



ANNUAL SHORT REPORT

For the year ended 31 October 2016

Henderson
GLOBAL INVESTORS

Henderson Institutional Global Buy & Maintain Fund

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Short Report

For the year ended 31 October 2016

Investment Fund Manager

James Briggs

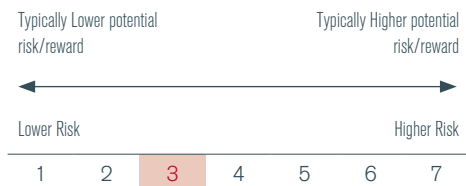
Investment objective and policy

To provide income and growth by investing primarily in a diversified portfolio of investment grade global corporate bonds. The fund may also invest in other transferable securities (including high yield bonds), government bonds, money market instruments, deposits, cash and near cash and collective investment schemes. Derivatives may be used by the fund for the purposes of efficient portfolio management.

Risk and reward profile

The fund currently has 1 type of share class in issue; Y gross accumulation.

The risk and reward profile is as follows:



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:

- As a category shares are, in general, 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. Under normal market conditions the following risks may apply:

Counterparty risk The fund could lose money if a counterparty with which it transacts 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. The risk of default may be higher where the fund invests in sub-investment grade bonds.

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.

Geographic risk The fund's value may fall where it has concentrated exposure to a particular country or region 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.

Exchange rate risk Fluctuations in exchange rates may cause the value of year investment and income from it to rise or fall.

The full list of the fund's risks are contained in the "Risk Factors" section of the fund's prospectus.

There has been no change to the risk rating in the year.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

Investment review

The fund performed well over the review period, benefiting from both a tightening in credit spreads and a fall in government bond yields which was driven by additional monetary stimulus from the European Central Bank (ECB), Bank of England (BoE) and Bank of Japan (BoJ). Although the US Federal Reserve raised interest rates in December of last year for the first time since 2006 in an effort to normalise monetary policy, the impact on credit markets was more than offset by the announcement that both the BoE and the ECB would be extending their stimulus programmes to include the purchase of corporate bonds. The measures implemented by the BoE also comprised a 0.25% cut in the base rate, a new term funding scheme for banks and an expansion of the government asset-purchase scheme by £60bn. Although the UK's referendum to leave the European Union caused a bout of market volatility in the summer of 2016, the weakness was short-lived. Over the year, the outperforming sectors were utilities, financials and telecommunications, while lower rated investment grade bonds outperformed higher rated bonds.

Consumer non-cyclicals and communications were the strongest sector contributors to performance. Pharmaceutical companies GlaxoSmithKline and Pfizer were the largest contributors to performance within the former, along with Proctor & Gamble and Imperial Brands. Telecommunications providers AT&T, Verizon and Deutsche Telekom were the top contributors within the communications sector.

A position in Tesco performed well over the summer, benefiting from a stabilisation in the credit profile following recent management changes and the outperformance of lower rated, higher risk issuers more broadly. Our position in Wal-Mart also performed well along with holdings in utilities E.ON, EDF and National Grid. E.ON announced positive restructuring plans and benefited from inclusion in the Bank of England's Corporate Bond Purchase Scheme. EDF contributed significantly despite rating agency concerns around their nuclear investment programme in the UK.

Financials contributed strongly to performance during the review period. The largest contribution came via the banking sector, where positions in Morgan Stanley and Rabobank performed particularly well. Holdings in the insurance and real estate sectors also benefited performance, with the best returns coming from positions in US real estate investment trusts Digital Realty (technology real estate) and Welltower (healthcare). Our holding in German residential real estate issuer Aroundtown also performed well.

Other notable activity over the year included the closure of positions in Atrium, Origin Energy and Volkswagen alongside reductions in AT&T and Shell. Proceeds were recycled into new issuance from companies such as Johnson & Johnson, Exxon Mobil, Japan Tobacco and CVS Health, which allowed us to modestly improve the quality of the portfolio.

Performance summary

	31 Oct 15- 31 Oct 16	16 Sep 15* - 31 Oct 15
	%	%
Henderson Institutional Global Buy & Maintain Fund	3.2	(0.3)

Source : Morningstar, bid to bid and net of fees as at 12 noon valuation point, based on performance of Class Y gross accumulation.

Figures in brackets are negative.

* The fund launched on 16 September 2015. There is no benchmark as the fund is a targeted absolute return fund.

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.

Fund facts

Accounting dates

Payment dates

30 April, 31 October

31 March, 30 June, 30 September, 31 December

Ongoing charge figure

	2016	2015
	%	%
Class Y	0.24	0.24*

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.

The calculation is in accordance with guidelines issued by the European Securities and Markets Authority (ESMA).

* The fund launched on 16 September 2015.

Past performance is not a guide to future performance

Comparative tables

	Class Y gross accumulation	
	2016 (pence per share)	2015 (pence per share)
Change in net assets per share		
Opening net asset value per share	99.36	99.97 ¹
Return before operating charges*	4.10	(0.37)
Operating charges	(0.24)	(0.24)
Return after operating charges*	3.86	(0.61)
Distributions on accumulation shares	(2.44)	(0.18)
Retained distributions on accumulation shares	2.44	0.18
Closing net asset value per share	103.22	99.36
* after direct transaction costs of:	-	-
Performance		
Return after charges	3.88%	(0.61%)
Other information		
Closing net asset value (£000s)	90,573	87,145
Closing number of shares	87,749,276	87,702,873
Operating charges	0.24%	0.24%
Direct transaction costs	0.00%	0.00%
Prices		
Highest share price (pence)	104.30	100.40
Lowest share price (pence)	95.61	99.20

¹ Fund was launched on 16 September 2015 and this is the first published price

Performance values are at close of business and may differ from the performance summary.

Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the share class.

Past performance is not a guide to future performance.

Major holdings

as at 2016	%
Wal-Mart Stores 6.2% 15/04/2038	1.25
Banque Federative du Credit Mutuel 2.5% 29/10/2018	1.14
Altria 2.625% 14/01/2020	1.12
Oracle 2.5% 15/10/2022	1.10
Qualcomm 2.25% 20/05/2020	1.10
Southern Power 1.85% 01/12/2017	1.09
Philip Morris 4.125% 17/05/2021	1.09
Apple 3.6% 31/07/2042	1.06
Pfizer 6.5% 03/06/2038	1.06
Procter & Gamble 5.25% 19/01/2033	1.05

Asset allocation

as at 2016	%
United Kingdom	43.83
United States	28.32
Germany	4.49
France	4.47
Australia	2.18
Netherlands	2.08
Japan	1.61
Switzerland	1.16
Sweden	1.13
Mexico	1.12
Ireland	0.96
Norway	0.76
Italy	0.59
United Arab Emirates	0.23
Portugal	0.13
Derivatives	(2.60)
Other net assets	9.54
Total net assets	100.00

Major holdings

as at 2015	%
Akzo Nobel 8% 06/04/2016	1.19
EDF Energy Networks 5.5% 17/10/2041	1.05
Nestle Finance International 2.25% 30/11/2023	0.98
Procter & Gamble 5.25% 19/01/2033	0.96
Apple 3.6% 31/07/2042	0.95
Wal-Mart Stores 6.2% 15/04/2038	0.95
Banque Federative du Credit Mutuel 2.5% 29/10/2018	0.94
Pfizer 6.5% 03/06/2038	0.94
BP Capital Markets 4.325% 10/12/2018	0.91
Motability Operations 3.75% 16/07/2026	0.90

Asset allocation

as at 2015	%
United Kingdom	43.98
United States	24.10
Netherlands	4.06
France	3.64
Germany	3.48
Australia	2.33
Japan	1.93
Mexico	1.22
Sweden	1.19
Switzerland	1.12
Italy	0.78
Ireland	0.75
Norway	0.74
Jersey	0.24
United Arab Emirates	0.21
Portugal	0.13
Derivatives	(0.18)
Other net assets	10.28
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Institutional Global Buy & Maintain Fund for the year ended 31 October 2016.

Copies of the annual and half yearly long form reports 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 year it covers and the results of those activities at the end of the year.

Issued by:

Henderson Investment Funds Limited
Registered office:
201 Bishopsgate
London
EC2M 3AE
Member of The Investment Association
(formerly Investment Management Association)
and authorised and regulated
by the Financial Conduct Authority.
Registered in England No 2678531

Shareholder Administrator

International Financial Data Services (UK) Limited
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Basildon
Essex
SS15 5FS

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.

Depository

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135 Bishopsgate
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Auditor

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Contact us

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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 31 October 2016. 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 Global Buy & Maintain 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), AlphaGen Capital 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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