerging market facing businesses, along with high valuation and margin levels has led us to maintain our underweight stance.

At a stock level Schindler also detracted from performance. Whilst delivering an acceleration in growth the company delayed its margin targets and poorly communicated a share buyback at a later date. Our frustrations led us to sell down the position. Our exposure to the consumer discretionary sector has been a positive contributor. This includes good performance from the professional publisher Reed Elsevier who has delivered a progressive improvement in growth and continued to streamline its portfolio of businesses. Our positions in Automobile suppliers have also served us well over the period with Valeo and Continental delivering positive returns.

Financials were also a positive sector for the Fund with our stock selection in Bank of Ireland, KBC and Bankinter performing well given their positive correlation to an improvement in Europe's periphery. These are positions that have been progressively added in the last year.

Investment activity

Over the period we built up a position in oil major Total, which began to communicate a desire to start reducing capital investment thereby enhancing free cash flow and the security of future dividend payments.

Fund Managers' commentary (continued)

Investment activity (continued)

We have also taken a position in the Auto supplier Autoliv. The company is exhibiting very high growth rates in its "Active Safety" division coupled with net cash and material shareholder returns in the form of on-going buybacks. This has added to our auto supplier investments and developed a "smart car theme" within the portfolio. We added Nokia to the portfolio following the company's' divestment of its handset business to Microsoft and also took a position in the Belgian pharmaceutical company UCB after meeting company management.

Whilst we have raised exposure to some of the banks already mentioned we took down our exposure to insurance stocks by disposing of Muenchener Rueckver and Zurich Insurance. We also took down exposure to emerging market facing luxury stocks to include Luxottica and Swatch.

Outlook

We have been advocating that it would be healthy for markets to see some consolidation after positive year to date performance. Tapering could facilitate a market correction but the timing of such an event remains uncertain. The US market continues to be schizophrenic over whether it wants stronger economic data or no change to the current level of quantitative easing. A gradual end to the latter alongside a sustained improvement in the economy would be optimal but it remains to be seen whether the correct balance can be found.

In the short term, sentiment is somewhat elevated and we will need to see the positive earnings revisions that have eluded corporates in recent quarters to sustain equity markets. In the medium term, European valuations relative to historical averages and to other global regions look undemanding coupled with the fact that earnings in Europe are still materially below the 2007 peak. Equity inflows into a once ignored region could also be supportive for European markets in 2014.

Whilst the macro has become more interesting for Europe we will continue to focus on the micro in an attempt to identify the stocks and sectors that can continue to compound cash flows from global franchises over time.

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 European Selected Opportunities Fund	6.7	20.9	(17.9)	7.3	21.7
FTSE World Europe ex UK Index	6.8	20.7	(19.7)	6.1	21.5

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	1,157.56	1,089.44	6.25
Class I accumulation	1,214.87	1,137.96	6.76
Class C accumulation	1,234.75	1,155.27	6.88
Class I income	150.95	141.37	6.78

* 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	1.72*	1.77
Class I	0.86**	0.90+
Class C	0.57***	0.59

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).

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%.

+ The Annual Management Charge decreased from 1.00% to 0.75% and the General Administration Charge (GAC) increased from 0.06% to 0.10% from 1 August 2012.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A accumulation			
2009	12.40	861.57	533.20
2010	10.20	871.03	712.01
2011	9.57	939.50	690.22
2012	10.50	930.44	737.83
2013	10.53	1,168.00*	931.30*
2014	–+	–	–
Class I accumulation			
2009	14.96	879.39	543.51
2010	14.47	894.17	728.96
2011	14.45	966.22	711.50
2012	16.38	968.22	764.15
2013	20.16	1,224.00*	969.25*
2014	–+	–	–
Class C accumulation			
2009	14.24	878.18	541.40
2010	18.42	898.44	730.19
2011	19.10	972.54	717.54
2012	21.06	981.75	773.30
2013	23.06	1,244.00*	982.84*
2014	–+	–	–
Class I income			
2011**	–	110.34	92.04
2012	2.21	122.51	96.75
2013	2.62	152.10*	122.64*
2014	–+	–	–

+ to 31 January
* to 30 November
** From 22 August 2011 to 31 December 2011.

Net revenue distribution

Please note there is no distribution for the six months ended 30 November 2013 and for the same period last year.

Past performance is not a guide to future performance.

Major holdings

as at 30/11/13	%
Novartis (registered)	6.87
Roche Holding – participating	6.85
Bayer	5.73
Nestlé (registered)	4.24
Nordea	3.57
Sanofi	3.52
BNP Paribas	3.50
Total	3.26
Novo Nordisk ‘B’	3.13
Henkel preference shares	2.55

Major holdings

as at 31/05/13	%
Novartis (registered)	8.99
Roche Holding – participating	8.69
Sanofi	6.05
Bayer	4.95
Reed Elsevier	4.08
Nestlé (registered)	3.95
Henkel preference shares	3.00
Akzo Nobel	2.59
UBS (registered)	2.47
Novo Nordisk ‘B’	2.37

Asset allocation

as at 30/11/13	%
Switzerland	23.28
Germany	22.04
France	20.21
Netherlands	11.20
Sweden	7.50
Finland	3.57
Denmark	3.13
Belgium	2.68
United Kingdom	2.41
Spain	1.53
Ireland	1.08
Italy	0.92
Net other assets	0.45
Total	**100.00**

Asset allocation

as at 31/05/13	%
Switzerland	31.27
Germany	23.89
France	17.24
Netherlands	11.49
Sweden	3.93
Finland	2.80
Denmark	2.37
United Kingdom	1.98
Belgium	1.48
Italy	1.20
Ireland	1.07
Spain	0.54
Net other assets	0.74
Total	**100.00**

Report and accounts

This document is a short report of the Henderson European Selected Opportunities 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:
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

Depositary
HSBC Bank plc
8 Canada Square
Canary Wharf
London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

From 3 June 2013
National Westminster Bank plc
135 Bishopsgate
London EC2M 3UR

Authorised and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

Registrar
International Financial Data Services (UK) Limited
IFDS House
St. Nicholas Lane
Basildon SS15 5FS

Authorised and regulated by the Financial Conduct Authority.

Auditor
PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow G2 7EQ

Institute of Chartered Accountants in England and Wales.

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 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 European Selected Opportunities 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.

HG144311/1113