



Henderson

Fixed Interest Monthly Income

Fund

Interim Report

For the six months ended 1 September 2013

Who are **Henderson Global Investors?**

Established in 1934 to administer the estates of Alexander Henderson, the first Lord Faringdon, Henderson Global Investors (Henderson) is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. With its principal place of business in London, Henderson is one of Europe's largest investment managers, with £67.9[†] billion assets under management (as at 30 June 2013) and employs around 1,000 people worldwide.

Henderson's principal place of business is in London and the majority of Henderson's investment and operational activities are conducted here. Additional offices are located in Chicago, Hartford, Philadelphia, Edinburgh, Dublin, Paris, Madrid, Zurich, Luxembourg, Amsterdam, Frankfurt, Milan, Vienna, Stockholm, New Delhi, Singapore, Beijing, Hong Kong, Tokyo and Sydney. The main Asia/Pacific operations are conducted out of Singapore and the US operations out of Chicago and Hartford. Equity investment professionals are also located in Edinburgh and Singapore. Distribution is conducted out of the majority of offices world-wide.

Henderson Group plc acquired New Star Asset Management Group PLC in April 2009 and Gartmore Group Limited in April 2011. In 2012 a Funds Management business was established in Australia and in 2013 Henderson expanded its global product offering with the acquisition of Northern Pines and a US credit team.

With investment expertise across every asset class, Henderson's skillful investment managers invest in every major market around the globe. They are supported by a global team of researchers and economists who have a keen understanding of the economic forces driving the security markets and who undertake rigorous sector and theme analysis. Underpinning this process is a comprehensive risk-control framework to ensure that investment views are translated into portfolios managed in line with investors risk and return requirements.

Please remember that past performance is not a guide to future performance. The value of an investment and the income 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.

What do we do?

At Henderson Global Investors we do one thing and we do it really well - investment management. As a company, we are totally focused on this core activity and it underpins everything we do.

We do this by providing a range of investment products and services including:

- Open ended funds – offshore funds, unit trusts, OEICs
- Investment trusts
- Individual Savings Accounts
- Pension fund management
- Management of portfolios for UK and international institutional clients

[†] Source: Henderson Global Investors.

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* These collectively comprise the Authorised Manager's Report.

Manager's report for the six months ended 1 September 2013

We are pleased to present the Interim Report and Accounts for Henderson Fixed Interest Monthly Income Fund for the six months ended 1 September 2013.

Authorised status

The Henderson Fixed Interest Monthly Income Fund is an authorised unit trust scheme under section 243 of FSMA 2000 Act, and a UCITS scheme complying with the investment and borrowing powers rules in Chapter 5 of the Collective Investment Schemes sourcebook (COLL) issued by the Financial Conduct Authority.

Advisers

	Name	Address	Regulator
Manager and Dealing	Henderson Investment Funds Limited which is the Manager Member of IMA The ultimate holding company is Henderson Group Plc.	Registered Office: 201 Bishopsgate, London EC2M 3AE. Registered in England No 2678531. Telephone - 020 7818 1818 Dealing - 0845 608 8703 Enquiries - 0800 832 832	Authorised and regulated by the Financial Conduct Authority
Investment Manager	Henderson Global Investors Limited The ultimate holding company is Henderson Group plc.	201 Bishopsgate, London EC2M 3AE	Authorised and regulated by the Financial Conduct Authority
Registrar	International Financial Data Services (UK) Limited	IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS	Authorised and regulated by the Financial Conduct Authority
Trustee	National Westminster Bank	135 Bishopsgate London EC2M 3UR	Authorised and regulated by the Financial Conduct Authority
Auditor	KPMG Audit Plc	Saltire Court 20 Castle Terrace Edinburgh EH1 2EG	Institute of Chartered Accountants in England and Wales
Legal Adviser	Eversheds LLP	One Wood Street London EC2V 7WS	The Law Society

Manager's report (continued)

Fund Managers

John Pattullo and Jenna Barnard

Investment objective and policy

To achieve a high yield. The Fund will invest principally in fixed interest securities including preference shares. The Fund may also invest in securities acquired on the conversion of convertible securities held within the portfolio (or pursuant to schemes of reconstruction), derivatives and forward transactions, warrants, money-market instruments and deposits. Derivatives may be used for meeting the investment objective of the Fund and for efficient portfolio management.

Performance summary

	1 Mar 13- 1 Sep 13 %	1 Mar 12- 1 Sep 12 %	1 Mar 11- 1 Sep 11 %	1 Mar 10- 1 Sep 10 %	1 Mar 09- 1 Sep 09 %
Henderson Fixed Interest Monthly Income Fund	0.8	5.3	(3.2)	4.4	30.1
IMA £ Strategic Bond sector average	(0.5)	4.6	0.3	6.8	19.5

Source: Morningstar, mid to mid, basic rate tax, 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 income 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.

Significant portfolio changes for the six months ended 1 September 2013

Largest purchases	£000	Largest sales	£000
UK Treasury 1.25% 22/07/2018	20,424	UK Treasury 1.25% 22/07/2018	20,433
Scottish Widows 7% 16/06/2043	11,412	Old Mutual 6.376% Perpetual	11,199
Bakkavor 8.25% 15/02/2018	10,600	Ziggo 8% 15/05/2018	11,061
Societe Generale Variable Perpetual	10,189	UPC Holdings 9.75% 15/04/2018	10,261
Worldpay FRN 29/11/2019 Term 1	9,564	Interxion 9.5% 12/02/2017	8,435
HBOS 6.461% Perpetual	9,429	Investec Bank 9.625% 17/02/2022	8,396
Tesco 4.875% 24/03/2042	8,002	Carlsberg 7.25% 28/11/2016	7,791
Germany (Federal Republic of) 2.5% 04/07/2044	7,164	Germany (Federal Republic of) 2.5% 04/07/2044	6,782
Wind Acquisition 11.75% 15/07/17	6,498	Capital Shopping Centre 6.875% 13/05/2013	6,614
Centurylink 5.8% 15/03/2022	6,155	Towergate 04/08/2017 Term Loan B	6,500
Total purchases	289,276	Total sales	314,958

The six months under review witnessed a significant rise in core government bond yields around the world as the market priced in an expectation of earlier interest rate hikes. As a result, those bond markets most sensitive to interest rate expectations (investment grade bonds and government bonds) suffered sharp losses over the period as bond prices fell. This was a response to two factors: stronger economic data and more uncertainty about how central banks may respond. The strength of the economic data was particularly notable in the UK where there was a dramatic turn for the better, whilst the strength of the UK housing market triggered concerns about an asset bubble. The uncertainty around central banks was also felt globally. Attempts to provide forward guidance on interest rates by targeting specific unemployment and inflation levels provided little support to bond markets when the economic data began to improve. This was also most notable in the UK where the Bank of England forecast that rates would not begin to rise until the end of 2016, whilst the market priced in rate hikes as early as 2014. In contrast, those areas of the bond market that are more sensitive to credit default risk (high yield bonds, subordinated bank, insurance bonds, etc) performed relatively well. These bonds offer a much higher yield reflecting their higher potential default risk. The improved economic backdrop and reduction in systemic risk from the eurozone meant that these bonds proved attractive to investors.

With an asset allocation that is heavily skewed towards the higher yielding areas of the corporate bond market, the Fund was relatively well positioned for the six months under review. Although it was hard to find bonds with potential for capital appreciation, the income focus of the Fund meant that it was relatively underweight in investment grade and government bonds. Fund activity was, as always, split between new bond issues, which come to market on a regular basis, and secondary market opportunities. New issues in which the Fund participated included AA (Automobile Association), which priced with a coupon of 9.5% whilst the Fund built a larger position in Lloyds banking bonds, which still offered a yield of over 7% despite considerable improvement in the credit quality of this bank. In contrast sales were focused on lower yielding areas such as investment grade bonds or in credits which looked mispriced. A particular focus in this respect was on any institution that had an emerging market exposure (Old Mutual and Investec to name but two).

The recent sell-off in government bond markets has introduced more sensible valuations to this asset class. Although painful in the short term we believe that ultimately this is a healthy development as central banks had been artificially suppressing the yields on offer in these markets and potentially creating a misallocation of capital. It seems likely that a large part of this repricing is now complete and the backdrop for bond markets is more supportive going forward. In corporate bond markets, default risk remains low and we continue to expect income to be the primary driver of total return. We are seeing few signs of the kind of aggressive lending that might sow the seeds for a future increase in default rates but with an improvement in animal spirits over the course of 2013 we will remain on the lookout for any such trends. In the meantime, we continue to find the yields on offer in high yield and financial bonds attractive.

Comparative tables for the six months ended 1 September 2013

Net asset value per unit

	Net asset value of Fund (£)	Net asset value of unit (£)	Number of units in issue	Net asset value per unit (pence)
Income				
01/03/2011	510,163,118	510,163,118	2,377,400,099	21.46
01/03/2012	449,525,995	449,525,995	2,213,765,470	20.31
01/03/2013	756,725,773	703,932,033	3,240,300,319	21.72
01/09/2013	709,626,297	655,556,970	3,072,658,522	21.34
Accumulation				
01/03/2013**	756,725,773	29,633,140	131,660,973	22.51
01/09/2013	709,626,297	29,297,956	129,341,518	22.65
Class I income				
01/03/2013**	756,725,773	10,905,201	10,544,564	103.42
01/09/2013	709,626,297	12,961,116	12,718,801	101.91
Class Z accumulation				
01/03/2013**	756,725,773	1,672	1,500	111.47
01/09/2013	709,626,297	1,692	1,500	112.80
Euro hedged income				
01/03/2013**	756,725,773	12,253,727	4,502,784	272.14
01/09/2013	709,626,297	11,808,563	4,500,768	262.37

** Accumulation, I income, Z accumulation and Euro hedged income unit classes were launched on 4 May 2012

Comparative tables for the six months ended 1 September 2013

Performance record

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
Income			
2008	1.66	26.21	15.56
2009	1.33	21.86	14.22
2010	1.25	22.18	20.34
2011	1.19	22.87	19.29
2012	1.01	21.96	19.63
2013	0.80*	22.32+	21.18+
Accumulation			
2012**	0.58	22.57	20.28
2013	0.83*	23.41+	22.31+
Class I income			
2012**	2.74	103.82	95.98
2013	3.88*	106.27+	101.04+
Class Z accumulation			
2012**	2.80	110.92	99.49
2013	4.27*	115.70+	111.00+
	Net revenue (Euro cents per unit)	Highest price (Euro cents per unit)	Lowest price (Euro cents per unit)
Euro hedged income			
2012**	11.27	319.00	294.00
2013	14.07*	326.00+	306.00+

* to 30 September

+ to 1 September

** Accumulation, I income. Z accumulation and Euro hedged income unit classes were launched on 4 May 2012

Ongoing charge figure

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

	01/09/13 %	01/03/13 %
Income	1.45*	1.45
Accumulation	1.45*	1.45
Class I	0.72**	0.74
Class Z	0.04***	0.04
Euro hedged	1.43****	1.43

The calculation is in accordance with guidelines issued by the Committee of European Securities Regulators (CESR) with the aim of ensuring a harmonised approach to the calculation of the OCF by all UCITS.

From 10 August 2013:

* The GAC decreased from 0.18% to 0.14%.

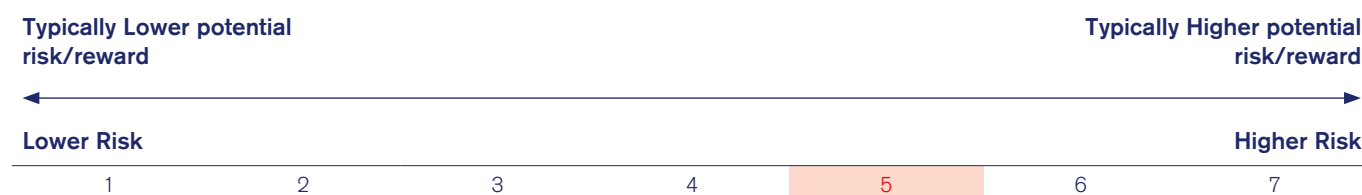
** The GAC decreased from 0.10% to 0.075%.

*** The GAC decreased from 0.03% to 0.023%.

**** The GAC decreased from 0.16% to 0.12%.

Risk and reward profile

The Fund currently has 5 unit classes in issue - Income, Accumulation, I income, Z accumulation and Euro hedged income. These unit classes have risk and reward profiles as follows:



The 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, bonds are less volatile than shares
- 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 Warnings" section of the Fund's prospectus.

Portfolio statement as at 1 September 2013

Holding	Investment	Market value £000	Percentage of total net assets %
Sterling denominated corporate bonds 46.86% (01/03/13 47.76%)			
GBP 3,970,000	AA Bond 9.5% 31/07/2043	4,238	0.60
GBP 4,875,000	Anglian Water Osprey Financing 7% 31/01/2018	5,227	0.74
GBP 8,960,000	Arqiva Broadcast 9.5% 31/03/2020	9,542	1.33
GBP 2,846,000	Aviva 5.9021% Perpetual	2,748	0.38
GBP 2,210,000	BAA 6% 20/03/2020	2,468	0.35
GBP 3,500,000	BAA 6.25% 10/09/2018	3,974	0.56
GBP 6,354,000	BAA 7.125% 14/02/2024	7,502	1.05
GBP 10,000,000	Bakkavor 8.25% 15/02/2018	10,425	1.46
GBP 500,000	Bank of Scotland 6.059% Perpetual	484	0.07
GBP 6,950,000	Barclays Bank 10% 21/05/2021	8,890	1.24
GBP 5,010,411	Broadgate Financing FRN 05/01/2022	4,529	0.64
GBP 1,450,000	BUPA Finance 5% 25/04/2023	1,403	0.20
GBP 4,633,000	BUPA Finance 6.125% Perpetual	4,679	0.66
GBP 5,790,000	Cabot Financial 10.375% 01/10/2019	6,514	0.92
GBP 15,016,000	Cattles FRN 17/01/2014	413	0.06
GBP 6,618,000	Cattles FRN 05/07/2017	182	0.03
GBP 4,000,000	Centrica 4.375% 13/03/2029	4,060	0.57
GBP 3,820,000	Citigroup 4.5% 03/03/2031	3,446	0.49
GBP 1,078,000	City Site Estates 10.5% 31/03/2017	539	0.08
GBP 580,000	CPUK Finance 7.239% 28/02/2024	694	0.10
GBP 13,710,000	Daily Mail & General Trust 5.75% 07/12/2018	14,727	2.08
GBP 700,000	Daily Mail & General Trust 6.375% 21/06/2027	708	0.10
GBP 5,000,000	DFS Furniture 6.508% 15/08/2018	5,049	0.70
GBP 550,000	DFS Furniture 7.625% 15/08/2018	575	0.08
GBP 8,600,000	Electricite de France 6% Perpetual	8,595	1.21
GBP 13,575,000	Energis 9.5% 15/06/2009 + ^	-	-
GBP 1,764,000	Estates & General Investment 11.25% 31/12/2018 ^	-	-
GBP 2,338,000	Eversholt 5.831% 02/12/2020	2,673	0.38
GBP 1,516,000	Eversholt 6.359% 02/12/2025	1,786	0.25
GBP 989,000	F&C Asset Management 6.75% 20/12/2026	846	0.12
GBP 2,080,000	F&C Asset Management 9% 20/12/2016	2,239	0.32
GBP 1,696,000	Friends Provident 12% 21/05/2021	2,140	0.30
GBP 2,450,000	G4S 7.75% 13/05/2019	2,888	0.41
GBP 8,000,000	Gala 8.875% 01/09/2018	8,520	1.20
GBP 3,200,000	Gala Coral 11.5% 01/06/2019	3,408	0.48
GBP 9,110,000	Greycoat 9.5% 31/12/2050 ++	-	-
GBP 14,929,000	HBOS 6.461% Perpetual	14,121	1.99
GBP 7,125,000	HSBC 5.844% Perpetual	7,018	0.99
GBP 2,960,000	IDH Finance FRN 01/12/2018	2,945	0.42
GBP 4,550,000	IDH Finance 6% 01/12/2018	4,596	0.65
GBP 1,905,000	IDH Finance 8.5% 01/06/2019	1,924	0.27
GBP 2,830,000	Imperial Tobacco 7.75% 24/06/2019	3,506	0.49
GBP 2,000,000	Imperial Tobacco 8.125% 15/03/2024	2,605	0.37
GBP 4,752,000	Imperial Tobacco 9% 17/02/2022	6,429	0.91
GBP 1,720,000	Intercontinental Hotels 3.875% 28/11/2022	1,714	0.24
GBP 5,135,000	Investec Bank 9.625% 17/02/2022	5,431	0.77
GBP 4,000,000	ITV 5.375% 19/10/2015	4,247	0.60
GBP 5,151,000	ITV 7.375% variable 05/01/2017	5,757	0.81

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Sterling denominated corporate bond (continued)			
GBP 4,700,000	Ladbroke's 7.625% 05/03/2017	5,217	0.74
GBP 6,650,000	Lambay Capital 6.25% Perpetual#	-	-
GBP 6,900,000	Legal & General 6.385% Perpetual	7,108	1.00
GBP 4,365,804	Lehman Brothers 7.875% 08/05/2018	1,168	0.16
GBP 1,595,000	Lloyds TSB 10.75% 16/12/2021	1,898	0.27
GBP 2,913,100	Mitchells and Butler 5.965% 15/12/2025	3,227	0.45
GBP 1,760,000	National Grid Group Finance 5.625% 18/06/2073	1,740	0.25
GBP 3,260,000	National Westminster Bank FRN Perpetual*	2,494	0.35
GBP 3,090,000	Nationwide Building Society 5.769% Perpetual	2,925	0.41
GBP 1,450,000	Odeon & UCI Finco 9% 01/08/2018	1,494	0.21
GBP 19,680,000	Parmalat Capital Finance 9.375% Perpetual + ^	-	-
GBP 1,136,598	Polestar 10.5% 30/05/2008 + ^	-	-
GBP 5,973,369	Polestar 12.5% 30/06/2011 + ^	-	-
GBP 10,680,000	RL Finance Bonds 6.125% Perpetual	9,964	1.39
GBP 1,000,000	Royal Bank of Scotland 7.5% 29/04/2024*	1,248	0.18
GBP 2,300,000	RWE 7% Perpetual	2,393	0.34
GBP 10,000,000	Saphir Finance 6.8509% Perpetual†	-	-
GBP 2,000,000	Scottish Widows 5.125% Perpetual	1,901	0.27
GBP 1,950,000	Scottish Widows 5.5% 16/06/2023	1,879	0.26
GBP 11,350,000	Scottish Widows 7% 16/06/2043	11,267	1.59
GBP 3,300,000	Siemens Financier 6.125% 14/09/2066	3,588	0.51
GBP 5,650,000	Singer & Friedlander 7.5% 13/11/2019+ ^	-	-
GBP 4,898,000	Standard Life 6.546% Perpetual	5,152	0.73
GBP 5,000,000	Standard Life 6.750% Perpetual	5,338	0.75
GBP 8,590,000	Tesco 4.875% 24/03/2042	8,080	1.14
GBP 1,090,000	Tesco 5% 24/03/2023	1,171	0.17
GBP 2,532,000	Tesco 6.125% 24/02/2022	2,933	0.41
GBP 1,810,000	Thomas Cook 7.75% 22/06/2017	1,851	0.26
GBP 6,050,000	Towergate Finance 6.005% 15/02/2018	6,020	0.85
GBP 8,260,000	Towergate Finance 8.5% 15/02/2018	8,698	1.23
GBP 4,030,000	Towergate Finance 10.5% 15/02/2019	4,203	0.59
GBP 10,450,000	Tullet Prebon 7.04% 06/07/2016	10,479	1.48
GBP 16,754,000	Virgin Media 8.875% 15/10/2019	18,203	2.57
GBP 1,473,000	Vougeot Bidco 7.875% 15/07/2020	1,514	0.21
GBP 1,400,000	Washington Mutual Bank 5.5% 10/06/2019^	-	-
GBP 1,550,000	WM Morrison Supermarkets 3.5% 27/07/2026	1,439	0.20
GBP 1,690,000	Yorkshire Water 3.625% 01/08/2029	1,572	0.22
		332,568	46.86
Convertible bonds & loan stocks 0.00% (01/03/13 0.00%)			
GBP 6,895,000	Scotia Holdings 8.5% Perpetual +	1	-
Convertible preference shares 0.00% (01/03/13: 0.00%)			
GBP 2,832,000	Wagon 7.25% convertible perpetual + ^	-	-
Euro denominated bonds 28.05% (01/03/2013: 30.43%)			
EUR 5,000,000	AG Spring Finance 7.5% 01/06/2018	4,235	0.60
EUR 5,000,000	AG Spring Finance 9.5% 01/06/2019	4,169	0.59

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Euro denominated bonds (continued)			
EUR 4,650,000	Ardagh Glass 7.125% 15/06/2017	3,989	0.56
EUR 2,305,000	Ardagh Glass 9.25% 01/07/2016	2,062	0.29
EUR 1,000,000	Ardagh Packaging Finance 7.375% 15/10/2017	903	0.13
EUR 1,850,000	Avis Budget 6% 01/03/2021	1,614	0.23
EUR 80,000	Barclays Bank 4.75% Perpetual	52	0.01
EUR 1,950,000	Cammell Laird 12% 15/10/2010 + ^	-	-
EUR 2,760,000	Cerved Technologies 6.375% 15/01/2020	2,373	0.33
EUR 8,950,000	Chesapeake 7% 15/12/2014 + ^	-	-
EUR 2,976,000	Cirsa Funding 8.75% 15/05/2018	2,595	0.37
EUR 3,333,000	Clerical Medical 4.25% Perpetual	2,742	0.39
EUR 4,210,000	Crown European 7.125% 15/08/2018	3,838	0.54
GBP 2,309,000	Europcar 9.375% 15/04/2018	1,948	0.27
EUR 2,140,000	Faenza 8.25% 15/08/2021	1,854	0.26
EUR 1,715,000	Findus Bidco 9.125% 01/07/2018	1,539	0.22
EUR 6,767,120	Hellas Telecom 8.5% 15/10/2013 ^	-	-
EUR 9,296,466	Ineos 7.875% 15/02/2016	7,988	1.13
EUR 6,608,000	Infor 10% 01/04/2019	6,186	0.87
EUR 13,368,000	Iron Mountain 6.75% 15/10/2018	11,581	1.63
EUR 4,184,000	Kabel Deutschland 6.5% 29/06/2018	3,785	0.53
EUR 1,700,000	Landsbanki Islands 4.652% Perpetual+ ^	-	-
EUR 2,050,000	Lehman Brothers 4.25% 26/09/2016 ^	-	-
EUR 13,250,000	Levi Strauss & Co 7.75% 15/05/2018	12,015	1.69
EUR 5,930,000	Matterhorn Mobile 8.25% 15/02/2020	5,396	0.76
EUR 1,840,000	National Grid Group Finance 4.25% 18/06/2076	1,555	0.22
EUR 1,178,000	Norcell 10.75% 29/09/2019	1,071	0.15
EUR 2,976,000	Numericable Finance 12.375% 15/02/2019	3,012	0.42
EUR 18,650,000	Pfleiderer 7.125% Perpetual	63	0.01
EUR 2,820,000	R&R Ice Cream 9.25% 15/05/2018	2,458	0.35
EUR 11,200,000	Rexam 6.75% 29/06/2067	9,929	1.40
EUR 6,335,000	Servus 7.75% 15/06/2018	5,477	0.77
EUR 2,000,000	Smurfit Kappa Acquisitions 5.125% 15/09/2018	1,780	0.25
EUR 8,000,000	Smurfit Kappa Funding 7.75% 15/11/2019	7,389	1.04
EUR 5,000,000	Spie Bondco 11% 15/08/2019	4,755	0.67
EUR 4,640,000	Standard Life 5.314% Perpetual	3,975	0.56
EUR 1,750,000	Techem 6.125% 01/10/2019	1,598	0.23
EUR 7,113,000	Teksid Aluminium 11.375% 15/07/2011 + ^	-	-
EUR 3,600,000	Telenet Finance 6.25% 15/08/2022	3,080	0.43
EUR 7,677,000	Telenet Finance 6.375% 15/11/2020	6,833	0.96
EUR 6,000,000	Telenet Finance 6.625% 15/02/2021	5,345	0.75
EUR 7,800,000	TMF Group 9.875% 01/12/2019	6,937	0.98
EUR 1,125,000	Trionista 5% 30/04/2020	954	0.13
EUR 4,110,000	Trionista 6.875% 30/04/2021	3,532	0.50
EUR 6,475,000	Unity Media 7.5% 15/03/2019	5,954	0.84
EUR 7,670,000	Unity Media 9.5% 15/03/2021	7,414	1.04
EUR 2,000,000	Unitymedia Hessen 5.75% 15/01/2023`	1,663	0.23
EUR 4,280,000	UPC Holdings 6.75% 15/03/2023	3,587	0.51
EUR 3,232,000	UPC Holdings 8.375% 15/08/2020	3,005	0.42
EUR 10,580,000	UPC Holdings 9.625% 01/12/2019	9,979	1.41

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Euro denominated bonds (continued)			
EUR 8,825,000	Waterford Wedgwood 9.875% 01/12/2010 [^]	-	-
EUR 7,200,000	Wind Acquisition 11.75% 15/07/17	6,419	0.90
EUR 2,500,000	Winstar Communications 12.75% Perpetual + [^]	-	-
EUR 11,425,000	Ziggo 8% 15/05/2018	10,405	1.48
		<u>199,033</u>	<u>28.05</u>
Swiss franc denominated bonds 0.96% (01/03/13: 0.77%)			
CHF 1,033,333	Matterhorn Mobile FRN 15/05/2019	726	0.10
CHF 4,920,000	Matterhorn Mobile 6.75% 15/05/2019	3,618	0.51
CHF 3,444,000	Sunrise Communications 5.625% 31/12/2017	2,468	0.35
		<u>6,812</u>	<u>0.96</u>
Swedish krona denominated bonds 0.52% (01/03/13: 0.00%)			
SEK 35,350,000	Norcell Sweden 9.25% 29/09/2018	3,701	0.52
US denominated bonds 9.23% (01/03/13: 5.86%)			
USD 530,000	ABC Rail Products 10.5% 15/01/2004 + [^]	-	-
USD 3,180,000	BMC Software Finance 8.125% 15/07/2021	2,081	0.29
USD 6,340,000	British Sky Broadcasting 3.125% 26/11/2022	3,753	0.53
USD 9,000,000	Centurylink 5.8% 15/03/2022	5,484	0.77
USD 9,000,000	Centurylink 7.6% 15/09/2039	5,236	0.74
USD 3,115,000	Convatec Healthcare 10.5% 15/12/2018	2,255	0.32
USD 800,000	Crown Paper 11% Perpetual + [^]	-	-
USD 2,500,000	Digicel Group 8.25% 01/09/2017	1,681	0.24
USD 1,850,000	Drypers 10.25% Perpetual + [^]	-	-
USD 2,430,000	Dufry Finance 5.5% 15/10/2020	1,603	0.23
USD 500,000	Fruit of the Loom 8.875% Perpetual [^] +	-	-
USD 2,100,000	Glitnir Banki FRN 02/03/2015+ [^]	-	-
USD 8,480,000	HCA 8% 01/10/2018	6,181	0.87
USD 1,650,000	Imperial Tobacco Finance 3.5% 02/11/2023	999	0.14
USD 4,900,000	International Securities 9% Perpetual [^] +	-	-
USD 4,632,000	Iron Mountain 5.75% 15/08/2024	2,702	0.38
USD 2,838,000	Iron Mountain 6% 15/08/2023	1,821	0.26
USD 4,541,000	Koninklijke 7% 28/03/2073	2,936	0.41
USD 5,904,000	Lloyds Banking 6.657% Perpetual	3,454	0.49
USD 250,000	Provincia De Misiones Cemis 0% Perpetual [^] +	-	-
USD 250,000	Provincia De Misiones Cemis 6% 01/08/2006 [^] +	-	-
USD 3,435,000	Prudential 11.75% Perpetual	2,473	0.35
USD 4,690,000	Regal 5.75% 15/06/2023	2,835	0.40
USD 630,000	Rexel 6.125% 15/12/2019	415	0.06
USD 2,000,000	Reynolds 9.875% 15/08/2019	1,374	0.19
USD 8,350,000	Royal Bank of Scotland 7.64% Perpetual*	4,804	0.67
USD 2,060,000	SBA Telecommunications 5.75% 15/07/2020	1,338	0.19
USD 10,780,000	Societe Generale Variable Perpetual	6,971	0.98
USD 2,940,000	Taminco Global 9.75% 31/03/2020	2,134	0.30
USD 1,170,000	UPCB Finance III 6.625% 01/07/2020	790	0.11
USD 3,295,000	WPP Finance 4.75% 21/11/2021	2,184	0.31
		<u>65,504</u>	<u>9.23</u>

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Secured loans 7.63% (01/03/13: 7.80%)			
EUR 12,806,387	Alliance Boots 31/12/2012	12,660	1.78
EUR 3,700,800	Autobar FRN 31/10/2018	2,989	0.42
EUR 1,750,000	Autobar FRN 31/10/2019	1,413	0.20
EUR 1,000,000	Birds Eye FRN 31/01/2018	857	0.12
EUR 3,207,600	BMC Software FRN 07/08/2020	2,734	0.39
EUR 2,155,288	Delachaux FRN 30/09/2018	1,835	0.26
EUR 3,880,500	Firth Rixson FRN 30/06/2017	3,855	0.54
EUR 1,953,380	Flint Group FRN 28/12/2016	1,630	0.23
EUR 623,977	Ineous FRN 04/05/2018 Term 1	529	0.07
EUR 2,241,569	Ineous FRN 04/05/2018 Term 2	1,900	0.27
EUR 1,355,769	RAC Limited FRN 29/10/2019 Term 1	1,366	0.20
EUR 451,923	RAC Limited FRN 29/10/2019 Term 2	455	0.06
EUR 542,308	RAC Limited FRN 29/10/2019 Term 3	546	0.08
EUR 935,795	RAC Limited FRN 30/09/2018 Term 1	940	0.13
EUR 160,962	RAC Limited FRN 30/09/2018 Term 2	162	0.02
EUR 592,164	United Biscuits FRN 29/06/2020 Term 1	595	0.08
EUR 2,725,596	United Biscuits FRN 29/06/2020 Term 2	2,741	0.39
EUR 3,212,272	Worldpay FRN 29/11/2019 Term 1	3,218	0.46
EUR 10,500,000	Worldpay FRN 29/11/2019 Term 2	10,518	1.48
EUR 3,718,500	YPSO FRN 31/12/2017	3,185	0.45
		54,128	7.63
Ordinary shares 0.03% (01/03/13: 0.03%)			
252,875	Avery Weightronics ~ ^	-	-
78,027	Avery Weightronics warrants ~ ^	-	-
1,111,251	Chelys Preference + ^	-	-
9,784	Eagle Geophysical ~ ^	-	-
36,830	Tokheim ^	-	-
4,047	Treofan ^	-	-
19,861	Ventelo ^	-	-
33	West Bromwich Building Society PPDS	198	0.03
		198	0.03
Derivatives 0.02% (01/03/13 0.25%)			
Credit default swaps 0.11% (01/03/13 (0.07%))			
3,150,000	CDS 20/09/2018 - Centurylink - Receive USD	145	0.02
1,280,000	CDS 20/12/2017 - Convatec AROV - Pay EUR	12	-
511,389	CDS 20/12/2017 - Convatec AROW - Pay EUR	5	-
400,000	CDS 20/12/2016 - Ladbrokes - Pay EUR	(12)	-
1,150,000	CDS 20/06/2017 - Levi Strauss - Receive USD	79	0.01
11,800,000	CDS 20/09/2018 - Old Mutual - Receive EUR	598	0.08
3,000,000	CDS 20/09/2015 - Standard Life APC1 - Receive EUR	(24)	-
1,300,000	CDS 20/09/2015 - Standard Life AQPDP - Pay EUR	(10)	-
		793	0.11
Futures 0.00% (01/03/13 0.00%)			
150	CBT US 10 Year December 2013	(9)	-

Portfolio statement (continued)

Holding	Investment	Market value £000	Percentage of total net assets %
Forward foreign currency contracts (0.08%) (01/03/13 0.32%)			
	Buy GBP 3,873,415 : Sell SEK 39,436,423 September 2013	34	-
	Buy GBP 82,775,868 : Sell EUR 97,120,008 September 2013	(29)	-
	Buy GBP 85,231,550 : Sell EUR 100,000,000 September 2013	(29)	-
	Buy GBP 6,034,653 : Sell CHF 8,743,483 September 2013	(29)	-
	Buy USD 3,711,026 : Sell GBP 2,404,453 September 2013	(5)	-
	Buy GBP 44,121,270 : Sell USD 69,041,273 September 2013	(518)	(0.08)
	Buy GBP 85,234,600 : Sell EUR 100,000,000 September 2013	(25)	-
	Buy USD 24,600,000 : Sell GBP 16,046,548 September 2013	(141)	(0.02)
	Buy USD 16,700,000 : Sell AUD 18,217,062 September 2013	323	0.04
	Buy AUD 18,374,263 : Sell USD 16,700,000 September 2013	(233)	(0.03)
	Buy AUD 18,379,419 : Sell USD 16,700,000 September 2013	(230)	(0.03)
	Buy USD 8,350,000 : Sell AUD 9,139,167 September 2013	144	0.02
	Buy USD 8,350,000 : Sell AUD 9,139,167 September 2013	144	0.02
		<u>(594)</u>	<u>(0.08)</u>
Forward foreign currency contracts on hedged share class (0.01%) (01/03/13 0.00%)			
	Buy GBP 191,462 : Sell EUR 223,508 September 2013	1	-
	Buy GBP 9,899 : Sell EUR 11,567 September 2013 ^	-	-
	Buy GBP 4,281 : Sell EUR 5,014 September 2013 ^	-	-
	Buy GBP 171 : Sell EUR 200 September 2013 ^	-	-
	Buy GBP 35,827 : Sell EUR 41,647 September 2013 ^	-	-
	Buy GBP 2,109 : Sell EUR 2,469 September 2013 ^	-	-
	Buy GBP 428 : Sell EUR 500 September 2013 ^	-	-
	Buy GBP 427 : Sell EUR 500 September 2013 ^	-	-
	Buy EUR 14,478,270 : Sell GBP 12,402,419 September 2013	(58)	(0.01)
		<u>(57)</u>	<u>(0.01)</u>
Investment assets including investment liabilities		662,078	93.30
Net other assets		47,548	6.70
Net assets		709,626	100.00

* A related party to the Fund

† Defaulted

+ Unlisted security

++ Fair valued by the Investment Manager

Suspended security

^ Market Value less than £500

Credit ratings

Investment	Market value £000	Percentage of total net assets %
Above investment grade (AAA - BBB)	178,787	25.19
Below investment grade (BB and below)	365,811	51.55
Unrated	63,021	8.88
Total bonds	607,619	85.62
Total secured loans	54,128	7.63
Total ordinary shares	198	0.03
Total derivatives	133	0.02
Investment assets including investment liabilities	662,078	93.30
Net other assets	47,548	6.70
Net assets	709,626	100.00

Source: Standard and Poor's

Statement of total return for the six months ended 1 September 2013 (Unaudited)

	01/09/13		01/09/12	
	£000	£000	£000	£000
Income				
Net capital (losses)/gains		(9,485)		26,959
Revenue	23,285		21,000	
Expenses	(5,387)		(4,745)	
Finance costs: Interest	(1)		-	
	<u>17,897</u>		<u>16,255</u>	
Taxation	<u>1</u>		<u>-</u>	
Net revenue after taxation		<u>17,898</u>		<u>16,255</u>
Total return before distributions		8,413		43,214
Finance costs: Distributions		(21,612)		(20,270)
Change in net assets attributable to unitholders from investment activities		<u>(13,199)</u>		<u>22,944</u>

Statement of change in net assets attributable to unitholders for the six months ended 1 September 2013 (Unaudited)

	01/09/13		01/09/12	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		756,726		449,526
Amounts receivable on issue of units	10,054		4,089	
Amounts receivable on mergers *	-		341,104	
Amounts payable on cancellation of units	(44,673)		(56,184)	
		<u>(34,619)</u>		<u>289,009</u>
Stamp duty reserve tax		(14)		(13)
Unclaimed distributions		52		35
Change in net assets attributable to unitholders from investment activities (see above)		(13,199)		22,944
Retained distribution on accumulation units		680		443
Closing net assets attributable to unitholders		<u>709,626</u>		<u>761,944</u>

* Relating to the merger of the Henderson High Yield Monthly Income Fund and Henderson Extra Monthly Income Bond Fund on 4 May 2012.

Balance sheet as at 1 September 2013 (Unaudited)

	01/09/13		01/03/13	
	£000	£000	£000	£000
Assets				
Investment assets		667,215		704,607
Debtors	33,819		15,877	
Cash and bank balances	46,622		60,980	
Total other assets		80,441		76,857
Total assets		747,656		781,464
Liabilities				
Investment liabilities		5,137		1,618
Creditors	21,909		11,562	
Bank overdrafts	8,130		7,359	
Distribution payable on income units	2,854		4,199	
Total other liabilities		32,893		23,120
Total liabilities		38,030		24,738
Net assets attributable to unitholders		709,626		756,726

Certification of financial statements by Directors of the Manager

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook, we hereby certify the investment report and financial statements on behalf of the Directors of Henderson Investment Funds Limited.



Lesley Cairney
(Chief Operating Officer)



Richard McNamara
(Director)

18 October 2013

Notes to the financial statements as at 1 September 2013

Accounting and Distribution Policies

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association (IMA) in October 2010.

The accounting and distribution policies applied are consistent with those of the financial statements for the year ended 1 March 2013 and are described in those annual accounts.

Distribution table for the six months ended 1 September 2013 (in pence per unit)

Interim interest distribution (accounting date 31 March 2013, paid on 30 April 2013)

Group 1: units purchased prior to 2 March 2013

Group 2: units purchased on or after 2 March 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 30/04/13	Distribution paid 30/04/12
Income						
Group 1	0.0988	0.0198	0.0790	-	0.0790	0.0961
Group 2	0.0335	0.0067	0.0268	0.0522	0.0790	0.0961
Accumulation						
Group 1	0.1029	0.0206	0.0823	-	0.0823	-
Group 2	0.0493	0.0099	0.0394	0.0429	0.0823	-
Class I income						
Group 1	0.4764	0.0953	0.3811	-	0.3811	-
Group 2	0.1970	0.0394	0.1576	0.2235	0.3811	-
Class Z accumulation	0.5250	0.1050	0.4200	-	0.4200	-

Interim interest distribution (accounting date 30 April 2013, paid on 31 May 2013)

Group 1: units purchased prior to 1 April 2013

Group 2: units purchased on or after 1 April 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 31/05/13	Distribution paid 31/05/12
Income						
Group 1	0.1031	0.0206	0.0825	-	0.0825	0.0839
Group 2	0.0388	0.0078	0.0310	0.0515	0.0825	0.0839
Accumulation						
Group 1	0.1044	0.0209	0.0835	-	0.0835	-
Group 2	0.0476	0.0095	0.0381	0.0454	0.0835	-
Class I income						
Group 1	0.4958	0.0992	0.3966	-	0.3966	-
Group 2	0.2409	0.0482	0.1927	0.2039	0.3966	-
Class Z accumulation	0.5273	0.1055	0.4218	-	0.4218	-

Distribution table (continued)

Interim interest distribution (accounting date 31 May 2013, paid on 28 June 2013)

Group 1: units purchased prior to 1 May 2013

Group 2: units purchased on or after 1 May 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 28/06/13	Distribution paid 29/06/12
Income						
Group 1	0.1063	0.0213	0.0850	-	0.0850	0.0804
Group 2	0.0303	0.0061	0.0242	0.0608	0.0850	0.0804
Accumulation						
Group 1	0.1115	0.0223	0.0892	-	0.0892	0.0807
Group 2	0.0371	0.0074	0.0297	0.0595	0.0892	0.0807
Class I income						
Group 1	0.5150	0.1030	0.4120	-	0.4120	0.3389
Group 2	0.1671	0.0334	0.1337	0.2783	0.4120	0.3389
Class Z accumulation	0.5843	0.1169	0.4674	-	0.4674	0.2613

Interim interest distribution (accounting date 1 June 2013, paid on 28 June 2013)

Group 1: units purchased prior to 2 March 2013

Group 2: units purchased on or after 2 March 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 28/06/13	Distribution paid 29/06/12
Euro hedged income (Euro cents per unit)						
Group 1	4.6757	-	4.6757	-	4.6757	1.0477
Group 2	1.5915	-	1.5915	3.0842	4.6757	1.0477

Interim interest distribution (accounting date 30 June 2013, paid on 31 July 2013)

Group 1: units purchased prior to 1 June 2013

Group 2: units purchased on or after 1 June 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 31/07/13	Distribution paid 31/07/12
Income						
Group 1	0.1063	0.0213	0.0850	-	0.0850	0.0983
Group 2	0.0168	0.0034	0.0134	0.0716	0.0850	0.0983
Accumulation						
Group 1	0.1115	0.0223	0.0892	-	0.0892	0.0986
Group 2	0.0401	0.0080	0.0321	0.0571	0.0892	0.0986
Class I income						
Group 1	0.5150	0.1030	0.4120	-	0.4120	0.4737
Group 2	0.0518	0.0104	0.0414	0.3706	0.4120	0.4737
Class Z accumulation	0.5843	0.1169	0.4674	-	0.4674	0.4920

Distribution table (continued)

Interim interest distribution (accounting date 31 July 2013, paid on 30 August 2013)

Group 1: units purchased prior to 1 July 2013

Group 2: units purchased on or after 1 July 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 30/08/13	Distribution paid 31/08/12
Income						
Group 1	0.1063	0.0213	0.0850	-	0.0850	0.0758
Group 2	0.0230	0.0046	0.0184	0.0666	0.0850	0.0758
Accumulation						
Group 1	0.1115	0.0223	0.0892	-	0.0892	0.0764
Group 2	0.0356	0.0071	0.0285	0.0607	0.0892	0.0764
Class I income						
Group 1	0.5150	0.1030	0.4120	-	0.4120	0.3675
Group 2	0.1469	0.0294	0.1175	0.2945	0.4120	0.3675
Class Z accumulation	0.5843	0.1169	0.4674	-	0.4674	0.3866

Interim interest distribution (accounting date 1 September 2013, paid on 30 September 2013)

Group 1: units purchased prior to 1 August 2013

Group 2: units purchased on or after 1 August 2013

	Gross revenue	Income tax (20%)	Net revenue	Equalisation	Distribution paid 30/09/13	Distribution paid 28/09/12
Income						
Group 1	0.1063	0.0213	0.0850	-	0.0850	0.0800
Group 2	0.0113	0.0023	0.0090	0.0760	0.0850	0.0800
Accumulation						
Group 1	0.1115	0.0223	0.0892	-	0.0892	0.0809
Group 2	0.0215	0.0043	0.0172	0.0720	0.0892	0.0809
Class I income						
Group 1	0.5150	0.1030	0.4120	-	0.4120	0.3845
Group 2	0.1556	0.0311	0.1245	0.2875	0.4120	0.3845
Class Z accumulation	0.5843	0.1169	0.4674	-	0.4674	0.4090
Euro hedged income (Euro cents per unit)						
Group 1	4.9455	-	4.9455	-	4.9455	4.9562
Group 2	2.3317	-	2.3317	2.6138	4.9455	4.9562

Unitholder enquiries

If you have any queries about your Fund holding, either contact your professional adviser or telephone us on one of the numbers below:

For dealing enquiries including buying and selling units please telephone at local rate: **0845 608 8703**

The following lines are also available:

Client Services: **0800 832 832**

or you can contact us via e-mail at **support@henderson.com**

We may record telephone calls for our mutual protection and to improve customer service.

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