



# INTERIM SHORT REPORT

For the six months ended  
31 July 2016

Henderson  
GLOBAL INVESTORS

**Henderson Diversified Growth Fund**

# Henderson Diversified Growth Fund

## Short Report

For the six months ended 31 July 2016

### Investment Fund Managers

Henderson Multi-Asset Team

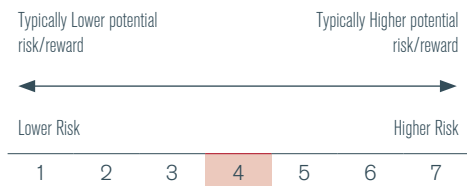
### Investment objective and policy

To achieve long term capital growth with some potential for income returns with lower than equity market volatility. The fund will invest predominantly in regulated collective investment schemes which may in turn invest in transferable securities, money market instruments and deposits. The fund may also invest in unregulated collective investment schemes which may include limited partnerships. Derivatives and forward transactions may be used by the fund for investment purposes to achieve asset allocation and for the purposes of efficient portfolio management.

The fund may also invest directly in transferable securities, fixed income securities, money market instruments, deposits, cash and near cash.

### Risk and reward profile

The fund currently has 7 types of share class in issue: A accumulation, Y accumulation, Z accumulation, K accumulation, K Euro Hedged accumulation, K US Dollar Hedged accumulation and W accumulation. The risk and reward profile of each type of 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:

- The fund invests in, or otherwise gains exposure to, a mix of different asset classes.
- 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:

**Currency risk** The fund uses derivatives in order to reduce the risks otherwise associated with making investments in currencies other than the fund's accounting currency.

**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** 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 is contained in the "Risk Warnings" section of the fund's prospectus.

There have been no changes to 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.

## Investment review

The Henderson Diversified Growth Fund returned 7.4% over the 6 months to 31 July 2016, outperforming its target of 3-month LIBOR plus 4% per annum by over 5%. Furthermore, despite a volatile market environment, performance was achieved with significantly less volatility than both global equity and global bond market indices.

Two themes drove portfolio performance over the reporting period: global uncertainty and the search for yield.

Within the equity portfolio, these themes were encapsulated by the fund's global strategies, with both the iShares MSCI World Minimum Volatility and the Kennox Strategic Value Fund contributing significantly to positive performance over the period. Both strategies were beneficiaries of heightened global uncertainty, with the former driven by investors' demand for low-volatility stocks and the latter's holding in gold mining stocks benefiting from a resurgent gold price. Furthermore, returns were buoyed across the international equity portfolio as the UK's decision to leave the European Union depressed the value of sterling.

Elsewhere in the portfolio, investment grade bonds were the largest positive contributor in the fixed income allocation, as progressively expansionary monetary policy forced investors to seek higher-yielding assets. The iShares USD Corporate Bond ETF was a particular highlight, given the prevalence of US bonds in global corporate bond indices. Finally, the fund's gold position provided a hedge against the bouts of systemic stress experienced at the start of the year.

Trading activity was relatively high over the period. In the fund's equity portfolio, we began to rebuild our emerging markets allocation after a long period of having few or no holdings in the region. The trade was driven by the improving relative macroeconomic momentum in the region, as illustrated by the resilience of GDP and earnings growth forecasts versus their developed peers. We spread the position across multiple holdings including the Acadian EM Managed Volatility Strategy and the Henderson Emerging Markets Fund.

Given the significant price gains of some assets over the reporting period, we also actively rotated out of positions where we had taken significant profit. Examples include the sale of a portion of our high yield holdings, after a successful tactical trade implemented in February, and a consistent trimming of our gold position. Finally, we reduced the cyclicity of our equity positions in markets where macroeconomic momentum remains weak – namely Japan. This included the sale of the Man GLG Japan Core Alpha strategy, which was replaced by the Morant Wright Nippon Yield Fund (a less stylised way to access the market).

Looking forward, from an economic perspective, nominal growth remains subdued, providing continued support for global bond yields. That said, global governments' increasing propensity to implement fiscal over monetary policy may begin to reverse this relationship, to a degree. We continue to be overweight equities relative to duration assets, and see credit as more attractive than government bonds in our fixed income allocations. Our cash levels remain above average, and we continue to be underweight sterling relative to other international currencies.

## Performance summary

	Six months	One year	Five years	Since launch
	31 Jan 16-31 Jul 16	31 Jul 15-31 Jul 16	31 Jul 11-31 Jul 16	7 Apr 11-31 Jul 16
Cumulative performance	%	%	%	%
Henderson Diversified Growth Fund	7.4	4.2	23.5	25.0
3 Month Libor	0.3	0.6	3.2	3.6

	31 Jul 15-31 Jul 16	31 Jul 14-31 Jul 15	31 Jul 13-31 Jul 14	31 Jul 12-31 Jul 13	31 Jul 11-31 Jul 12
Discrete year performance	%	%	%	%	%
Henderson Diversified Growth Fund	4.2	4.9	4.7	10.1	(2.0)

Source: BNP Paribas/Morningstar - Bid to Bid and net of fees as at close of business, GBP, based on performance of Class Z accumulation.

Benchmark values are as at close of business.

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.

## Fund facts

Accounting dates	Payment date
31 July, 31 January	31 May

### Ongoing charge figure

	31/07/16	31/07/16	31/01/16	31/01/16
	%	%	%	%
Class A	1.84	n/a	1.81	n/a
Class K	1.64	2.18*	1.61	1.92*
Class W	0.84	n/a	0.81	n/a
Class Y	0.79	n/a	0.76	n/a
Class Z	0.34	n/a	0.31	n/a
Class K Euro Hedged	1.64	1.68*	1.61	1.90*
Class I US Dollar Hedged <sup>1</sup>	n/a	n/a	1.05	n/a
Class K US Dollar Hedged	1.64	2.01*	1.61	1.91*

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 0.24% (31/01/2016: 0.22%) to incorporate the OCF of underlying funds.

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

\* Including Performance fees

<sup>1</sup> Share class I US Dollar Hedged closed on 16 April 2015.

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)
<b>Class A accumulation</b>			
2011	-	50.90	47.03
2012	-	49.54	47.28
2013	0.02	54.09	49.51
2014	0.07	55.60	52.66
2015	0.15	58.66	54.19
2016	0.01*	58.08+	52.88+
<b>Class K accumulation</b>			
2012 <sup>1</sup>	-	1,030.00	983.20
2013	-	1,115.00	1,032.00
2014	1.87	1,149.00	1,090.00
2015	0.52	1,206.00	1,118.00
2016	-*	1,198.00+	1,092.00+
<b>Class W accumulation</b>			
2014 <sup>2</sup>	-	104.10	99.26
2015	1.09	110.20	102.20
2016	0.91*	110.30+	100.10+
<b>Class Y accumulation</b>			
2011 <sup>3</sup>	-	102.40	94.88
2012	0.63	100.90	95.76
2013	0.28	110.50	101.10
2014	1.33	115.00	108.20
2015	0.81	121.70	112.90
2016	1.06*	121.90+	110.50+
<b>Class Z accumulation</b>			
2011 <sup>4</sup>	-	103.00	95.55
2012	1.24	102.00	96.50
2013	0.35	111.90	101.90
2014	1.51	117.10	109.80
2015	1.75	124.10	115.30
2016	1.59*	124.90+	113.00+

## Performance record

	Net revenue (Euro cents per share)	Highest price (Euro cents per share)	Lowest price (Euro cents per share)
<b>Class K Euro Hedged accumulation</b>			
2012 <sup>5</sup>	-	1,027.00	1,000.00
2013	-	1,107.27	1,029.00
2014	4.43	1,134.33	1,079.37
2015	2.35	1,187.99	1,098.83
2016	-*	1,170.03+	1,070.20+
	Net revenue (USD cents per share)	Highest price (USD cents per share)	Lowest price (USD cents per share)
<b>Class I US Dollar Hedged accumulation</b>			
2013 <sup>6</sup>	-	1,029.00	1,000.00
2014	-	1,109.71	1,030.64
2015 <sup>8</sup>	2.75	1,121.94	1,028.78
<b>Class K US Dollar Hedged accumulation</b>			
2012 <sup>7</sup>	-	1,029.00	1,000.00
2013	-	1,109.71	1,030.64
2014	2.75	1,137.82	1,082.54
2015	2.30	1,192.34	1,103.40
2016	-*	1,181.29 +	1,076.05+

\* to 31 May

+ to 29 July

<sup>1</sup> Share Class K launched 30 April 2012

<sup>2</sup> Share Class W launched 28 February 2014

<sup>3</sup> Share Class Y launched 1 April 2011

<sup>4</sup> Share Class Z launched 28 February 2011

<sup>5</sup> Share Class K Euro Hedged launched 11 July 2012

<sup>6</sup> Share Class I US Dollar Hedged launched 26 November 2013

<sup>7</sup> Share Class K US Dollar Hedged launched 11 July 2012

<sup>8</sup> Share Class I US Dollar Hedged closed on 16 April 2015

**Past performance is not a guide to future performance.**

## Summary of fund performance

<b>Share class</b>	<b>Net asset value* 31/07/16 p</b>	<b>Net asset value* 31/01/16 p</b>	<b>Net asset value % change</b>
Class A accumulation	58.09	54.38	6.82
Class K accumulation	1,198.30	1,123.18	6.69
Class W accumulation	110.33	102.82	7.30
Class Y accumulation	121.97	113.70	7.27
Class Z accumulation	124.94	116.26	7.47
Class K Euro Hedged accumulation	985.31	839.51	17.37
Class K US Dollar Hedged accumulation	889.86	780.60	14.00

\*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.

## Major holdings

as at 31/07/16	%
Vanguard S&P 500 ETF	5.30
Henderson Horizon Total Return Bond Fund +	4.06
UK Treasury 0.125% Index-Linked 22/03/2024	3.72
Henderson Institutional High Alpha UK Equity Fund Z Accumulation +	3.63
Henderson Secured Loans Fund Z gross Accumulation +	3.46
Henderson European Selected Opportunities Fund I Accumulation +	3.34
MontLake Dunn WMA Institutional UCITS Fund	3.03
iShares MSCI World Minimum Volatility	2.97
Kames Capital Invest Equity Market Neutral Plus Fund	2.87
Stewart Investors Asia Pacific Leaders Fund	2.82

+ Related party to the fund

## Major holdings

as at 31/01/16	%
Vanuguard S&P 500 ETF	5.29
Henderson Horizon Total Return Bond Fund +	4.50
Henderson Institutional High Alpha UK Equity Fund Z Accumulation +	3.93
Henderson UK Property PAIF +	3.63
ETFS Physical Gold	3.58
UK Treasury 0.125% Index-Linked 22/03/2024	3.57
Stewart Investors Asia Pacific Leaders Fund	3.56
Henderson Secured Loans Fund Class Z Gross Accumulation +	3.40
Kames Capital Invest Equity Market Neutral Plus Fund	3.18
Henderson European Selected Opportunities Fund Class I Accumulation +	3.05



Asset allocation	
as at 31/07/16	%
Corporate Bonds	13.14
Government Bonds	12.21
UK Equities	12.06
Europe ex UK Equity	10.75
North America Equity	5.30
Global Emerging Market Equity	4.83
Global Equity	3.20
Alternatives	3.03
Asia ex Japan Equity	2.82
Private Equity	2.48
Japanese Equities	2.31
Property	1.46
Derivatives	0.71
Other net assets	25.70
<b>Total net assets</b>	<b>100.00</b>

Asset allocation	
as at 31/01/16	%
Alternatives	16.07
Corporate Bonds	12.57
Government Bonds	8.07
North America Equity	5.29
UK Equity	4.84
Global Equity	4.80
Property	3.63
Asia ex Japan Equity	3.56
Europe ex UK Equity	3.05
Japanese Equities	2.94
Private Equity	2.82
Emerging Market Debt	2.03
Derivatives	(0.87)
Other net assets	31.20
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

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

Copies of the annual and half yearly long form reports of this fund are available on our website [www.henderson.com](http://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

### Depositary

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

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

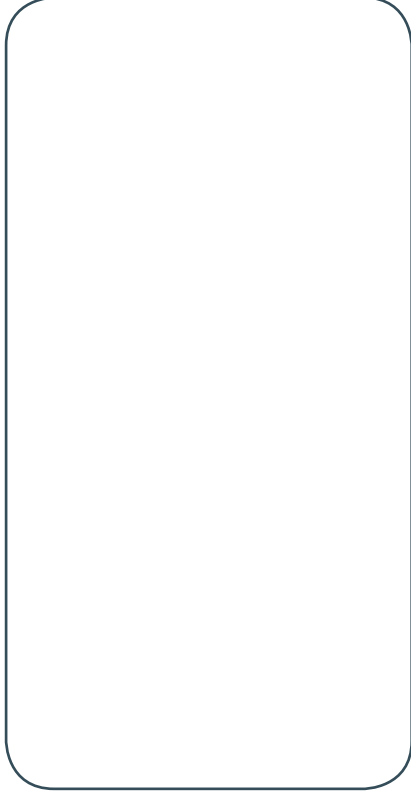


# Contact us

Client Services 0800 832 832

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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 Growth Fund at any time by logging on to [www.henderson.com](http://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](mailto: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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