



ANNUAL SHORT REPORT

For the year ended
31 October 2014

Henderson
GLOBAL INVESTORS

Henderson Asia Pacific Capital Growth Fund

Henderson Asia Pacific Capital Growth Fund

Short Report

For the year ended 31 October 2014

Fund Manager

Andrew Gillan

Investment objective and policy

To aim to provide capital growth by investing in Pacific region and Indian sub-continent companies. The Fund may invest in Australasia, but not in Japan. It is not restricted in the size of companies in which it can invest.

Other information

With effect from 30 May 2014, Andrew Gillan took over sole management of the Fund from John Crawford and Marc Franklin.

Risk and reward profile

The Fund currently has 4 types of share in issue; A accumulation, I accumulation, Z accumulation and C accumulation. Each type of share has the same risk and reward profile which 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 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.

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.

The risk rating has changed from 7 to 6 in the year for all share classes.

Fund Manager's commentary

Performance

The Fund posted a gain of 4.2% in sterling terms over the twelve-month period to 31 October 2014 relative to the MSCI All Countries Asia Pacific (ex Japan) Index return of 4.7%. The overweight position to India proved positive, as the market was buoyed by Narendra Modi's election win on expectations that he can deliver meaningful economic reform. The underweight to Australia also boosted returns; the market underperformed because of generally weaker commodity prices, which also impacted the Australian dollar.

Stock selection was strongest in South Korea; the underweight position to index heavyweight Samsung Electronics was a plus, as the company reported lower profits from its key mobile division. Two of our Korean mid-cap companies in the healthcare sector, Naturalendo and i-Sens, performed well during the year. Both companies continue to offer attractive growth prospects as they expand geographically outside of their home market. Away from Korea, India's IT services company Tech Mahindra, Chinese internet search provider Baidu, and Taiwan Semiconductor Manufacturing all contributed positively, supported by robust operating performance. Three more recent purchases, Kasikornbank, Housing Development Finance Corporation (HDFC) and NetEase.com also added to gains. On the negative side, Fortescue emerged as the main detractor over the period, as the fall in the iron ore price impacted sentiment and will likely hinder the company's deleveraging efforts. Fortescue Metals remains at the lower end of the cost curve, and we have maintained the position. Not owning Chinese internet company Tencent meant that it was a detractor over the year, however we later initiated a position based on its strong revenue and profit growth prospects.

Investment activity

Portfolio changes over the period were made based on a combination of realising profits from outperformers on valuation grounds and the introduction of new positions that we believe offer good long-term growth prospects. Sales on valuation grounds included Sihuan Pharmaceutical, Domino's Pizza, Vocation, Waskita Karya and Vipshop Holdings. Older-economy Chinese companies PetroChina and Huaneng Power, which we added during the first half of the year, both contributed positively to returns. In Thailand, we switched the position in Krung Thai Bank into Kasikornbank, as the latter offers superior fee income growth and a higher return on equity. Other additions to the portfolio included Indian holdings Housing Development Finance Corporation (HDFC) and affiliate HDFC Bank. Both companies have an excellent track record of consistent profit growth and relatively low non-performing assets, and we believe they are well-positioned to benefit from improved economic growth in India. Similarly, ITC, an Indian consumer goods and tobacco company, was initiated during the year.

Outlook

Equity valuations in Asia remain supportive to markets, particularly if progress is made on the various political and economic reforms being undertaken across the region. In fairness, the pace of progress has been slow to date, but prospects for the region in our view remain bright for long-term investors.

Performance summary

	31 Oct 13 - 31 Oct 14 %	31 Oct 12 - 31 Oct 13 %	31 Oct 11 - 31 Oct 12 %	31 Oct 10 - 31 Oct 11 %	31 Oct 09 - 31 Oct 10 %
Henderson Asia Pacific Capital Growth Fund	4.2	13.8	2.5	(8.9)	26.0
MSCI All Country Asia Pacific (ex Japan) Index	4.7	12.2	7.3	(4.8)	24.2

Source: Morningstar – bid to bid and net of fees as at valuation point, based on performance of Class A accumulation share class.

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.

Summary of Fund performance

Share class	Net asset value* 2014 p	Net asset value* 2013 p	Net asset value % change
Class A accumulation	749.71	716.42	4.65
Class I accumulation	808.59	767.55	5.35
Class Z accumulation	871.03	822.17	5.94
Class C accumulation	512.27	485.36	5.54

*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.

Net revenue distribution

Share class	2014 p	2013 p
Class A accumulation	5.71	0.75
Class I accumulation	10.51	8.47
Class Z accumulation	620.49	18.10
Class C accumulation	9.53	7.69

Total dividend distributions for the year ended 31 October 2014, comparison is for the same period last year.

Fund facts

Accounting dates	Payment dates
30 April, 31 October	31 December

Ongoing charge figure

	2014 %	2013 %
Class A	1.79	1.81
Class I	0.95	0.92
Class Z	0.11	0.14
Class C	0.65	0.64

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

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2009	1.09	569.20	298.20
2010#	-	588.50	568.50
Class A accumulation			
2009	3.41	579.40	309.40
2010	2.06	725.80	537.00
2011	0.83	742.70	507.90
2012	0.88	675.50	567.50
2013	0.75	751.40	628.70
2014	5.71*	775.80+	651.50+
Class I accumulation			
2009	5.85	616.20	320.20
2010	7.77	759.30	558.30
2011	4.33	777.20	534.20
2012	5.97	717.10	597.90
2013	8.47	799.00	670.30
2014	10.51*	835.70+	698.30+
Class Z accumulation			
2009	5.67	635.70	328.10
2010	17.55	791.20	576.40
2011	13.42	809.90	560.90
2012	11.77	761.50	629.08
2013	18.10	849.80	714.50
2014	620.49*	899.20+	747.80+
Class C accumulation			
2011^	1.92	421.00	335.00
2012	4.95	451.90	375.56
2013	7.69	503.90	423.00
2014	9.53*	529.20+	441.50+

* to 31 December

+ to 31 October

Class X merged with Class A on 11 January 2010

^ Class C (previously Class P) launched on 12 August 2011

Past performance is not a guide to future performance

Major holdings	
as at 2014	%
Taiwan Semiconductor Manufacturing ADS	3.91
DBS Holdings	2.88
Commonwealth Bank of Australia	2.67
AIA	2.66
Kasikornbank	2.58
BHP Billiton	2.57
Amcor	2.56
Tencent Holdings	2.54
Cheung Kong Holdings	2.54
Baidu Sponsored ADR	2.48

Asset allocation	
as at 2014	%
China	25.91
South Korea	14.09
Australia	13.10
India	12.12
Hong Kong	8.14
Taiwan	8.10
Singapore	8.04
Thailand	4.06
Indonesia	3.08
Philippines	2.39
Other net assets	0.97
Total net assets	100.00

Major holdings	
as at 2013	%
National Australia Bank	6.48
Samsung Electronics Preference Shares	3.79
Agricultural Bank of China 'H'	3.63
CTBC Financial	2.43
Crown Holdings	2.35
Hanwha	2.35
Suncorp	2.32
Sihuan Pharmaceutical	2.18
BHP Billiton	2.15
Ezion Holdings	2.08

Asset allocation	
as at 2013	%
Australia	21.36
China	19.84
Hong Kong	14.67
South Korea	14.20
Taiwan	8.57
India	7.17
Singapore	4.08
Indonesia	3.39
Thailand	3.22
United States	1.91
Philippines	0.60
Other net assets	0.99
Total net assets	100.00

Prior year comparative percentages have been restated for some sectors due to a new sector presentation basis implemented in these financial statements. The classification is based on the country of risk and a relevant industry classification standard.

Report and accounts

This document is a short report of the Henderson Asia Pacific Capital Growth Fund for the year ended 31 October 2014.

Copies of the annual and half yearly long form report 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

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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

National Westminster Bank Plc

135 Bishopsgate

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Auditor

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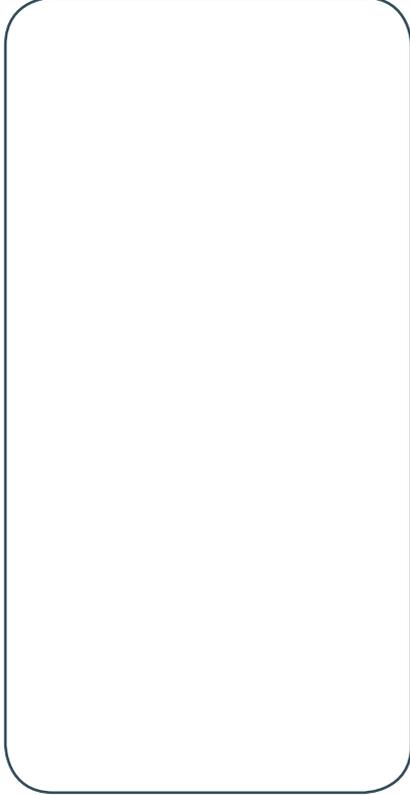
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 October 2014. 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 Asia Pacific Capital Growth 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

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

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