

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 UK EXTRA INCOME FUND (a sub-fund of Henderson UK & Europe Funds) WITH HENDERSON MANAGED DISTRIBUTION FUND (a sub-fund of Henderson Investment Fund OEIC)

This document contains a Notice of Meeting of shareholders of Henderson UK Extra Income Fund. 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;
"Depositary"	The Royal Bank of Scotland plc, as the depositary of Henderson UK Extra Income Fund and Henderson Managed Distribution Fund, as the context requires;
"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 Depositary 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 Depositary in accordance with paragraph 13 of the Scheme;
"FSA"	the Financial Services Authority;
"FSA Rules"	the rules contained in the COLL Sourcebook;
"Funds"	Henderson Managed Distribution Fund and Henderson UK Extra Income Fund;
"Instrument of Incorporation"	the current instrument of incorporation of Henderson UK & Europe Funds of which Henderson UK Extra Income Fund is a sub-fund;
"Henderson"	Henderson Investment Funds Limited, the authorised corporate director ("ACD") of Henderson UK Extra Income Fund and/or Henderson Managed Distribution Fund, as the context requires;
"Henderson Managed Distribution Fund"	Henderson Managed Distribution Fund, a sub-fund of Henderson Investment Fund OEIC;
"Henderson UK Extra Income Fund"	Henderson UK Extra Income Fund, a sub-fund of Henderson UK & Europe Funds;
"New Shares"	class A (Income or Accumulation) Shares or Class I Income or Accumulation) Shares (as appropriate) in Henderson Managed Distribution Fund to be issued to shareholders in Henderson UK Extra Income Fund pursuant to the scheme of arrangement on the terms set out in the Scheme;
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001 (as amended);
"OEIC"	an open-ended investment company incorporated pursuant to Regulation 3 of the OEIC Regulations;
"Retained Amount"	a retention, which is a sum estimated by Henderson and agreed with the Depositary and the auditors to be necessary to meet all the actual and contingent liabilities of Henderson UK Extra Income Fund which is to be retained by the Depositary upon the provisions of the Instrument of Incorporation and which subject to the provisions of the Instrument of

Incorporation shall be used for the purposes of discharging such liabilities;

“Scheme”

the scheme of arrangement for the merger of Henderson UK Extra Income Fund with Henderson Managed Distribution Fund dated 6 May 2010, as set out in Appendix 1 to this document.

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 shareholders	6 May 2010
Last time for receipt of Forms of Proxy/Forms of Direction	21 May 2010 (72 hours before the time of the meeting)
Meeting of shareholders	
Henderson UK Extra Income Fund	12.20 p.m. on 24 May 2010
If the resolution for the scheme of arrangement is passed	
Suspend dealings in Henderson UK Extra Income Fund and Henderson Managed Distribution Fund	immediately after 12 noon on 17 June 2010
End of current accounting period of Henderson UK Extra Income Fund	11.59 p.m. on 17 June 2010
Valuation of Henderson UK Extra Income Fund and Henderson Managed Distribution Fund	11.59 p.m. on 17 June 2010
Effective time of merger of Henderson UK Extra Income Fund with Henderson Managed Distribution Fund	12.05 a.m. on 18 June 2010
Resumption of dealings in New Shares	9.00 a.m. on 21 June 2010

Please *note* that these times and dates may differ if Henderson and the Depositary 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 UK EXTRA INCOME FUND (a sub-fund of Henderson UK & Europe Funds) WITH HENDERSON MANAGED DISTRIBUTION FUND (a sub-fund of Henderson Investment Fund OEIC)

We are writing to you as a shareholder in Henderson UK Extra Income Fund to explain our proposal to merge this fund with Henderson Managed Distribution 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 shareholder in Henderson UK Extra Income Fund.

Reasons for the proposal

The proposed merger of the Henderson UK Extra Income Fund into the Henderson Managed Distribution 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 Managed Distribution Fund's aim is to achieve long term income and capital growth. As a distribution fund, the portfolio is anticipated to continue to offer an above average yield, within the IMA Cautious Managed sector. Equities therefore may play a lesser role in the portfolio going forward than historically within the Henderson UK Extra Income Fund.

We believe there are several advantages to be gained from the implementation of this merger. Under the management since April 2009 of John Pattullo, Jenna Barnard and Trevor Green, the Henderson Managed Distribution Fund was one of the best performing funds in the IMA Cautious Managed sector in 2009 and with a 12 month return of 67.7% over the 12 months to the end of March 2010, compared to the sector average of 27.4% over the same period. Over the same 12 month period the Henderson UK Extra Income Fund achieved a return of 48.0%. (Source: Morningstar at 31 March 2010, UK sterling, R class shares, net income reinvested.)

Second, we believe that the structure of the Henderson Managed Distribution Fund offers greater investment flexibility in terms of asset allocation, with the managers able to blend together different asset classes, such as investment grade bonds, high yield and government bonds, as well as equities, to ensure a greater degree of income generation and capital protection throughout the economic cycle.

Third, fund managers John Pattullo and Jenna Barnard are highly respected fixed income portfolio managers, with a proven investment track record and considerable experience of using modern investment techniques to manage portfolios. Together they also manage Henderson Preference & Bond Fund and the Henderson Strategic Bond Fund which currently has over £750 million in assets under management. The Henderson Strategic Bond Fund, launched in November 2003, has returned 52.5% since launch. (Source: Morningstar at 31 March 2010, UK sterling, R class shares, net income reinvested.)

John and Jenna are responsible for managing the fixed income securities within the Henderson Managed Distribution Fund, while Trevor Green is in charge of the equity portion. Trevor Green has been in charge of the equity portfolio since 2008 and meets with John and Jenna regularly to offer his analysis from an equity fund manager's perspective.

John and Jenna are also responsible for co-ordinating the overall asset allocation of the Henderson Managed Distribution Fund. Their role ensures that the portfolio is not managed as two distinct pools of different assets, but as a single portfolio managed by fund managers who communicate regularly. This approach means that the fund managers have the flexibility to allocate assets between fixed income and equities depending on where the greater investment opportunities lie.

The Henderson Managed Distribution Fund aims to meet its yield objective through a blend of equity and fixed income assets, with a core of fixed income securities acting as the principal income generator.

The fund managers are also able to use derivatives to actively manage fixed income risks throughout the economic cycle. They view this as a more flexible and more efficient way to manage money. Therefore, instruments such as interest rate futures and credit default swaps could potentially be used in future to ensure that risks to returns, such as higher interest rates or increases in the numbers of corporate defaults, can be controlled more quickly, at relatively low cost and within a tightly controlled risk framework.

Should the proposal be approved by shareholders, the assets of Henderson UK Extra Income Fund would be transferred to Henderson Managed Distribution Fund.

The proposals will allow investors to preserve their tax status since we have been advised that the merger with Henderson Managed Distribution Fund will not be treated as a taxable event. Investors who do not wish to become part of the Henderson Managed Distribution 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 UK Extra Income Fund holding and outside of an ISA shelter could trigger a taxable event and a potential capital gains tax liability.

Information concerning the funds

To help you consider the merits of the proposal, the main features of Henderson UK Extra Income Fund and Henderson Managed Distribution 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 shareholder meeting on 24 May 2010, shareholders in Henderson UK Extra Income Fund will receive New Shares in Henderson Managed Distribution Fund. If you currently hold class A or class I shares in Henderson UK Extra Income Fund, you will receive class A shares or class I shares in Henderson Managed

Distribution Fund (dependent on the type of share you currently hold) in exchange for the transfer of the assets of Henderson UK Extra Income Fund. Shareholders' existing shares in Henderson UK Extra Income Fund will then cease to be of any value and an application will be made to the FSA for the winding up of Henderson UK Extra Income Fund to commence immediately after the merger has taken place.

If the proposal is approved the Scheme will be binding on each shareholder in Henderson UK Extra Income Fund 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

Shareholders should note that there are a number of differences between Henderson UK Extra Income Fund and Henderson Managed Distribution 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 UK Extra Income Fund and Henderson Managed Distribution Fund**

The investment objectives and policies for achieving the investment objectives of each of the funds differ slightly.

Henderson UK Extra Income Fund aims to provide an above average and increasing income and long term prospects for capital growth. The Fund invests in higher-yielding shares and convertibles of UK companies and in fixed interest stocks. At least 80% by value of the Fund will be in UK investments.

Henderson Managed Distribution Fund aims to achieve long-term income and capital growth through investments in fixed interest securities and in equities both in the UK and internationally.

Investors should note that the Henderson Managed Distribution Fund is able to use derivatives for the purposes of investment rather than just for efficient portfolio management which is the case for Henderson UK Extra Income Fund. This provides the fund manager with the opportunity to enhance income whilst protecting capital.

Whilst Henderson Managed Distribution Fund's investment policy allows use of derivatives, the mainstay of investment activity in the Fund is ordinary fixed income and equity securities. The use of derivatives for investment purposes is not likely to materially increase the risk profile or volatility of the Henderson Managed Distribution Fund.

We have put in place a risk management process, as reviewed by the depositary of the Henderson Managed Distribution Fund, enabling us to monitor and measure as frequently as appropriate the risk of the Henderson Managed Distribution Fund's derivative and forward positions and their contribution to the overall risk profile of the Henderson Managed Distribution Fund. This includes the methods for estimating the risks and the types of derivatives and forwards to be used within the Henderson Managed Distribution Fund together with their underlying risks and any relevant quantitative limits. This risk management process is kept under review, is regularly updated and is available on request to shareholders.

- **Type of Shares**

Henderson UK Extra Income Fund issues both income and accumulation shares and the New Shares that you will receive under the Scheme will also be income and accumulation shares in the appropriate class, dependent on the type of share you currently hold.

- **Accounting Dates**

The Scheme introduces an additional interim accounting period ending on 17 June 2010 for Henderson UK Extra Income Fund. This enables any income generated by the shares in Henderson UK Extra Income Fund to be allocated to shares in that fund and to be taken into account when calculating the number of New Shares to be issued under the Scheme.

Henderson Managed Distribution Fund has a different annual accounting reference date to Henderson UK Extra Income Fund, 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 and allocations of income**

Henderson UK Extra Income Fund currently makes income allocations and distributions quarterly in February, May, August, and November. Henderson Managed Distribution Fund by contrast, pays or allocates income quarterly in April, July, October and January and pays an interest distribution which may be advantageous for some shareholders.

- **Charges**

Initial Charge

The initial charge on class A shares in Henderson UK Extra Income Fund is 5.00% which is the same initial charge on class A shares in Henderson Managed Distribution Fund. There is no initial charge for class I shares in either fund. There will be no initial charge applied on the issue of the New Shares under the terms of the Scheme. The initial charge will however apply to any subsequent purchase of additional shares in Henderson Managed Distribution Fund.

Annual Management Charge

The annual management charge for class A shares in Henderson UK Extra Income Fund is 1.50% whilst the charge for class A shares in the Henderson Managed Distribution Fund is 1.25% per annum. The current annual management charge for class I shares in the Henderson UK Extra Income Fund is 0.75% which is the same annual management charge as for class I shares in Henderson Managed Distribution Fund.

Charges in the Henderson UK Extra Income Fund are taken from income. Charges in the Henderson Managed Distribution Fund are taken wholly out of capital, which allows more income for distribution but may constrain capital growth.

Regular Savings

If you are currently investing monthly by direct debit, the last collection date before the proposed merger of Henderson UK Extra Income Fund will, depending on your chosen direct debit date, be 1st, 15th or 16th. Unless we receive your written instructions stating otherwise, direct debit collections after the Effective Date will be used to purchase shares in Henderson Managed Distribution Fund. Monthly direct debit payments into Henderson Managed Distribution Fund will be collected on the 1st, 15th or 16th day of each month, and therefore if the merger proceeds, your first monthly direct debit payment into Henderson Managed Distribution Fund will be collected on 1st, 15th or 16th of 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.

Income reinvestment charge

Any shareholders holding income shares in Henderson UK Extra Income Fund may have elected to have their income reinvested to purchase further income shares. Historically no charge has been levied on this service. Any election to reinvest income post the merger in the Henderson Managed Distribution Fund will incur a charge of 2%. Shareholders may therefore wish to switch their holdings from income shares to accumulation shares after the merger to avoid paying this charge. With accumulation shares, any income earned in relation to shares is automatically rolled up into the value of shares, at no charge to investors and is reflected in the value of those shares. Please contact us on 0800 832 832 if you would like to switch to accumulation shares.

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 shareholders in the Henderson UK Extra Income Fund which is set out in Appendix 5.

The procedure for the meeting of shareholders, which is to be held on 24 May 2010 at 12.20 p.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 UK Extra Income Fund, 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 that have been obtained from HM Revenue and Customs, the New Shares in Henderson Managed Distribution Fund issued to you will have the same acquisition cost and acquisition date for the purposes of tax on capital gains as your existing shares in Henderson UK Extra Income Fund. 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 are payable, they will be paid by Henderson.

Any distribution of income made as a result of the Scheme will be taxable in the normal way.

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 Managed Distribution 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 12 noon on 17 June 2010.

Please note that if you do switch your investment to another Henderson fund this will constitute a disposal of shares 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 Managed Distribution Fund, please see the extract from the simplified prospectus at Appendix 3. The full simplified prospectus is available from the ACD on request 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 UK Extra Income Fund with Henderson Managed Distribution 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 shareholder 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 12.20 p.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 UK EXTRA INCOME FUND
(a sub-fund of Henderson UK & Europe Funds) WITH
HENDERSON MANAGED DISTRIBUTION FUND
(a sub-fund of Henderson Investment Fund OEIC)

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 shareholders of Henderson UK Extra Income Fund:

The Scheme is conditional upon the passing of an extraordinary resolution at a meeting of shareholders of Henderson UK Extra Income Fund, by which the shareholders in Henderson UK Extra Income Fund approve the Scheme and instruct Henderson and the Depositary, as the authorised corporate director and depositary of Henderson UK & Europe Funds, to implement the Scheme.

If the extraordinary resolution is passed, the Scheme will be binding on all shareholders of Henderson UK Extra Income Fund (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 UK Extra Income Fund and Henderson Managed Distribution Fund:

In order to facilitate the implementation of the Scheme, dealings in Henderson UK Extra Income Fund and Henderson Managed Distribution Fund shall be suspended immediately after 12.00 noon on 17 June 2010 (the business day before the Effective Date).

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 UK Extra Income Fund. In all other respects the accounting periods of Henderson UK & Europe Funds are unaffected.

This will enable income (if any) of Henderson UK Extra Income Fund for the then current accounting period to 11.59 p.m. on 17 June 2010 to be allocated to shares or distributed.

All such available income allocated to accumulation shares shall be transferred to the capital account of Henderson UK Extra Income Fund and allocated to accumulation shares (being reflected in the price of these accumulation shares). The income so allocated shall be included in the value of Henderson UK Extra Income Fund, which is used to calculate the value and number of New Shares to be issued under the Scheme.

Income to be distributed to holders of income shares in Henderson UK Extra Income Fund will not be treated as forming part of the property of Henderson UK Extra Income Fund for the purpose of paragraph 5.

Any distributions in respect of Henderson UK Extra Income Fund which are unclaimed six months after the Effective Date, together with any unclaimed distributions in respect of previous accounting periods, will be held by the Depositary in a separate designated account, and will not form part of the scheme property of Henderson Managed Distribution Fund.

However, any distributions which are unclaimed six years from the original dates of payment will be transferred by the Depositary (or by any successor as Depositary) to, and will become part of the capital property of, the Henderson Managed Distribution Fund. The designated account will be closed when the last distribution is claimed or, if earlier, on the expiry of six years from the original payment of the distributions in respect of the accounting period ending on the Effective Date.

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

5. **Calculation of the value of the shares in Henderson UK Extra Income Fund and Henderson Managed Distribution Fund:**

The value of the property attributable to shares of the Henderson UK Extra Income Fund and value of the property attributable to shares of the Henderson Managed Distribution Fund shall be calculated as at 11.59 p.m. on 17 June 2010 as follows:

5.1. The value of the property attributable to class A and class I shares of Henderson UK Extra Income Fund shall be 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; **less**

5.1.1 income (if any) to be allocated to Henderson UK Extra Income Fund in respect of the current accounting period ending 11.59 p.m. on 17 June 2010 (see paragraph 4 above); **and**

5.1.2 the Retained Amount.

5.2 The value of the property attributable to class A and class I shares of Henderson Managed Distribution Fund shall be the value of the income and capital property attributable to Henderson Managed Distribution 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 Shares to be issued under paragraph 7 below.

6 **Issue of New Shares and transfer of property of Henderson UK Extra Income Fund:**

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

6.1 The Depositary shall continue to hold the Retained Amount as the property of Henderson UK Extra Income Fund upon the provisions set out in the Instrument of Incorporation. The remaining property of Henderson UK Extra Income Fund shall be transferred by the Depositary to the property of Henderson Managed

Distribution Fund in full payment for the New Shares to be issued under paragraph 7.3 below, and shall be held in accordance with the Instrument of Incorporation of Henderson Investment Fund OEIC. The Depositary shall use the Retained Amount to discharge liabilities of Henderson UK Extra Income Fund in accordance with the COLL Sourcebook or as instructed by Henderson.

- 6.2 In the event that the Retained Amount in respect of Henderson UK Extra Income Fund, together with the income therefrom, exceeds the liabilities of Henderson UK Extra Income Fund, then any excess shall be held by the Depositary, as part of the property of Henderson Managed Distribution Fund subject to the provisions of the Instrument of Incorporation of Henderson Investment Fund OEIC but shall not increase the number of New Shares to be issued pursuant to Clause 7.3 of this Scheme. If the liabilities of Henderson UK Extra Income Fund 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 Managed Distribution Fund but otherwise they shall be discharged by Henderson. The Depositary, shall be freed and discharged from the provisions of the Instrument of Incorporation in respect thereof;
- 6.3 All shares in Henderson UK Extra Income Fund shall be deemed to have been cancelled and shall cease to be of any value; and
- 6.4 Henderson shall issue New Shares to the shareholders in Henderson UK Extra Income Fund (who are registered as holding shares in Henderson UK Extra Income Fund 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 Shares:

- 7.1 The price of each New Share to be issued in Henderson Managed Distribution Fund to holders of class A and class I shares in Henderson UK Extra Income Fund shall be the value of the property of class A or class I shares of Henderson UK Extra Income Fund divided by the number of class A or class I shares in issue in Henderson Managed Distribution Fund as at 11.59 p.m. on 17 June 2010 (not including shares to be issued under the Scheme).
- 7.2 New Shares shall be issued in Henderson Managed Distribution Fund to the value of Henderson UK Extra Income Fund as at 11.59 p.m. on 17 June 2010.
- 7.3 The New Shares (including fractions of shares) issued by Henderson Managed Distribution Fund shall be allocated among class A and class I shareholders respectively in Henderson UK Extra Income Fund in proportion to their respective class A and class I shares in Henderson UK Extra Income Fund held or deemed to be held by them at 11.59 p.m. on 17 June 2010 provided that the number of New Shares to be issued to any shareholder shall be rounded up to two decimal places at the expense of Henderson.

8 Notification of the New Shares:

- 8.1 Certificates are not issued in respect of shares issued in Henderson Managed Distribution Fund.
- 8.2 Each shareholder in Henderson UK Extra Income Fund (or, in the case of joint holders, the first named of such holders in the register of holders of Henderson UK Extra Income Fund) will be notified of the number of New Shares issued to them within fourteen days of the Effective Date. Shareholders will receive the short report of Henderson UK & Europe Funds for the final accounting period

ending 30 June 2010. Following the Effective Date shareholders will receive the reports and accounts of the Henderson Investment Fund OEIC for the duration of the time they continue to be shareholders.

- 8.3 A shareholder in Henderson UK Extra Income Fund may give instructions for the transfer or sale of all or some of their New Shares from 9.00 a.m. on the first business day after the Effective Date by telephoning 0800 832 832 or by writing to Henderson at Henderson Investment Funds Limited at PO 9023, Chelmsford, Essex CM99 2WB.

9 Mandates and other instructions in respect of the New Shares:

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 shares in Henderson UK Extra Income Fund shall be deemed to be effective mandates and instructions in respect of the New Shares issued to that shareholder under the Scheme and any later acquired shares in Henderson Managed Distribution Fund (unless that shareholder already holds shares in Henderson Managed Distribution Fund in which case the existing mandates and instructions in respect of those shares shall apply to the New Shares issued to him).

10 Costs, charges and expenses of the Scheme:

- 10.1 Henderson and the Depositary shall continue to receive their usual fees and expenses for respectively managing and being depositary of shares of Henderson UK Extra Income Fund out of the property of Henderson UK Extra Income Fund 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 shareholders of Henderson UK Extra Income Fund, 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 Shares.

11 Termination of Henderson UK Extra Income Fund:

Henderson will give notice under regulation 21 of the OEIC Regulations to the FSA of the proposals to make the alteration to the Instrument of Incorporation and Prospectus of the Henderson UK & Europe Funds required for termination of Henderson UK Extra Income Fund in accordance with the OEIC Regulations, such termination to commence immediately after the Effective Date.

12 The ACD to rely on the register:

- 12.1 The ACD shall be entitled to assume that all information contained in the register of Shareholders of Henderson UK Extra Income Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Shares to be issued and registered pursuant to the Scheme.
- 12.2 The ACD may act and rely upon any certificate, opinion, evidence or information furnished to it by its professional advisers or by the auditors of the Fund 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 Depositary 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 Depositary and approved by the FSA subject to Henderson and the Depositary confirming that such amendment does not involve any holders or potential holders of shares of Henderson UK Extra Income Fund or any holders or potential holders of shares of Henderson Managed Distribution Fund in any material prejudice. If there is any conflict between the Scheme, the terms of the Instrument of Incorporation 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 UK EXTRA INCOME FUND AND HENDERSON MANAGED DISTRIBUTION FUND

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

		Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution Fund”)
1.	Investment objective and policy:	To aim to provide an above average and increasing income and long term prospects for capital growth. The Fund will invest in higher-yielding shares and convertibles of UK companies and in fixed interest stocks. At least 80% by value of the Fund will be in UK investments.	To achieve long-term income and capital growth. The Fund will invest in fixed interest securities and in equities both in the UK and internationally. In addition to fixed interest securities the Fund may also invest in variable and index related securities and derivatives. Investments may include, but are not restricted to, treasury bills, certificates of deposit, medium-term notes, preference shares, debentures, gilts, corporate bonds, overseas bonds, agency bonds, asset or mortgage backed securities, collective investment schemes, floating rate notes and debt securities convertible into ordinary stock, money-market instruments and deposits. Investments may be denominated in currencies other than sterling. Derivatives may be used for meeting the investment objective and for efficient portfolio management.
2.	Category of Scheme:	UCITS scheme	UCITS scheme
3.	Types of shares offered:	Income and accumulation Shares	Income and accumulation Shares
4.	Income Equalisation:	Yes	Yes
5.	Manager’s Charges Annual:	A - 1.50% I – 0.75%	A - 1.25% I - 0.75%
	Initial:	A - 5.00% I - Nil	A - 5.00% I - Nil
6.	Depositary:	The Royal Bank of Scotland plc	The Royal Bank of Scotland plc

		Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution Fund”)
7.	Depository's Charges:	<p>The Depository Charges for both Funds are identical and are as follows:</p> <p>0.01% pa on the Net Asset Value of each Fund every time the Net Asset Value is calculated</p> <p>The Depository is also entitled to receive out of the property of each Fund remuneration for performing or arranging for the performance of the functions conferred on the Depository.</p>	
8.	Custody Charges:	<p>The Custody Charges for both Funds are identical 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.	Transaction/ Custody Charges:	<p>The Transaction/ Custody Charges for both Funds are identical and are as follows:</p> <p>The Depository is also entitled to receive out of the property of each Fund remuneration for performing or arranging for the performance of the functions conferred on the Depository by the Instrument of Incorporation or the COLL Sourcebook. Currently the Depository 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”) reimburses the ACD 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; ● fees and expenses in respect of establishing and maintaining the Register of Shareholders (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 Shares and related functions; ● any costs incurred in producing, distributing and dispatching income and other payments to Shareholders; ● any costs in respect of the preparation and calculation of the Net Asset Value and prices of Shares in the Funds and the publication and circulation thereof (including the costs of electronic data/information sources) and the costs of obtaining fund ratings and benchmark costs; 	

	Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution Fund”)
		<ul style="list-style-type: none"> ● 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 Shares 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 Company including (for the avoidance of doubt) any legal costs arising from any Shareholder action; ● any costs incurred in respect of any meeting of holders (including meetings convened on a requisition by holders and not including the ACD or an associate of the ACD); ● any costs incurred in producing and despatching dividend or other payments of the Company; ● any costs incurred in modifying the Instrument of Incorporation, the ACD Agreement 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 Company and/or its Directors (including the ACD) and the Depositary; ● any costs incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company; ● any costs incurred in the preparation, translation, production (including printing) and distribution of annual, half yearly or other reports or information provided for Shareholders, 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; ● any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company; ● any payments otherwise due by virtue of the COLL Sourcebook; ● all costs incurred in connection with communicating with investors;

		Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution Fund”)
		<ul style="list-style-type: none"> • all fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of Shares on any stock exchange, any offer of Shares (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 Shares in a new or existing Fund; • certain liabilities on amalgamation or reconstruction arising after transfer of property to the Company in consideration for the issue of Shares 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 Company 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. 	
		This GAC charge is 0.18% in respect of class A Shares. The charge is 0.06% in respect of class I Shares.	This GAC charge is 0.18% in respect of class A Shares. The charge is 0.06% in respect of class I Shares.
11.	Dilution Policy:	<p>The dilution policy is the same for each of the Funds and is as follows:</p> <p>The need to make a dilution adjustment will depend on the volume of purchases or redemptions of Shares as described below linked to a Fund. The ACD may make a discretionary dilution adjustment if in its opinion the existing shareholders (for purchases) or continuing shareholders (for redemptions) might otherwise materially be adversely affected. In particular, the ACD reserves the right to make a dilution adjustment in the following circumstances:</p> <ul style="list-style-type: none"> a) on a Fund experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size; b) on a Fund experiencing large levels of net redemptions (i.e. redemptions less purchases) relative to its size; c) in any other case where the ACD is of the opinion that the interests of existing/continuing shareholders and potential shareholders require the imposition of a dilution adjustment. 	

	Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution Fund”)
		<p>This policy to adjust the dealing price will be subject to regular review and may change. The ACD’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 Share linked to a Fund will be calculated separately but any dilution adjustment will in percentage terms affect the dealing price of each class of Share 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 ACD 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> <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 ACD must use the following bases of valuations:</p> <p>(a) when by reference to any Valuation Point the aggregate value of the Shares of all Classes of a Fund issued exceeds the aggregate value of Shares of all Classes cancelled:</p> <ul style="list-style-type: none"> (i) any adjustment must be upwards; and (ii) the dilution adjustment must not exceed the ACD’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>(b) When by reference to any Valuation Point the aggregate value of the Shares of all Classes of a Fund cancelled exceeds the aggregate value of Shares of all Classes issued:</p> <ul style="list-style-type: none"> (i) any adjustment must be downwards; and (ii) the dilution adjustment must not exceed the ACD’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.

		Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds ("Henderson UK Extra Income Fund")	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC ("Henderson Managed Distribution Fund")
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:	12 noon on each Dealing Day	12 noon on each Dealing Day
14.	Minimum Investment Levels Initial: Subsequent: Minimum holding:	A - £1,000 I - £500,000 A - £500 I - £10,000 A - £1,000 I - £500,000	A - £1,000 I - £500,000 A - £100 I - £10,000 A - £1,000 I - £500,000
15.	Accounting period end dates - Interim: - Final:	31 December 30 June	28 February 31 August
16.	Income Allocation Dates: - Interim: - Final:	28 February (or 29 February in a leap year), 31 May, 30 November 31 August	30 April, 31 July, 31 January 31 October
17.	Pricing Basis:	Forward	Forward
18.	Fund Size at end of March 2010:	£63.84m	£304.24m

		Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution Fund”)																						
19.	Eligible Markets	<p>The Henderson UK Extra Income Fund 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> <p>In addition, up to 10% in value of any Fund may be invested in transferable securities which are not approved securities.</p> <p>The Henderson UK Extra Income Fund may also deal through the securities markets and derivatives markets indicated below:</p> <p>Eligible Derivatives Markets</p> <table border="0"> <thead> <tr> <th>Country</th> <th>Market</th> </tr> </thead> <tbody> <tr> <td>America</td> <td>CME Group Inc, Chicago Board Options Exchange, New York Futures Exchange NYBOT</td> </tr> </tbody> </table>	Country	Market	America	CME Group Inc, Chicago Board Options Exchange, New York Futures Exchange NYBOT	<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 Depositary have agreed are “Eligible Markets”.</p> <table border="0"> <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>Croatia</td> <td>The Zagreb 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>The Republic of Korea</td> <td>Korea Exchange Incorporated (KRX)</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	Croatia	The Zagreb 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	The Republic of Korea	Korea Exchange Incorporated (KRX)
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		Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution Fund”)
			<p>Malaysia Bursa Malaysia Berhad</p> <p>Mexico The Mexican Stock Exchange</p> <p>New Zealand The New Zealand Stock Exchange</p> <p>Singapore The Singapore Exchange</p> <p>South Africa JSE Securities Exchange</p> <p>Switzerland The SWX Swiss Exchange</p> <p>Taiwan Taiwan Stock Exchange</p> <p>Thailand Stock Exchange of Thailand (SET)</p> <p>Turkey Istanbul Stock Exchange</p> <p>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.</p>

	Henderson UK Extra Income Fund, sub-fund of the Henderson UK & Europe Funds (“Henderson UK Extra Income Fund”)	Henderson Managed Distribution Fund, sub-fund of Henderson Investment Fund OEIC (“Henderson Managed Distribution 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>

APPENDIX 3

Extract from Simplified Prospectus for Henderson Managed Distribution Fund

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

Aims

- The Fund aims to achieve long-term income and capital growth.
- The Fund will invest in fixed interest securities and in equities, both in the UK and internationally.

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.

F. 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.

Effect of charges and expenses

The table below 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 Class A Income Shares assuming an initial charge of 5.00% and a growth rate of 6.00% per

At the end of year	Investment to date (£)	Income to date (£)	Effect of deductions (£)	What you might get back (£)
1	1,000	45	67	945
3	1,000	136	106	936
5	1,000	226	149	927
10	1,000	447	281	904

The last line in the table shows that over 10 years the effect of the total charges and expenses could amount to **£281**. Putting it another way, this would have the same effect as bringing down investment growth from 6.00% a year to **3.74%** a year.

Accounting information

Accounting reference dates	31 August (Annual)		28 February (Interim)	
Payment dates	31 Oct	31 Jan	30 Apr	31 Jul
Dividend or interest distribution	Interest			
AMC from income or capital	100% from capital			

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

Share class	Class A Income Shares
Initial charge %	5.00%
AMC %	1.25%
Redemption charge*	Up to 3% on subscriptions held for less than 90 days
TER%**	1.51%
PTR%**	58%

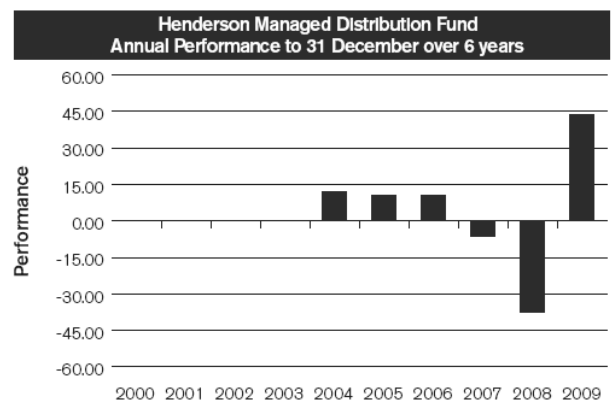
*At the discretion of the Manager.

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

Performance information

Please note that past performance is not a guide to future performance. The graph below 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 March 2003.



Cumulative performance: over the same time period, the total return was 35.65%.

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

APPENDIX 4

PROCEDURE FOR SHAREHOLDER MEETING

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

The quorum for the meeting is two shareholders 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 Depositary 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 shareholders on the date seven days before the Notice is sent out but excluding persons who are known to Henderson not to be shareholders at the time of the meetings are entitled to vote.)

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

Henderson is only entitled to be counted in the quorum and vote at the meeting in respect of shares which it holds on behalf of or jointly with a person who, if himself the sole registered shareholder, 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 shares 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 share are such proportion of the voting rights attached to all of the shares in issue that the price of the share bears to the aggregate price or prices of all shares in issue. A shareholder 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 Depositary

In accordance with normal practice, the Depositary, whilst expressing no opinion on the merits of the merger of Henderson UK Extra Income Fund with Henderson Managed Distribution Fund, has informed Henderson by letter that it considers that the Scheme is in an appropriate form to be placed before shareholders in Henderson UK Extra Income Fund for their consideration. The Depositary has approved the form of the Form of Proxy and the place for the meeting and the lodging of Forms of Proxy.

The Depositary 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.

The ACD

Henderson confirms that the receipt of the property of Henderson UK Extra Income Fund by Henderson Managed Distribution Fund is not likely to result in any material prejudice to the shareholders in Henderson Managed Distribution Fund, is consistent with the objectives of the Henderson Managed Distribution 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 shareholders in Henderson Managed Distribution Fund.

The Auditors

PricewaterhouseCoopers LLP, auditors to Henderson UK Extra Income 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 shares of Henderson Managed Distribution Fund to be issued to shareholders of Henderson UK Extra Income Fund is to be calculated is fair and reasonable so far as shareholders in Henderson UK Extra Income Fund are concerned.

KPMG LLP, auditors to Henderson Managed Distribution 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 shares of Henderson Managed Distribution Fund to be issued to shareholders of Henderson UK Extra Income Fund is to be calculated is fair and reasonable so far as shareholders in Henderson Managed Distribution 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 & Europe 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 shareholding. Accordingly, the merger should not involve a disposal of shares in Henderson UK Extra Income Fund for the purposes of tax on capital gains.

The New Shares in Henderson Managed Distribution Fund will have the same acquisition cost and acquisition date for the purposes of capital gains tax as the existing shares in Henderson UK Extra Income Fund.

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 Taxes 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 Instrument of Incorporation of Henderson UK & Europe Funds;
2. the Instrument of Incorporation of Henderson Investment Fund OEIC;
3. the letter to Henderson from the Depository referred to under "Consents and Clearances" above;
4. the letter to Henderson from PricewaterhouseCoopers LLP referred to under "Consents and Clearances" above;
5. the letter to Henderson from KPMG LLP referred to under "Consents and Clearances" above;
6. the letter to Eversheds LLP, solicitors to Henderson, from the Financial Services Authority referred to under "Consents and Clearances" above;
7. the letters from the HM Revenue and Customs referred to under "Consents and Clearances" above;
8. the current Prospectus and the last two audited annual and unaudited half-yearly short reports issued in respect of Henderson Investment Fund OEIC; and
9. the current Prospectus and the last two audited annual and unaudited half-yearly short reports issued in respect of Henderson UK & Europe Funds.

APPENDIX 5

HENDERSON UK EXTRA INCOME FUND, A SUB-FUND OF HENDERSON UK & EUROPE FUNDS

NOTICE OF MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a meeting of the shareholders of Henderson UK Extra Income Fund, will be held at 201 Bishopsgate, London EC2M 3AE on 24 May 2010 at 12.20 p.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 UK Extra Income Fund, (a sub-fund of Henderson UK & Europe Funds) (the "Fund") with Henderson Managed Distribution Fund (a sub-fund of the Henderson Investment Fund OEIC) set out in Appendix 1 to a document dated 6 May 2010 and addressed by Henderson Investment Funds Limited (the "ACD"), to shareholders 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 shareholder entitled to attend and vote may appoint a proxy who need not be another shareholder 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 share are such proportion of the voting rights attached to all of the shares in issue that the price of the share bears to the aggregate price or prices of all shares in issue. A shareholder 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 shareholders 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.

