



INTERIM SHORT REPORT

For the six months ended
31 July 2016

Henderson
GLOBAL INVESTORS

Henderson Diversified Alternatives Fund

Henderson Diversified Alternatives Fund

Short Report

For the six months ended 31 July 2016

Investment Fund Managers

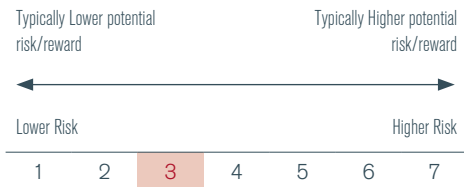
Henderson Multi-Asset Team

Investment objective and policy

To achieve long term capital growth. The fund will seek to achieve its objective by investing globally in a diverse portfolio of investments which gain exposure indirectly to alternative asset classes such as property, commodities and hedge funds. The fund will invest primarily in investment trusts and investment companies. The fund may also invest in collective investment schemes (both regulated and unregulated), exchange traded funds (ETFs), transferable securities, fixed interest securities, money market instruments, deposits, cash and near cash. Derivatives and forward transactions may be used for the purposes of Efficient Portfolio Management (EPM).

Risk and reward profile

The fund currently has 3 types of share class in issue: Y accumulation, Z accumulation and Z income. The risk and reward profile of the share class 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 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:

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.

Derivatives risk Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative instrument.

Liquidity risk In difficult market conditions 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.

There have been no changes to the risk rating in the period.

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

This fund is a non-UCITS retail fund and we have adopted this disclosure to enable comparison across our fund range.

*The fund was launched on 22 February 2013, therefore, the SRRI is calculated based on historical volatility over a rolling period since inception.

Investment review

The fund generated a return of 8.1% during the six months ending 31 July 2016. This compared with a return of 1.8% generated by the CPI+3% benchmark. The fund remains highly diversified, and a number of sectors contributed significantly to this performance.

The largest contribution during the six months came from private equity, which added 3.5% to returns. The most notable performers were HG Capital Trust and Riverstone Energy, which added 0.7% and 0.7%, respectively. HG Capital Trust saw its discount tighten materially after strong performance, while Riverstone Energy benefited from a recovery in the oil price.

Infrastructure was the second highest contributing sector, adding 1.9% to the fund's performance. As gilt yields continued to fall, the yields offered by the asset class attracted investors. All of the investments within the sector made a contribution, with International Public Partnerships contributing 0.5% and Sequoia Economic Infrastructure Investments providing the most significant uplifts.

The fund gained 1.1% from its allocation to credit investments. Yields narrowed significantly since early February as global economic growth concerns receded. We had significant holdings in US and European senior secured loans, which performed strongly.

Property was also a significant contributor. Our long-term view has been that sector-specific property stories, such as student property and commercial property situated regionally rather than in London, provide the potential for capital returns as London prices have increased notably in recent years. This thesis protected us from the increased volatility within the sector. The issues surrounding open-ended property funds and holding any alternative asset in open-ended form validated the design of the fund and its focus on closed-ended vehicles. Property added 0.2% to overall fund performance.

The fund also generated strong contributions from both renewable energy (+1.0%) and commodities (+0.8%).

The only detractor during the period was cash. Sterling weakened as the European Union (EU) referendum approached, so we hedged some foreign currency positions to reduce the impact of a rebound in sterling in the event of a vote to stay. We retained some foreign currency positions, as we thought the outcome would not be as clear-cut as many market participants had expected. Our cash allocation detracted 1.0%, but this was more than offset by the benefit to our overseas positioning.

We made a number of allocation changes during the period. Early on, we opportunistically increased our infrastructure weighting. In mid-2015, we had no investments in the sector at all; this rose to a peak of roughly 13% during the review period. Gilt yields fell as the UK voted to leave the EU – our positions performed strongly and traded at high premiums. We consequently reduced our weighting and now have an allocation of 7.5%.

While reducing infrastructure, we increased our investments in renewable energy following the 'Brexit' vote (UK's decision to leave the EU). We were concerned about the effect of falling wholesale energy prices on the sector, but prices rebounded for a number of reasons. Gas prices drive wholesale energy prices and gas prices are, in turn, linked to the price of oil. As oil has recovered, gas prices have found support. The depreciation of sterling also exerted upward pressure on UK wholesale energy prices, which became more attractive to overseas buyers.

After Brexit, we also decided to cut our property holdings. Despite still liking the themes held within the portfolio, we are concerned that an economic slowdown in the UK in the wake of Brexit could have a negative impact on valuations.

Performance summary

	Six months	One year	Since launch
	31 Jan 16-31 Jul 16	31 Jul 15-31 Jul 16	22 Feb 13-31 Jul 16
	%	%	%
Cumulative performance			
Henderson Diversified Alternatives Fund	8.1	4.6	21.1
Consumer price index +3%	1.8	3.6	13.8
	31 Jul 15-31 Jul 16	31 Jul 14-31 Jul 15	31 Jul 13-31 Jul 14
	%	%	%
Discrete year performance			
Henderson Diversified Alternatives Fund	4.6	4.5	5.6

Source: Morningstar, Bid to Bid and net of fees as at 12 noon valuation point, based on performance of Class Y accumulation. Benchmark values are as at close of business

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*	Net asset value*	Net asset value*
	31/07/16	31/01/16	% change
	p	p	
Class Y accumulation	121.07	111.84	8.25
Class Z accumulation	108.85	100.44	8.37
Class Z income	106.44	98.22	8.37

*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 July, 31 January	31 May

Ongoing charge figure

	31/07/16	31/01/16
	%	%
Class Y	0.63	0.67 ¹
Class Z	0.20	0.16

The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months.

The OCF includes a synthetic element of 0.13% (31/01/16: 0.12%) to incorporate the OCF of underlying funds.

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

¹ With effect from 1 October 2015, the annual management charge decreased from 0.50% to 0.40%.

This fund is a non-UCITS retail fund and we have adopted this disclosure to enable comparison across our fund range.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class Y accumulation			
2013 ¹	-	106.70	100.00
2014	1.33	112.90	106.06
2015	1.62	117.30	112.20
2016	2.46*	121.10 +	111.20+
Class Z accumulation			
2014 ²	-	100.20	98.88
2015	0.13	105.10	100.40
2016	2.10*	109.00 +	99.93+
Class Z income			
2014 ²	-	100.20	98.88
2015	0.13	104.90	100.40
2016	2.10*	106.60 +	97.76+

* to 31 May
+ to 29 July

¹ The fund launched on 22 February 2013

² Share Class Z launched on 10 December 2014

Past performance is not a guide to future performance.

Major holdings	
as at 31/07/16	%
Gold Bullion	3.47
UK Mortgage	3.36
Boussard & Gavaudan	3.25
Riverstone Energy	3.19
Renewables Infrastructure	3.06
Pantheon International Participations	3.04
NextEnergy Solar Fund	3.00
John Laing Environmental Assets	2.98
Kames Capital Invest Equity Market Neutral Plus Fund	2.97
HarbourVest Global Private Equity	2.96

Major holdings	
as at 31/01/16	%
Foresight Solar Fund	4.37
Renewables Infrastructure	4.31
Intertational Public Partnership	4.27
Pantheon International Participations	3.80
GCP Student Living	3.71
Kames Capital Invest Equity Market Neutral Plus Fund	3.56
Standard Life European Private Investment Trust	3.45
Empiric Student Property	3.20
Melchior Selected European Absolute Return Fund	3.13
Boussard & Gavaudan	3.02

Asset allocation	
as at 31/07/16	%
Private Equity	22.84
Hedge Funds	22.43
Renewable Energy	13.92
Fixed Interest	12.01
Infrastructure	8.53
Direct Commodities ex Timber	6.01
Property	4.86
Utilities	0.71
Alternative	0.50
Derivatives	0.07
Other net assets	8.12
Total net assets	100.00

Asset allocation	
as at 31/01/16	%
Hedge Funds	23.70
Private Equity	23.38
Fixed Interest	14.55
Renewable Energy	10.83
Infrastructure	10.37
Property	9.11
Direct Commodities ex Timber	4.89
Utilities	1.99
Alternatives	0.50
Other net assets	0.68
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Diversified Alternatives Fund for the six months ended 31 July 2016.

Copies of the 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 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,
London EC2M 3AE
Member of The Investment Association and
authorised and regulated
by the Financial Conduct Authority.
Registered in England No 2678531

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National Westminster Bank Plc
135 Bishopsgate
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
141 Bothwell Street
Glasgow G2 7EQ

Shareholder Administrator

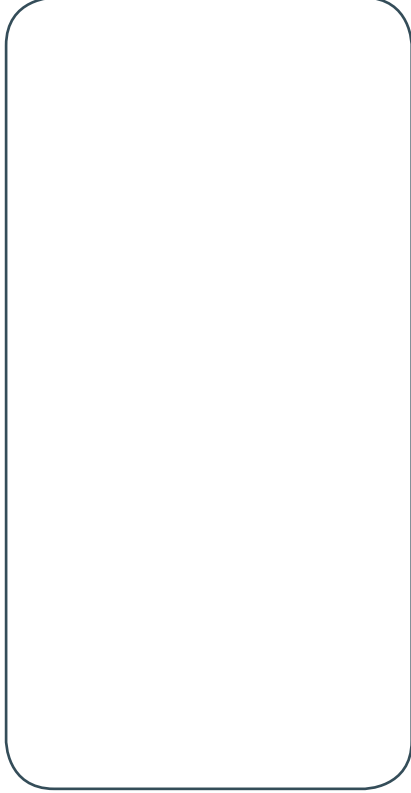
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 July 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 Diversified Alternatives 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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