

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you do not understand it, you should consult your financial adviser immediately.

**SCHEME OF ARRANGEMENT TO MERGE HENDERSON CAUTIOUS PORTFOLIO
UNIT TRUST WITH HENDERSON MULTI-MANAGER INCOME & GROWTH FUND**

This document contains a Notice of Meeting of unitholders of Henderson Cautious Portfolio Unit Trust. The meeting will be held at the offices of Henderson Investment Funds Limited, 201 Bishopsgate, London, EC2M 3AE, on 24 May 2010.

You are requested to either complete and return the enclosed Form of Proxy (and the power of attorney (if any) under which it is signed (or a notarially certified copy thereof)) in the reply-paid envelope provided or to complete and submit the Form of Proxy online by following the instructions and using the unique username and password provided in the covering letter received, no later than 72 hours before the time of the meeting.

GLOSSARY OF TERMS USED IN THIS DOCUMENT

"COLL Sourcebook"	the Collective Investment Schemes Sourcebook which forms part of the FSA Handbook of Rules and Guidance, as amended from time to time;
"Effective Date"	the effective date of the Scheme, which shall be 18 June 2010 or such other date as may be agreed between Henderson and the Trustee in accordance with paragraph 13 of the Scheme;
"Effective Time"	the effective time on the Effective Date at which the Scheme will be implemented, being 12.05 a.m. or such other time as may be agreed between Henderson and the Trustee in accordance with paragraph 13 of the Scheme;
"FSA"	the Financial Services Authority;
"FSA Rules"	the rules contained in the COLL Sourcebook;
"Funds"	means Henderson Cautious Portfolio Unit Trust and the Henderson Multi-Manager Income & Growth Fund;
"Henderson"	Henderson Investment Funds Limited, the authorised fund manager as the context requires;
"Henderson Cautious Portfolio Unit Trust"	Henderson Cautious Portfolio Unit Trust, an authorised unit trust scheme;
"Henderson Multi-Manager Income & Growth Fund"	Henderson Multi-Manager Income & Growth Fund, an authorised unit trust scheme;
"New Units"	Income units in Henderson Multi-Manager Income & Growth Fund to be issued to unitholders in Henderson Cautious Portfolio Unit Trust pursuant to the scheme of arrangement on the terms set out in the Scheme;
"Retained Amount"	a retention, which is a sum estimated by Henderson and agreed with the Trustee and the auditors to be necessary to meet all the actual and contingent liabilities of Henderson Cautious Portfolio Unit Trust which is to be retained by the Trustee upon the provisions of the Trust Deed Henderson Cautious Portfolio Unit Trust and which subject to the provisions of the Trust Deed shall be used for the purposes of discharging such liabilities;
"Scheme"	the scheme of arrangement for the merger of Henderson Cautious Portfolio Unit Trust with Henderson Multi-Manager Income & Growth Fund dated 6 May 2010, as set out in Appendix 1 to this document;
"Trust Deed"	means the trust deed or deeds governing the Henderson Cautious Portfolio Unit Trust or the Henderson Multi-Manager Income & Growth Fund as the context requires;

“the Trustee”

the Royal Bank of Scotland Plc, the trustee of the Funds.

Where relevant in the context, terms which are defined in the FSA Rules shall have the same meaning in this document and the Scheme.

TIMETABLE FOR THE SCHEME

	Date
Despatch documentation to unitholders	6 May 2010
Last time for receipt of Forms of Proxy	21 May 2010 (72 hours before the time of the meeting)
Meeting of unitholders	
Henderson Cautious Portfolio Unit Trust	9.20 a.m. on 24 May 2010
If the resolution for the scheme of arrangement is passed	
Suspend dealings in Henderson Cautious Portfolio Unit Trust and Henderson Multi-Manager Income & Growth Fund	immediately after 4.00 p.m. on 17 June 2010 for Henderson Cautious Portfolio Unit Trust and after 12 noon on 17 June for Henderson Multi-Manager Income & Growth Fund
End of current accounting period of Henderson Cautious Portfolio Unit Trust	11.59 p.m. on 17 June 2010
Valuation of Henderson Cautious Portfolio Unit Trust and Henderson Multi-Manager Income & Growth Fund	11.59 p.m. on 17 June 2010
Effective time of merger of Henderson Cautious Portfolio Unit Trust with Henderson Multi-Manager Income & Growth Fund	12.05 a.m. on 18 June 2010
Resumption of dealings in New Units	9.00 a.m. on 21 June 2010

Please *note* that these times and dates may differ if Henderson and the Trustee agree that the Effective Date or Effective Time are to be other than as set out above.



201 Bishopsgate, London, EC2M 3AE

6 May 2010

Dear Investor,

SCHEME OF ARRANGEMENT TO MERGE HENDERSON CAUTIOUS PORTFOLIO UNIT TRUST WITH HENDERSON MULTI-MANAGER INCOME & GROWTH FUND (both authorised unit trusts)

We are writing to you as a unitholder in Henderson Cautious Portfolio Unit Trust to explain our proposal to merge this fund with Henderson Multi-Manager Income & Growth Fund.

Your Fund will be merged by way of a scheme of arrangement. This document details the procedure by which the proposal will be effected, the action you should take and the implications for you as a unitholder in Henderson Cautious Portfolio Unit Trust.

Reasons for the proposal

The proposed merger of the Henderson Cautious Portfolio Unit Trust into the Henderson Multi-Manager Income & Growth Fund is a result of the rationalisation process undertaken by Henderson since the acquisition of the New Star fund range in April 2009.

Throughout the rationalisation process Henderson has looked to avoid significant duplication of funds and to combine those funds where there is a significant overlap in terms of investment objective and policy. In each instance the merger proposal has sought to put client needs first, by focusing on what we consider to be the best performing fund, the fund with the most assets under management, and the fund that we believe offers investors the potential for greater returns going forward.

The Henderson Cautious Portfolio Unit Trust and the Henderson Multi-Manager Income & Growth Fund are both situated within the IMA Cautious Managed sector and display a number of broad similarities in terms of investment objective and geographical allocation. It has therefore been decided to merge the smaller fund into the fund with greater assets under management and stronger performance over the long-term.

The Henderson Multi-Manager Income & Growth Fund combines a cautious investment approach with the active management needed to take advantage of prevailing investment trends or sudden shifts in sentiment. Fund manager Bill McQuaker and his team have constructed a well-balanced portfolio featuring some of the industry's most talented fund managers, and some of the most sophisticated investment vehicles currently available – including those not normally available to private investors. The team can also add value through the use of a broad range of asset classes and investment strategies, including currency hedges and futures.

Fund manager Bill McQuaker places a greater emphasis on the generation of income, payable to investors on a quarterly rather than annual basis. The Fund also takes its charges out of capital rather than income to avoid diluting the level of income paid out to investors.

One of the central aims of funds within the Cautious Managed sector is to provide both income and capital appreciation, while avoiding excessive risk. Extreme market volatility, however, has meant that for many funds this objective has proved increasingly difficult to achieve. In fact, the average return from funds in the Cautious Managed sector over the last five years (to the end of March 2010) is 22.4%. Over the same period, however, the Henderson Multi-Manager Income & Growth Fund has returned 50.3%. (Source : Morningstar, nav-nav, Net income reinvested, Net of fees, GBP)

We believe that this significant outperformance of the Fund over the long-term, with first quartile performance over one, two, three, five and ten-year time periods, more than justifies the small increase to the annual management charge for investors in the Henderson Cautious Portfolio Unit Trust*.

Should the proposal be approved by unitholders, the assets of Henderson Cautious Portfolio Unit Trust would be transferred to Henderson Multi-Manager Income & Growth Fund.

The proposals will allow investors to preserve their tax status since we have been advised that the merger with Henderson Multi-Manager Income & Growth Fund will not be treated as a taxable event. Investors who do not wish to become part of the Henderson Multi-Manager Income & Growth Fund will have the option of a switch into any of our other funds or selling the fund but they must understand that this will be treated as a sale of their Henderson Cautious Portfolio Unit Trust holding and outside of an ISA shelter could trigger a taxable event and a potential capital gains tax liability.

*** Investors should note that past performance is not a guarantee of future performance. The value of your investments and the income from them can fall as well as rise and you might not get back the original amount invested.**

Information concerning the Funds

To help you consider the merits of the proposal, the main features of Henderson Cautious Portfolio Unit Trust and Henderson Multi-Manager Income & Growth Fund, together with a summary of their investment objectives and policies are contained in Appendix 2.

Terms of the proposal

The formal Scheme is set out in Appendix 1 and you are urged to read the terms under which the proposal will be implemented.

If the proposal is approved at the unitholder meeting on 24 May 2010, unitholders in Henderson Cautious Portfolio Unit Trust will receive New Units in Henderson Multi-Manager Income & Growth Fund. You will receive class A units in Henderson Multi-Manager Income & Growth Fund in exchange for the transfer of the assets of Henderson Cautious Portfolio Unit Trust. Unitholders' existing units in Henderson Cautious Portfolio Unit Trust will then cease to be of any value and an application will be made to the FSA for the winding up of Henderson Cautious Portfolio Unit Trust after the merger has taken place.

If the proposal is approved the Scheme will be binding on each unitholder in Henderson Cautious Portfolio Unit Trust whether or not they voted in favour of the extraordinary resolution or at all.

Henderson will pay all the costs of implementing the proposal. It is not anticipated that any UK stamp duty reserve tax, stamp duty or equivalent overseas taxes or duties will be payable in respect of the Scheme. However, in the event that any stamp

duty reserve tax, stamp duty or equivalent overseas taxes or duties are payable in respect of the Scheme, such taxes and duties will be borne by Henderson.

Features/technical points to note

Unitholders should note that, whilst the Funds are both authorised unit trusts, there are a number of differences between Henderson Cautious Portfolio Unit Trust and Henderson Multi-Manager Income & Growth Fund. Differences between the Funds can be seen in Appendix 2, which provides a comparison between the main features of the two Funds, but we highlight the main points below.

- **Details of the investment objectives and policies of Henderson Cautious Portfolio Unit Trust and Henderson Multi-Manager Income & Growth Fund**

The investment objective and the policies for achieving those investment objectives are different between the Funds.

Henderson Cautious Portfolio Unit Trust aims to achieve long term growth. The Fund invests primarily in units in collective investment schemes which invest in equities and fixed interest securities. Investment may also be made in other asset classes such as investment trusts, exchange traded funds, unregulated collective investment schemes, transferable securities, money market instruments and deposits. The Fund is "cautiously" managed in that it is well diversified and invests within the parameters of the Cautious Managed sector of the IMA. Derivatives can be used for investment purposes and efficient portfolio management.

By contrast, the Henderson Multi-Manger Income & Growth Fund aims to provide an income in excess of the FTSE Index with some prospect for capital growth but it should be noted that growth is not the primary focus.

The Henderson Multi-Manager Income & Growth Fund invests, like the Henderson Cautious Portfolio Unit Trust, in other collective investment schemes as its main focus but also has the ability to invest in transferable securities, investment trusts, money market instruments and deposits. The Fund may use derivatives for efficient portfolio management only.

- **Type of units**

Henderson Cautious Portfolio Unit Trust issues accumulation units only whilst the New Units that you will receive under the Scheme will be income units.

With the accumulation units you currently hold in Henderson Cautious Portfolio Unit Trust, any income generated is retained in the fund and is not paid out to unitholders. The income is transferred to the capital account and is reflected in the unit price.

With income units, any income generated is paid out to unitholders rather than being retained in the Fund. After the Effective Date, if you wish to arrange for your income to be re-invested (at no charge) rather than being paid out to you, please contact Henderson on 0800 832 832.

- **Pricing**

The pricing of units in the Henderson Cautious Portfolio Unit Trust is carried out on a dual pricing basis so that an "offer" price is applied when units are purchased and a "bid" price is applied when an investor redeems units. The pricing of units, including New Units, in the Henderson Multi-Manager Income & Growth Fund is carried out on a single pricing basis, at a mid price, so that a single price is applied to any transaction in units whether the investor is buying or redeeming units.

In the dual pricing system, the offer and bid prices may vary depending on whether the unit trust or OEIC is expanding or contracting. The offer price is calculated on the basis of the offer value of the underlying investments after adding a provision for dealing expenses, stamp or other transfer taxes and including the initial charge. The bid price is calculated on the basis of the bid value of the underlying investments after deducting a provision for dealing expenses.

The single price is based on the mid-market valuation of the underlying investments less liabilities, being the net asset value (NAV). The NAV is calculated in accordance with the FSA Rules and the Trust Deed. The price of a unit is the NAV of the unit trust divided by the number of units of the relevant class or fund, as appropriate, in issue. This has the effect that, subject to the initial charge, any dilution levy or dilution adjustment (see below) and SDRT provision and any redemption charge, both the purchase and redemption price of a unit will be the same at a particular valuation point.

In a single-priced unit trust no provision is made in the price for any spread on the underlying investment, dealing costs, stamp duty, SDRT or any other foreign taxes other than that a dilution levy or dilution adjustment and SDRT provision may be imposed in certain circumstances, for example, where there are large volumes of deals or where a unit trust is in continual growth or decline, which circumstances may have an adverse effect on continuing unitholders' interests in the unit trust. In order to reduce or prevent this effect, called dilution, the manager may apply a dilution adjustment.

The application of a dilution adjustment is not applicable to the Henderson Cautious Portfolio Unit Trust as it is a dual-priced unit trust, but instead there is a spread between the bid and offer prices of units in the unit trust.

In determining the rate of any dilution adjustment Henderson may, in order to reduce volatility, take account of the trend of Henderson Multi-Manager Income & Growth Fund to expand or to contract, and the transaction in units at a particular valuation point.

In particular, a dilution adjustment may be made in the following circumstances:

- where Henderson Multi-Manager Income & Growth Fund is experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;
- where Henderson Multi-Manager Income & Growth Fund is experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size;
- in any other case where Henderson is of the opinion that the interests of existing/continuing unitholders and potential unitholders require the composition of a dilution adjustment.

Further details on the dilution adjustment are set out in Appendix 2.

- **Accounting Dates**

The Scheme introduces an additional interim accounting period ending on 17 June 2010 for Henderson Cautious Portfolio Unit Trust. This enables any income generated by the units in Henderson Cautious Portfolio Unit Trust to be allocated to units in that fund and to be taken into account when calculating the number of New Units to be issued under the Scheme.

Henderson Multi-Manager Income & Growth Fund has a different annual accounting reference date to Henderson Cautious Portfolio Unit Trust, so that if the Scheme is

approved, you will receive any income allocations for the annual accounting period on different dates from currently. Please see Appendix 2 for details.

- **Distributions**

Henderson Cautious Portfolio Unit Trust currently makes income allocations annually in June. Henderson Multi-Manager Income & Growth Fund by contrast, pays income quarterly in April, July, October and January.

- **Charges**

Initial Charge

The initial charge on units in Henderson Cautious Portfolio Unit Trust is 5.00%. Currently the initial charge for the units in Henderson Multi-Manager Income & Growth Fund is 5.25% but this will be reduced to 5.00% on the effective date of the merger. There will be no initial charge applied on the issue of the New Units under the terms of the Scheme. The initial charge may however apply to any subsequent purchase of additional units in Henderson Multi-Manager Income & Growth Fund.

Annual Management Charge

The annual management charge for accumulation units in Henderson Cautious Portfolio Unit Trust is 1.35% whilst the annual management charge for Income units in Henderson Multi-Manager Income & Growth Fund is 1.50%. Henderson believes that the marginal increase in annual management charge is outweighed by the substantially better performance of Henderson Multi-Manager Income & Growth Fund.

The annual management charge is taken out of capital in Henderson's Multi-Manager Income & Growth Fund which will increase the amount of income available for distribution but may constrain capital growth. The annual management charge is taken out of the income in the Henderson Cautious Portfolio Unit Trust.

Regular Savings

If you are currently investing monthly by direct debit, the last collection date before the proposed merger of Henderson Cautious Portfolio Unit Trust will, depending on your chosen direct debit date, be 1st or 15th June 2010. Unless we receive your written instructions stating otherwise, direct debit collections after the Effective Date will be used to purchase units in Henderson Multi-Manager Income & Growth Fund. Monthly direct debit payments into Henderson Multi-Manager Income & Growth Fund will be collected on the 1st or 15th day of each month, and therefore if the merger proceeds, your first monthly direct debit payment into Henderson Multi-Manager Income & Growth Fund will be collected on 1st or 15th July 2010 (depending on your chosen direct debit date). This collection date will be in respect of direct investments and investments made via an ISA.

Procedure for the Scheme

Implementation of the Scheme is dependent on the passing of an extraordinary resolution set out in the Notice of Meeting of unitholders in the Henderson Cautious Portfolio Unit Trust which is set out in Appendix 5.

The procedure for the meeting of unitholders, which is to be held on 24 May 2010 at 9.20 a.m., including details of the various consents, clearances and a list of the documents relating to the proposal which are available for inspection, is set out in Appendix 4.

Henderson will pay the costs of convening and holding the meeting and any adjourned meeting.

If the resolution is passed at the meeting of Henderson Cautious Portfolio Unit Trust, it is intended that the merger will be implemented in accordance with the terms on the Scheme on 18 June 2010.

Tax implications of the Scheme

Based on our understanding of the tax legislation and the tax clearances which have been obtained from HM Revenue and Customs, the New Units in Henderson Multi-Manager Income & Growth Fund issued to you will have the same acquisition cost and acquisition date for the purposes of tax on capital gains as your existing units in Henderson Cautious Portfolio Unit Trust. Please see Appendix 4 for details of the tax clearances which have been obtained.

It is not expected that any stamp duty reserve tax or stamp duty will be payable in connection with the Scheme. If any shall be payable, it will be paid by Henderson.

The above is a summary of our understanding of the current UK legislation and HM Revenue and Customs practice relevant to UK resident investors. It may be subject to change. If you are in any doubt about your potential liability to tax as a result of the implementation of the Scheme you should consult your professional adviser.

If you would rather not be invested in the Henderson Multi-Manager Income & Growth Fund you can switch to another Henderson fund prior to the Effective Date at no initial charge. Please contact Henderson on 0800 832 832 for further details on the funds available. The deadline for switching to another Henderson fund is 4.00 p.m. on 17 June 2010. The redemption and purchase may not take place at the same fund valuation point and as such, depending on market movements, you might not receive the same number of units that you may have expected to receive in the relevant fund at the time of the redemption of your holding in the Fund.

Please note that if you do switch your investment to another Henderson fund this will constitute a disposal of units for capital gains tax purposes and may give rise to a tax liability. This of course depends on your individual circumstances and if you are unsure of how this may affect you please contact your financial adviser or your independent tax adviser.

Further information

For further information on the Henderson Multi-Manager Income & Growth Fund, please see the extract from the simplified prospectus at Appendix 3. The full simplified prospectus is available on request from Henderson or on our website at www.henderson.com.

Action to be taken

We urge you to vote in favour of the scheme of arrangement to merge Henderson Cautious Portfolio Unit Trust with Henderson Multi-Manager Income & Growth Fund.

To be passed, the resolution requires a majority in favour of not less than 75% of the votes cast, so it is important that you exercise your right to vote.

Whether or not you intend to be present at the unitholder meeting please either complete and return the enclosed Form of Proxy in the reply-paid envelope provided to Henderson Investment Funds Limited, c/o Corporate Mailing Solutions Limited, Unit 4b, Chelmsford

Road Industrial Estate, Great Dunmow, Essex CM6 1HD or complete and submit the Form of Proxy online by following the instructions and using the unique username and password provided in the covering letter. Your Form of Proxy must be received no later than 72 hours before the meeting to be held on 24 May 2010. Completion and return of the Form of Proxy will not preclude you from attending and voting at the meeting (and any adjourned meeting) in person if you so wish. Should you require directions to Henderson at 201 Bishopsgate, London EC2M 3AE, please contact our Investment Services Team on 0800 832 832.

Your Form of Proxy must be received no later than 9.20 a.m. on 21 May 2010.

If, you are uncertain as to how to respond to this document, you should consult a professional adviser for advice.

If you have any queries about the proposal or require any further information, please contact us on 0800 832 832 between 9.00 a.m. and 5.00 p.m. (Monday to Friday).

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Jacob', with a long, sweeping horizontal flourish extending to the right.

David Jacob
for and on behalf of
Henderson Investment Funds Limited

APPENDIX 1

SCHEME OF ARRANGEMENT FOR THE MERGER OF HENDERSON CAUTIOUS PORTFOLIO UNIT TRUST WITH HENDERSON MULTI-MANAGER INCOME & GROWTH FUND (both UK authorised unit trusts)

1. Definitions:

- 1.1 In the scheme of arrangement unless the context otherwise requires, the terms shall have the meanings set out in the Glossary to this document set out on pages 1 and 2.
- 1.2 In addition, where relevant in the context, terms which are defined in the COLL Sourcebook shall have the same meaning in this Scheme.

2. Meeting of unitholders of Henderson Cautious Portfolio Unit Trust:

The Scheme is conditional upon the passing of an extraordinary resolution at a meeting of unitholders of Henderson Cautious Portfolio Unit Trust, by which the unitholders in Henderson Cautious Portfolio Unit Trust approve the Scheme and instruct Henderson and the Trustee, as the manager and trustee respectively of Henderson Cautious Portfolio Unit Trust, to implement the Scheme.

If the extraordinary resolution is passed, the Scheme will be binding on all unitholders of Henderson Cautious Portfolio Unit Trust (whether or not they voted in favour of it, or voted at all) and the Scheme will be implemented as set out in the following paragraphs.

3. Suspension of dealings in Henderson Cautious Portfolio Unit Trust and Henderson Multi-Manager Income & Growth Fund:

In order to facilitate the implementation of the Scheme, dealings in Henderson Cautious Portfolio Unit Trust shall be suspended immediately after 4.00 p.m. on 17 June 2010 and dealings in Henderson Multi-Manager Income & Growth Fund will be suspended immediately after 12 noon on 17 June 2010.

4. Income allocation arrangements:

An additional interim accounting date of 11.59 p.m. on 17 June 2010 will be introduced in respect of Henderson Cautious Portfolio Unit Trust.

This will enable income (if any) of Henderson Cautious Portfolio Unit Trust for the then current accounting period to 11.59 p.m. on 17 June 2010 to be allocated to accumulation units.

All such available income allocated to accumulation units shall be transferred to the capital account of Henderson Cautious Portfolio Unit Trust and allocated to accumulation units (being reflected in the price of these accumulation units). The income so allocated shall be included in the value of Henderson Cautious Portfolio Unit Trust, which is used to calculate the value and number of New Units to be issued under the Scheme.

Any interest earned on such income, while held by the Trustee in the distribution account of Henderson Cautious Portfolio Unit Trust, will be treated as the property of the Henderson Multi-Manager Income & Growth Fund but will not increase the number of New Units to be issued under the Scheme.

The Scheme does not introduce an additional accounting date for Henderson Multi-Manager Income & Growth Fund. This means that income (if any) accruing to Henderson Multi-Manager Income & Growth Fund from the start of the then current accounting period to the Effective Date will be taken into account in the value of Henderson Multi-Manager Income & Growth Fund for the purpose of calculating the number of New Units to be issued under the Scheme.

5. **Calculation of the value of the units in Henderson Cautious Portfolio Unit Trust and Henderson Multi-Manager Income & Growth Fund:**

5.1 The value of the property attributable to accumulation units of the Henderson Cautious Portfolio Unit Trust and value of the property attributable to income units of the Henderson Multi-Manager Income & Growth Fund shall be calculated as at 11.59 p.m. on 17 June 2010 as follows:

5.1.1 The value of the property attributable to accumulation units of Henderson Cautious Portfolio Unit Trust shall be calculated on a mid of bid and offer basis (excluding the normal dealing costs) in accordance with the COLL Sourcebook as at 11.59 p.m. on 17 June 2010; **less**

5.1.2 The Retained Amount.

5.2 The value of the property attributable to income units of Henderson Multi-Manager Income & Growth Fund shall be the value of the income and capital property attributable to Henderson Multi-Manager Income & Growth Fund calculated on a mid basis (excluding the normal dealing costs) in accordance with the COLL Sourcebook as at 11.59 p.m. on 17 June 2010.

These valuations shall be used in the calculation of the number of New Units to be issued under paragraph 7 below.

6. **Issue of New Units and transfer of property of Henderson Cautious Portfolio Unit Trust:**

As at 12.05 a.m. on the Effective Date:

6.1 The Trustee shall continue to hold the Retained Amount as the property of Henderson Cautious Portfolio Unit Trust upon the provisions set out in the Trust Deed of Henderson Cautious Portfolio Unit Trust. The remaining property of Henderson Cautious Portfolio Unit Trust shall be transferred by the Trustee to the property of Henderson Multi-Manager Income & Growth Fund in full payment for the New Units to be issued under paragraph 7.3 below, and shall be held in accordance with the Trust Deed of Henderson Multi-Manager Income & Growth Fund. The Trustee shall use the Retained Amount to discharge liabilities of Henderson Cautious Portfolio Unit Trust in accordance with the COLL Sourcebook or as instructed by Henderson.

In the event that the Retained Amount in respect of Henderson Cautious Portfolio Unit Trust, together with the income therefrom, exceeds the liabilities of Henderson Cautious Portfolio Unit Trust, then any excess shall be held by the Trustee, as part of the property of Henderson Multi-Manager Income & Growth Fund subject to the provisions of the Trust Deed of Henderson Multi-Manager Income & Growth Fund but shall not increase the number of New Units to be issued pursuant to Clause 7.3 of this Scheme. If the liabilities of Henderson Cautious Portfolio Unit Trust exceed the amount of the Retained Amount, together with the income therefrom, then, to the extent that it remains possible and it is permitted by the COLL Sourcebook, they shall be discharged out of the

property of Henderson Multi-Manager Income & Growth Fund but otherwise they shall be discharged by Henderson. The Trustee, shall be freed and discharged from the provisions of the Trust Deed of Henderson Cautious Portfolio Unit Trust in respect thereof;

6.2 All units in Henderson Cautious Portfolio Unit Trust shall be deemed to have been cancelled and shall cease to be of any value; and

6.3 Henderson shall issue New Units to the unitholders in Henderson Cautious Portfolio Unit Trust (who are registered as holding units in Henderson Cautious Portfolio Unit Trust on the Effective Date) free of any initial charge on the basis set out in paragraph 7 below.

7. **Basis for the issue of the New Units:**

7.1 The price of each New Unit to be issued in Henderson Multi-Manager Income & Growth Fund to holders of accumulation units in Henderson Cautious Portfolio Unit Trust shall be the value of the property of accumulation units of Henderson Cautious Portfolio Unit Trust divided by the number of income units in issue in Henderson Multi-Manager Income & Growth Fund as at 11.59 p.m. on 17 June 2010 (not including units to be issued under the Scheme).

7.2 New Units shall be issued in Henderson Multi-Manager Income & Growth Fund to the value of Henderson Cautious Portfolio Unit Trust as at 11.59 p.m. on 17 June 2010.

7.3 The New Units (including fractions of units) issued by Henderson Multi-Manager Income & Growth Fund shall be allocated among unitholders in Henderson Cautious Portfolio Unit Trust in proportion to their accumulation units in Henderson Cautious Portfolio Unit Trust held or deemed to be held by them at 11.59 p.m. on 17 June 2010 provided that the number of New Units to be issued to any unitholder shall be rounded up to two decimal places at the expense of Henderson.

8. **Notification of the New Units:**

8.1 Certificates are not issued in respect of units issued in Henderson Multi-Manager Income & Growth Fund.

8.2 Each unitholder in Henderson Cautious Portfolio Unit Trust (or, in the case of joint holders, the first named of such holders in the register of holders of Henderson Cautious Portfolio Unit Trust) will be notified of the number of New Units issued to them within fourteen days of the Effective Date. Unitholders will receive the short report of Henderson Cautious Portfolio Unit Trust for the final accounting period ending 17 June 2010. Following the Effective Date unitholders will receive the reports and accounts of the Henderson Multi-Manager Income & Growth Fund for the duration of the time they continue to be unitholders.

8.3 A unitholder in Henderson Cautious Portfolio Unit Trust may give instructions for the transfer or sale of all or some of their New Units from 9.00 a.m. on the first business day after the Effective Date by telephoning 0800 832 832 or by writing to Henderson Investment Funds Limited at PO 9023, Chelmsford, Essex CM99 2WB.

9. **Mandates and other instructions in respect of the New Units:**

Subject to Henderson receiving any new mandates or instructions to the contrary, mandates and other instructions in force on the Effective Date in

respect of a holder of accumulation units in Henderson Cautious Portfolio Unit Trust shall be deemed to be effective mandates and instructions in respect of the New Units issued to that unitholder under the Scheme and any later acquired income units in Henderson Multi-Manager Income & Growth Fund (unless that unitholder already holds income units in Henderson Multi-Manager Income & Growth Fund in which case the existing mandates and instructions in respect of those units shall apply to the New Units issued to him).

10. Costs, charges and expenses of the Scheme:

10.1 Henderson and the Trustee shall continue to receive their usual fees and expenses for respectively managing and being trustee of units of Henderson Cautious Portfolio Unit Trust out of the property of Henderson Cautious Portfolio Unit Trust which fall due or are incurred prior to the Effective Date or, in the case of expenses only, are incurred after the Effective Date.

10.2 Any costs of preparing and implementing the Scheme, including the costs of convening and holding the meeting and any adjourned meeting of unitholders of Henderson Cautious Portfolio Unit Trust, foreign taxes and duties (if any), and legal costs payable in connection with the Scheme, any redesignation or registration costs, shall be borne by Henderson. It is not expected that stamp duty reserve tax or stamp duty will be payable. If it is it will also be borne by Henderson.

10.3 No initial charge shall be taken by Henderson on the issue of the New Units.

11. Winding up of the Henderson Cautious Portfolio Unit Trust:

Subject to the approval of the Scheme, the New Star Equity Unit Trust will commence winding up as soon as reasonably practicable after the Effective Date.

12. Henderson to rely on the register:

12.1 Henderson shall be entitled to assume that all information contained in the register of unitholders of Henderson Cautious Portfolio Unit Trust on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Units to be issued and registered pursuant to the Scheme.

12.2 Henderson may act and rely upon any certificate, opinion, evidence or information furnished to it by its professional advisers or by the auditors of the Funds in connection with the Scheme and shall not be liable or responsible for any resulting loss.

13. Alterations to the Scheme:

13.1 Henderson and the Trustee may agree that the Effective Date is to be other than 18 June 2010 or the Effective Time is to be other than 12.05 a.m. and if they do so, such consequential adjustments shall be made to the other elements in the timetable of the Scheme as they consider appropriate.

13.2 The terms of the Scheme may be amended as agreed by Henderson and the Trustee and approved by the FSA subject to Henderson and the Trustee confirming that such amendment does not involve any holders or potential holders of units of Henderson Cautious Portfolio Unit Trust or any holders or potential holders of units of Henderson Multi-Manager Income & Growth Fund in any material prejudice. If there is any conflict between the Scheme, the terms of the Trust Deed and/or the most recently published prospectus for the Funds,

then the Scheme will prevail. If there is a conflict between the COLL Sourcebook and the Scheme, then the COLL Sourcebook shall prevail.

14. **Governing law:**

The Scheme shall be governed by and shall be construed in accordance with the law of England and Wales.

Dated 6 May 2010

APPENDIX 2

MAIN FEATURES OF HENDERSON CAUTIOUS PORTFOLIO UNIT TRUST AND HENDERSON MULTI-MANAGER INCOME & GROWTH FUND

Any defined terms used relate to those detailed in the Prospectus and Simplified Prospectus of the relevant Fund

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
1.	Investment objective and policy:	<p>The objective of the Fund is to achieve long term capital growth. The Fund will be cautious by ensuring that it is well diversified and eligible as "cautious managed" within the Investment Management Association (IMA) sector definition, as amended from time to time.</p> <p>The Fund will invest principally in units in collective investment schemes which invest in equities and fixed interest securities.</p> <p>The Fund may also invest in investment trusts, exchange traded funds, unregulated collective investment schemes, transferable securities, money-market instruments, deposits and any other permitted asset type deemed appropriate to meet the investment objective.</p> <p>Derivative instruments and forward foreign exchange contracts may be used for purposes of Efficient Portfolio Management and currency hedging. Derivatives may also be used outside of Efficient Portfolio Management to meet the Fund's investment objective.</p> <p>Investment will not be confined to any particular geographic or economic sector.</p> <p>The Fund may be suitable for all retail investors.</p>	<p>The investment objective of the Henderson Multi-Manager Income & Growth Fund is to aim to provide an income in excess of the yield of the FTSE All Share Index with prospects for some capital growth through investment in a spread of authorised unit trusts and/or authorised companies selected from those available in the whole market. The Scheme will not be restricted to any particular economic sectors and the investment policy will take a long term balanced view of stock markets worldwide while maintaining a core holding in the UK. The Scheme may also invest in transferable securities including investment trusts, money market instruments, deposits and derivative and forward transactions.</p>
2.	Category of Scheme:	Non UCITS retail scheme	Non UCITS retail scheme
3.	Types of units offered:	Accumulation Units	Income Units
4.	Income Equalisation:	No	Yes

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
5.	<p>Manager's Charges Annual:</p> <p>Initial:</p>	<p>1.35%</p> <p>5.00%</p>	<p>1.50%</p> <p>5.00% (is currently 5.25% but will change on the effective date)</p>
6.	Trustee:	The Royal Bank of Scotland plc	The Royal Bank of Scotland plc
7.	<p>Trustee's Charges</p> <p>The Trustee's Charges for each Fund are the same and are as follows:</p>	<p>0.01% pa on the Net Asset Value of the Fund every time the Net Asset Value is calculated</p> <p>The Trustee is also entitled to receive out of the property of the Fund remuneration for performing or arranging for the performance of the functions conferred on the Trustee.</p>	
8.	<p>Custody Charges</p> <p>The Custody Charges for each Fund are the same and are as follows:</p>	<p>BNP Paribas Securities Services' remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which a Fund's assets are held. Currently, the lowest rate is 0.005 per cent and the highest rate is 0.4 per cent.</p>	
9.	<p>Transaction/ Custody Charges</p> <p>The Transaction/ Custody Charges for each Fund are the same and are as follows:</p>	<p>The Trustee is also entitled to receive out of the property of the Fund remuneration for performing or arranging for the performance of the functions conferred on the Trustee by the Trust Deed or the COLL Sourcebook. Currently the Trustee does not receive any remuneration or service charges under this paragraph.</p> <p>The Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £10 to £120 per transaction.</p>	
10.	General Administration Charge:	<p>The General Administration Charge (GAC) are the same for both Funds, as is the actual amount of the GAC.</p> <p>The General Administration Charge ("GAC") reimburses the Henderson for the following costs, charges, fees and expenses which it pays on behalf of the Funds:</p> <ul style="list-style-type: none"> the fees and expenses payable in respect of Fund Administration (including fund accounting costs) and to their respective delegates, unless otherwise specified in this Prospectus; 	

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
		<ul style="list-style-type: none"> • fees and expenses in respect of establishing and maintaining the Register of Unitholders (and any sub-register(s)) and charges made by the Fund Administrator, Client Administrator, the Registrar, their respective delegates or any other entity relating to dealings in units and related functions; • any costs incurred in producing, distributing and dispatching income and other payments to Unitholders; • any costs in respect of the preparation and calculation of the Net Asset Value and prices of units in the Fund and the publication and circulation thereof (including the costs of electronic data/information sources) and the costs of obtaining fund ratings and benchmark costs; • fees of the FSA under the Financial Services and Markets Act 2000 and the corresponding fees of any regulatory authority in a country or territory outside the country in which units are or may lawfully be marketed; • the fees, charges, expenses and disbursements of the auditors and any tax, legal and other professional service provider or adviser of the Fund including (for the avoidance of doubt) any legal costs arising from any Unitholder action; • any costs incurred in respect of any meeting of holders (including meetings convened on a requisition by holders and not including the Manager or an associate of the Manager); • any costs incurred in producing and despatching dividend or other payments of the Fund; • any costs incurred in modifying the Trust Deed, and the Prospectus and the Simplified Prospectus or any other relevant document required under the Regulations; • costs incurred in taking out and maintaining any insurance policy in relation to the Fund, the Manager and the Trustee; • any costs incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Fund; • any costs incurred in the preparation, translation, production (including printing) and distribution of annual, half yearly or other reports or information provided for Unitholders, accounts, statements, contract notes and other like documentation, any prospectuses (including simplified prospectuses (apart from the costs of distributing any simplified prospectus) or other relevant documents required under the Regulations), any instrument of incorporation and any costs incurred as a result of periodic updates of or changes to any prospectus or instrument of incorporation and any other administrative expenses; 	

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
		<ul style="list-style-type: none"> any amount payable by the Fund under any indemnity provisions contained in the Trust Deed or any agreement with any functionary of the Fund; any payments otherwise due by virtue of the COLL Sourcebook; all costs incurred in connection with communicating with investors; all fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of units on any stock exchange, any offer of units (including the preparation, translation, printing and distribution of any Prospectus (apart from the costs and expenses of distributing any simplified prospectus) and listing documents) and the creation, conversion and cancellation of units in a new or existing Fund; certain liabilities on amalgamation or reconstruction arising after transfer of property to the Fund in consideration for the issue of units as more fully detailed in the FSA Rules; the fees and expenses of any paying agents, information agents or other entities which are required to be appointed by the Fund by any regulatory authority; royalties, licensing fees and other like payments in relation to the use of intellectual property; and any VAT that is payable on these charges where appropriate. 	
		The GAC charge is 0.18%.	The GAC charge is 0.18%.
11.	Dilution Policy:	<p>N/A</p> <p>The Fund is currently dual priced.</p>	<p>The need to make a dilution adjustment will depend on the volume of purchases or redemptions of units as described below linked to a Fund. The Manager may make a discretionary dilution adjustment if in its opinion the existing Unitholders (for purchases) or continuing Unitholders (for redemptions) might otherwise materially be adversely affected. In particular, the Manager reserves the right to make a dilution adjustment in the following circumstances:</p> <p>a) on a Fund experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;</p>

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
			<p>b) on a Fund experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size;</p> <p>c) in any other case where the Manager is of the opinion that the interests of existing/continuing Unitholders and potential Unitholders require the imposition of a dilution adjustment.</p> <p>This policy to adjust the dealing price will be subject to regular review and may change. The Manager's decision as to whether or not to make a dilution adjustment, and as to what level of adjustment might be made in particular circumstances or generally, will not prevent it from making a different decision in similar circumstances in the future.</p> <p>Where a dilution adjustment is applied, it will increase the dealing price when there are net inflows into the Fund and decrease the dealing price when there are net outflows.</p> <p>The dealing price of each class of Unit linked to a Fund will be calculated separately but any dilution adjustment will in percentage terms affect the dealing price of each class of Unit linked to a Fund identically.</p> <p>As dilution is directly related to the inflows and outflows of monies from the Fund, it is not possible to predict accurately whether dilution will occur at any future point in time. Consequently it is also not possible to predict accurately how frequently the Manager will need to make such a dilution adjustment.</p>
			<p>On the occasions when no dilution adjustment is made there may be an adverse impact on the total assets of the Fund.</p>

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
			<p>The dilution adjustment can vary over time and vary depending on the assets held by the relevant Fund.</p> <p>In deciding whether to make a dilution adjustment the Manager must use the following bases of valuations:</p> <p>(a) when by reference to any Valuation Point the aggregate value of the units of all Classes of a Fund issued exceeds the aggregate value of units of all Classes cancelled:</p> <p>(i) any adjustment must be upwards; and</p> <p>(ii) the dilution adjustment must not exceed the Manager's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the property had been valued on the best available market offer basis plus dealing costs; or</p> <p>(b) When by reference to any Valuation Point the aggregate value of the units of all Classes of a Fund cancelled exceeds the aggregate value of units of all Classes issued:</p> <p>(i) any adjustment must be downwards; and</p>

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
			(ii) the dilution adjustment must not exceed the Manager's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the property had been valued on the best available market basis less dealing costs.
12.	Switching Fee:	Henderson will not usually charge you for switching between Funds but we reserve the right to do so. For single priced funds the price for switching will be based on the underlying net asset value of the funds.	
13.	Valuation point:	4.00 p.m. on each Dealing Day	12 noon on each Dealing Day
14.	Minimum Investment Levels		
	Initial:	£1,000	£1,000
	Subsequent:	£100	£100
	Minimum holding:	£1,000	£1,000
15.	Accounting period end dates		
	- Interim:	31 October	23 May
	- Final:	30 April	23 November
16.	Income Allocation Dates:		
	- Interim:		23 April, 23 July, 23 October
	- Final:	30 June	23 January
17.	Pricing Basis:	Forward	Forward
18.	Fund Size at end of March 2010	£38.62m	£371.24m

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund																																				
19.	Eligible Markets	<p>The Henderson Cautious Portfolio Unit Trust may deal through securities and derivatives markets established in an EEA State on which transferable securities admitted to official listing in the EEA State are dealt in or traded and therefore these markets are not specifically listed below.</p> <table border="1"> <thead> <tr> <th>Country</th> <th>Market</th> </tr> </thead> <tbody> <tr> <td>Australia</td> <td>The Australian Securities Exchange</td> </tr> <tr> <td>Brazil</td> <td>BM&F BOVESPA</td> </tr> <tr> <td>Canada</td> <td>The TSX Ventures Exchange, The Montreal Stock Exchange and The Toronto Stock Exchange</td> </tr> <tr> <td>Channel Islands</td> <td>Channel Islands Stock Exchange</td> </tr> <tr> <td>China</td> <td>Shanghai Stock Exchange and Shenzhen Stock Exchange</td> </tr> <tr> <td>Hong Kong</td> <td>The Hong Kong Exchanges, Growth Enterprise Market</td> </tr> <tr> <td>Japan</td> <td>The Tokyo Stock Exchange, The Osaka Securities Exchange, The Nagoya, The Sapporo Stock Exchange and JASDAQ Securities Exchange</td> </tr> <tr> <td>Korea</td> <td>Korea Exchange Incorporated (KRX)</td> </tr> </tbody> </table>	Country	Market	Australia	The Australian Securities Exchange	Brazil	BM&F BOVESPA	Canada	The TSX Ventures Exchange, The Montreal Stock Exchange and The Toronto Stock Exchange	Channel Islands	Channel Islands Stock Exchange	China	Shanghai Stock Exchange and Shenzhen Stock Exchange	Hong Kong	The Hong Kong Exchanges, Growth Enterprise Market	Japan	The Tokyo Stock Exchange, The Osaka Securities Exchange, The Nagoya, The Sapporo Stock Exchange and JASDAQ Securities Exchange	Korea	Korea Exchange Incorporated (KRX)	<p>An Eligible Market is a securities market established in an EEA State on which transferable securities admitted to the official listing in that country are dealt in or traded. The following list contains additional markets which the ACD and the Trustee have agreed are "Eligible Markets".</p> <table border="1"> <thead> <tr> <th>Country</th> <th>Market</th> </tr> </thead> <tbody> <tr> <td>Australia</td> <td>Australian Securities Exchange</td> </tr> <tr> <td>Brazil</td> <td>BM&F BOVESPA</td> </tr> <tr> <td>Canada</td> <td>The TSX Ventures Exchange, The Montreal Stock Exchange and The Toronto Stock Exchange</td> </tr> <tr> <td>China</td> <td>Shanghai Stock Exchange and Shenzhen Stock Exchange</td> </tr> <tr> <td>Hong Kong</td> <td>The Hong Kong Exchanges, Growth Enterprise Market</td> </tr> <tr> <td>Japan</td> <td>The Tokyo Stock Exchange, The Osaka Securities Exchange, The Nagoya Stock Exchange, The Sapporo Stock Exchange and JASDAQ Securities Exchange</td> </tr> <tr> <td>India</td> <td>Bombay Stock Exchange</td> </tr> <tr> <td>Indonesia</td> <td>Jakarta Stock Exchange Sapporo Stock Exchange</td> </tr> </tbody> </table>	Country	Market	Australia	Australian Securities Exchange	Brazil	BM&F BOVESPA	Canada	The TSX Ventures Exchange, The Montreal Stock Exchange and The Toronto Stock Exchange	China	Shanghai Stock Exchange and Shenzhen Stock Exchange	Hong Kong	The Hong Kong Exchanges, Growth Enterprise Market	Japan	The Tokyo Stock Exchange, The Osaka Securities Exchange, The Nagoya Stock Exchange, The Sapporo Stock Exchange and JASDAQ Securities Exchange	India	Bombay Stock Exchange	Indonesia	Jakarta Stock Exchange Sapporo Stock Exchange
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		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
		Malaysia Bursa Malaysia Berhad	Malaysia Bursa Malaysia Berhad
		Mexico The Mexican Stock Exchange	Mexico The Mexican Stock Exchange
		New Zealand The New Zealand Stock Exchange	New Zealand The New Zealand Stock Exchange
		Singapore The Singapore Exchange	Peru Lima Stock Exchange
		South Africa JSE Securities Exchange	Poland Warsaw Stock Exchange
		Switzerland The SWX Swiss Exchange	Singapore The Singapore Exchange
		Taiwan Taiwan Stock Exchange (TSEC)	South Africa JSE Securities Exchange
		Thailand Stock Exchange of Thailand (SET)	Switzerland The SWX Swiss Exchange
		USA The New York Stock Exchange, The American Stock Exchange, NASDAQ, OTC Markets regulated by NASD/NASDAQ, The Philadelphia Stock Exchange and NYSE Arca	Thailand Stock Exchange of Thailand (SET)
			Turkey Istanbul Stock Exchange
			USA The New York Stock Exchange, The American Stock Exchange, NASDAQ, OTC Markets regulated by the NASD/NASDAQ, The Philadelphia Stock Exchange and NYSE Arca.

		Henderson Cautious Portfolio Unit Trust	Henderson Multi-Manager Income & Growth Fund
		<p>Eligible Derivatives Markets</p> <p>American Stock Exchange, Australian Securities Exchange (ASX), Chicago Board Options Exchange, CME Group Inc., EUREX, Euronext Amsterdam, Euronext Paris, Copenhagen Stock Exchange, Helsinki Exchanges, Hong Kong Exchanges, The Irish Stock Exchange, JSE Securities Exchange, Kansas City Board of Trade, Korea Exchange Incorporated (KRX), Euronext London International Financial Futures and Options Exchange, MEFF Renta Fija, MEFF Renta Variable, Montreal Stock Exchange, New York Futures Exchange, New York Mercantile Exchange, New York Stock Exchange, New Zealand Futures and Options Exchange, NYSE Arca, OMLX, Stockholmborsen, Osaka Securities Exchange, Philadelphia Board of Trade, Singapore Exchange, South Africa Futures Exchange (SAFEX), Tokyo Stock Exchange and Toronto Stock Exchange.</p>	<p>Eligible Derivatives Markets</p> <p>EUREX Exchange, Euronext LIFFE, CME Group Inc</p>

APPENDIX 3

Extract from Simplified Prospectus for Henderson Multi-Manager Income & Growth Fund

The full Simplified Prospectus is available on request from the ACD or on our website at www.henderson.com

Aims

- All Share Index with the prospect for some capital growth.
- The Fund invests in authorised unit trusts and/or authorised companies and is not restricted by economic sectors. It will take a long term balanced view of worldwide stock markets, while maintaining a core holding in the UK.

Please see the full Prospectus for the Fund objective and policy.

Fund specific risk warnings

A. Overseas investments

Where the Funds invest in assets (including cash) which are denominated in currencies other than the base currency (pounds sterling) then currency exchange rate movements may cause the value of investments to fall as well as rise.

B. Funds where charges are deducted from capital

If a Fund's management charge is taken from its capital, then this may allow more income to be paid, however, it may also restrict capital growth or even result in capital erosion over time.

C. Funds where income may be funded from capital

If you opt to receive a fixed monthly income, it may be necessary to sell some of your shares or units in order to meet the level of payment you have chosen. This can lead to capital erosion.

E. Credit and fixed interest security

With funds investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of shares/units is likely to fall, and vice versa. In addition to the interest rate risk, bond investments are also exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the redemption date). The risk of this happening is usually higher with bonds classified as 'sub-investment grade'.

These may produce a higher level of income but at a higher risk than investments in 'investment grade' bonds. In turn, this may have an adverse impact on funds that invest in such bonds.

Performance information

Please note that past performance is not a guide to future performance. The adjacent graph displays annual performance which is the gains or losses made by the Fund for each complete calendar year. We also show the cumulative performance figure (gains or losses over the entire period) for a maximum of ten years, or as many complete calendar years that are available. The historical performance information is net of UK tax and does not include the effect of subscription and redemption charges.

This Fund was launched in February 1998.

Accounting information

Accounting reference dates	23 Nov (Annual)		23 May (Interim)	
Payment dates	23 Jan	23 Apr	23 Jul	23 Oct
Dividend or interest distribution	Dividend			
AMC from income or capital	100% from capital			

Charges and expenses (please see full Simplified Prospectus for further details)

Unit class	Income Units
Initial charge %	5.00%
AMC %	1.50%
Redemption charge*	Up to 3% on subscriptions held for less than 90 days
Income reinvestment charge %	0%
TER%**	1.76% (% of Fund value - includes estimated charges made by underlying funds within the Fund)
PTR%**	76%

*At the discretion of the Manager.

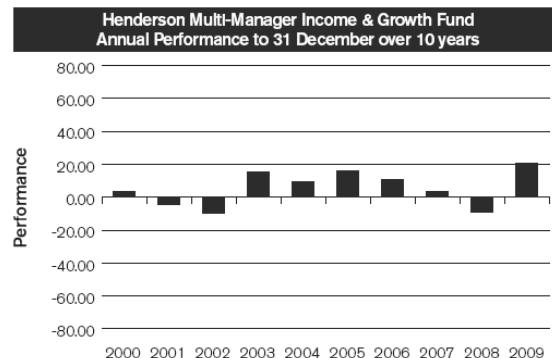
**TER is as at 31/08/09 and PTR is as at 31/12/09.

Effect of charges and expenses

The adjacent table illustrates the effect of charges and expenses on an investment. These figures are not guaranteed. The table shows the effect of charges and expenses on a £1,000 LUMP SUM INVESTMENT in Income Units (with income paid out) assuming an initial charge of 5.25% and a growth rate of 6.00% per annum.

At the end of year	Investment to date (£)	Income to date (£)	Effect of deductions (£)	What you might get back (£)
1	1,000	23	81	955
3	1,000	70	144	970
5	1,000	118	215	986
10	1,000	241	440	1,020

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to **£440**. Putting it another way, this would have the same effect as bringing down investment growth from **6.00%** a year to **2.66%** a year.



Cumulative performance: over the same time period, the total return was +62.62%.

Source: Lipper, Total Return, NAV to NAV, UK Net Income Reinvested, GBP

APPENDIX 4
PROCEDURE FOR UNITHOLDER MEETING

A Notice of the meeting of unitholders, setting out the resolution to approve the Scheme is set out in Appendix 5.

The quorum for the meeting is two unitholders present in person or by proxy.

If a quorum is not present within half an hour after the time appointed for the meeting on 24 May 2010, the meeting will be adjourned to a date and time at least seven days later. Notice will be given of the adjourned meeting and at that meeting if a quorum is not present within 15 minutes from the time appointed for the meeting, one person entitled to be counted in a quorum present at the meeting is a quorum.

The Trustee has appointed James Bowers, or failing him, any duly appointed representative of Henderson, to be chairman of the meeting or any adjourned meeting.

The resolution will be proposed as an "extraordinary resolution" and must be carried by a majority in favour of not less than 75% of the total number of votes cast at the meeting. (Persons who are unitholders on the date seven days before the Notice is sent out but excluding persons who are known to Henderson not to be unitholders at the time of the meetings are entitled to vote.)

Once passed, an extraordinary resolution is binding on all unitholders.

Henderson is only entitled to be counted in the quorum and vote at the meeting in respect of units which it holds on behalf of or jointly with a person who, if himself the sole registered unitholder, would be entitled to vote and from whom Henderson has received voting instructions.

Associates of Henderson are entitled to be counted in a quorum. They may vote at the meeting in respect of units which they hold on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote and from whom they have received voting instructions.

In view of the importance of the proposal, the chairman of the meeting will order a poll to be taken in respect of the resolution. On a poll, the voting rights attached to each unit are such proportion of the voting rights attached to all of the units of that class in issue as the aggregate price or prices of all units of that class in issue. A unitholder entitled to more than one vote on a poll need not, if he votes, use all his votes or cast all the votes he uses in the same way.

CONSENTS AND CLEARANCES

The Trustee

In accordance with normal practice, the Trustee, whilst expressing no opinion on the merits of the merger of Henderson Cautious Portfolio Unit Trust with Henderson Multi-Manager Income & Growth Fund, has informed Henderson by letter that it considers that the Scheme is in an appropriate form to be placed before unitholders in Henderson Cautious Portfolio Unit Trust for their consideration. The Trustee has approved the form of the Form of Proxy and the place for the meeting and the lodging of Forms of Proxy.

The Trustee has also informed Henderson by letter that it consents to the references made to it in this document in the form and context in which they appear.

Henderson

Henderson confirms that the receipt of the property of Henderson Cautious Portfolio Unit Trust by Henderson Multi-Manager Income & Growth Fund is not likely to result in any material prejudice to the unitholders in Henderson Multi-Manager Income & Growth Fund, is consistent with the objectives of the Henderson Multi-Manager Income & Growth Fund and can be effected without any breach of a rule in Chapter 5 of the COLL Sourcebook and further that the implementation of the Scheme is not likely to result in any material prejudice to the interests of existing unitholders in Henderson Multi-Manager Income & Growth Fund.

The Auditors

KPMG LLP, auditors to Henderson Cautious Portfolio Unit Trust, whilst not otherwise expressing any view on the merits or demerits of the proposal or the contents of the Scheme, has informed Henderson by letter that, in its opinion, the basis on which the number of units of Henderson Multi-Manager Income & Growth Fund to be issued to unitholders of Henderson Cautious Portfolio Unit Trust is to be calculated is fair and reasonable so far as unitholders in Henderson Cautious Portfolio Unit Trust and unitholders of Henderson Multi-Manager Income & Growth Fund are concerned.

PricewaterhouseCoopers LLP, auditors to Henderson Multi-Manager Income & Growth Fund, whilst not otherwise expressing any view on the merits or demerits of the proposal or the contents of the Scheme, has informed Henderson by letter that, in its opinion, the basis on which the number of units of Henderson Multi-Manager Income & Growth Fund to be issued to unitholders of Henderson Cautious Portfolio Unit Trust is to be calculated is fair and reasonable so far as unitholders in Henderson Cautious Portfolio Unit Trust and unitholders of Henderson Multi-Manager Income & Growth Fund are concerned.

Financial Services Authority

The Financial Services Authority has confirmed by letter to Eversheds LLP, solicitors to Henderson, that implementation of the Scheme will not affect the authorisation of the Henderson UK Cautious Portfolio Unit Trust Funds as an authorised scheme under the Financial Services and Markets Act 2000.

Tax Clearances

HM Revenue and Customs has confirmed by letter to Eversheds LLP that section 137 of the Taxation of Chargeable Gains Act 1992 should not apply to the merger and that consequently section 136 of that Act may apply whatever the size of the unitholding. Accordingly, the merger should not involve a disposal of units in Henderson Cautious Portfolio Unit Trust for the purposes of tax on capital gains.

The New Units in Henderson Multi-Manager Income & Growth Fund will have the same acquisition cost and acquisition date for the purposes of capital gains tax as the existing units in Henderson Cautious Portfolio Unit Trust.

HM Revenue and Customs have given clearance that with respect to section 701 of the Income Tax Act 2007, no counteraction notice ought to be served under section 698 of the Income Tax Act 2007 (counteracting income tax advantages from certain transactions in securities) and also that the Scheme does not create a corporation tax advantage which should be cancelled under Part 15 of the Corporation Tax Act 2010.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of Henderson at 201 Bishopsgate, London EC2M 3AE during normal business hours on weekdays (excluding bank holidays) until the date of the meeting or of any adjourned meeting:

1. the Trust Deed of Henderson Cautious Portfolio Unit Trust;
2. the Trust Deed of Henderson Multi-Manager Income & Growth Fund;
3. the letter to Henderson from the Trustee referred to under "Consents and Clearances" above;
4. the letters to Henderson from KPMG LLP and PricewaterhouseCoopers LLP referred to under "Consents and Clearances" above;
5. the letter to Eversheds LLP, solicitors to Henderson, from the Financial Services Authority referred to under "Consents and Clearances" above;
6. the letters from the HM Revenue and Customs referred to under "Consents and Clearances" above;
7. the current Prospectus and the last two audited annual and unaudited half-yearly short reports issued in respect of Henderson Cautious Portfolio Unit Trust; and
8. the current Prospectus and the last two audited annual and unaudited half-yearly short reports issued in respect of Henderson Multi-Manager Income & Growth Fund.

APPENDIX 5

HENDERSON CAUTIOUS PORTFOLIO UNIT TRUST

NOTICE OF MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that a meeting of the unitholders of Henderson Cautious Portfolio Unit Trust, will be held at 201 Bishopsgate, London EC2M 3AE on 24 May 2010 at 9.20 a.m. to consider and vote on the following resolution which will be proposed as an **EXTRAORDINARY RESOLUTION**:

RESOLUTION

THAT

the scheme of arrangement for the merger of the Henderson Cautious Portfolio Unit Trust, (the "Fund") with Henderson Multi-Manager Income & Growth Fund set out in Appendix 1 to a document dated 6 May 2010 and addressed by Henderson Investment Funds Limited (the "Manager"), to unitholders in the Fund is hereby approved.



David Jacob
for and on behalf of
Henderson Investment Funds Limited

6 May 2010

NOTES:

- 1 To be passed, an extraordinary resolution must be carried by a majority in favour of not less than 75% of the total votes cast at the meeting.
- 2 A unitholder entitled to attend and vote may appoint a proxy who need not be another unitholder to attend and vote instead of him. To be valid Forms of Proxy and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) must be deposited with Henderson Investment Funds Limited, c/o Corporate Mailing Solutions Limited, Unit 4b, Chelmsford Road Industrial Estate, Great Dunmow, Essex CM6 1HD, not later than 72 hours before the meeting which is to be held on 24 May 2010. Please use the reply-paid envelope provided.
- 3 On a poll, the voting rights attached to each unit are such proportion of the voting rights attached to all of the units of that class in issue as the aggregate price or prices of all units of that class in issue. A unitholder entitled to more than one vote on a poll need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 4 The quorum for the meeting is two unitholders present in person or by proxy. If a quorum is not present within half an hour after the time appointed for the meeting, the meeting will be adjourned to a date and time at least seven days later. Not less than seven days notice will be given of the adjourned meeting and at that meeting if a quorum is not present at this 15 minutes from the time appointment for the meeting one person entitled to be counted in a quorum present at the meeting is a quorum.