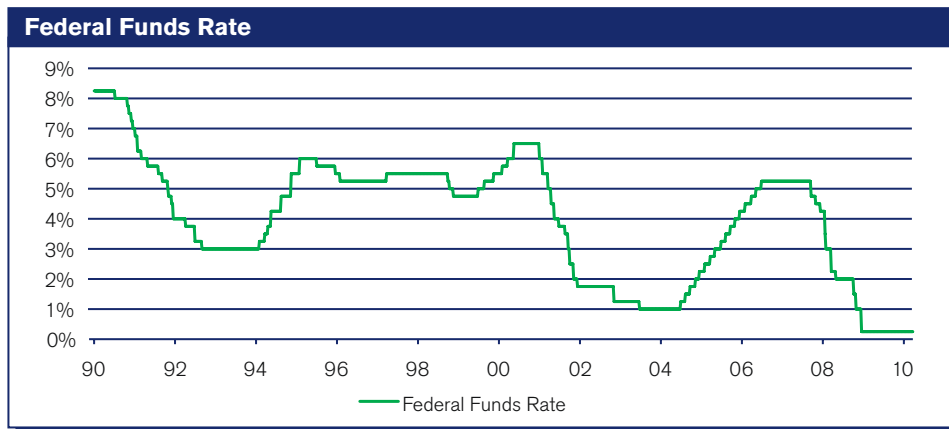


# The interest rate impact



## Interest rate cycles

- The Federal Reserve uses the federal funds rate as a key monetary policy tool to control inflation and guide the economy
- The federal funds rate is the interest rate that banks charge each other on overnight loans on reserves
- Adjustments to the federal funds rate can have a significant impact on other short- and long-term interest rates



Source: Bloomberg as of 3/31/10

## Bond sensitivity to changes in interest rates

- It is important for investors to be aware of the effect that changes in interest rates can have on the values of their bond portfolios
- Bond prices have an inverse relationship with changes in interest rates - as rates increase, bond prices decrease and vice versa
- The degree of sensitivity to changes in interest rates can be measured using duration
- The table below illustrates the price impact on six different \$100,000 hypothetical bond investments for given changes in interest rates

Treasury security	Duration	Fluctuation in interest rates						
		-3%	-2%	-1%	0%	+1%	+2%	+3%
2 year	1.98	\$106,176	\$104,063	\$102,006	\$100,000	\$98,044	\$96,136	\$94,275
3 year	2.91	109,196	106,022	102,962	100,000	97,140	94,377	91,705
5 year	4.76	115,528	110,063	104,907	100,000	95,362	90,967	86,800
7 year	6.41	121,519	113,815	106,654	100,000	93,814	88,060	82,705
10 year	8.54	129,995	118,982	109,021	100,000	91,832	84,428	77,711
30 year	16.91	176,121	144,061	119,284	100,000	84,888	72,949	63,437

Source: Bloomberg and Henderson Global Investors, 3/31/10

The illustration is hypothetical in nature and does not represent any specific investment. The table above illustrates a hypothetical bond's price sensitivity to a change in interest rates, regardless of current rates. For example, the effect of a 1% increase in interest rates on a 2 year treasury security with a duration of 1.98 is a price decrease from a value of \$100,000 to \$98,044. This illustrates the inverse relationship bond prices have with interest rates. If interest rates were to decrease 1% that same security would exhibit a price increase from \$100,000 to \$102,006.

Duration is a measure of price sensitivity of a fixed-income security to a 1% change in interest rates.

Before investing you should carefully consider the Funds' investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by visiting the Funds' website at [www.hendersonglobalinvestors.com](http://www.hendersonglobalinvestors.com). Please read the prospectus carefully before investing.

**International investing involves certain risks and increased volatility not associated with investing solely in the US. These risks include currency fluctuations, economic or financial instability, lack of timely or reliable financial information or unfavorable political or legal developments. In addition, some of the Henderson Global Funds are non-diversified meaning they may invest in a limited geographic area or in a smaller number of issuers. As such, investing in these Funds may involve greater risk and volatility than investing in a more diversified fund. The Funds may also invest in securities issued by smaller companies, which typically involves greater risk than investing in larger companies.**



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