

ANNUAL SHORT REPORT

For the year ended
31 October 2013

**Henderson Asia Pacific
Capital Growth Fund**

Henderson Asia Pacific Capital Growth Fund

Short Report

For the year ended 31 October 2013

Fund Managers

John Crawford and Marc Franklin
(from 1 April 2013)

Investment objective and policy

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

Other Information

With effect from 1 April 2013, the Financial Services Authority (FSA) was replaced by the Financial Conduct Authority (FCA).

Risk and reward profile

The Fund currently has 4 types of share in issue;

A accumulation, I accumulation, Z accumulation and C accumulation. Each type of share has the same risk and reward profile which is as follows:



The synthetic risk and reward indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions. The value of an investment in the Fund can go up or down. When you sell your shares, they may be worth less than you paid for them. The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- The Fund focuses on a single region
- As a category, shares are more volatile than either bonds or money market instruments
- Fluctuations in exchange rates may cause the value of your investment to rise or fall

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks such as:

Counterparty risk The Fund could lose money if an entity with which it interacts becomes unwilling or unable to meet its obligations to the Fund.

Liquidity risk Certain securities could become hard to value or sell at a desired time and price.

Management risk Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

The full list of the Fund's risks are contained in the "Risk Factors" section of the Fund's prospectus.

Managers' commentary

Asia Pacific markets were again volatile over the 12-month period, but finished higher in sterling terms. Over the first six months of the year, markets rose steadily as a result of supportive data from the US housing and labour markets, and firmer central bank liquidity measures from the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of Japan (BoJ). Additionally, tentative signs of a gradual easing of lending and investment policy and a stabilisation of economic indicators in China were beneficial. However, May and June 2013 saw regional markets sell-off as a combination of guidance from the Fed over the timing of quantitative easing tapering and broader monetary policy normalisation precipitated a steepening of the USD yield curve and, therefore,

higher risk-free rates. Furthermore, a People's Bank of China (PBOC)-driven liquidity squeeze, which caused concerns for the slowdown in the country's growth to resurface, prompted another bout of market risk aversion.

The Philippines and Taiwan were the strongest performing markets over the year. For the Philippines, robust domestic macroeconomic fundamentals and enhanced consumer spending and investment growth translated into impressive corporate earnings delivery. Taiwan's outperformance was driven by its technology and financial sectors; respectively related to surging smartphone and tablet driven semiconductor, chip, and component demand growth primarily from China, and growing expectations of rising global yields and a steepening yield curve driven by the US. In contrast, India and Indonesia were the worst performing markets as their current account deficits, inflationary pressures, and in the case of India, its large fiscal deficit, resulted in currency weakness and policy tightening.

The Fund returned 13.8% over the year under review against the MSCI All Countries Asia Pacific (ex Japan) Index return of 12.2%.

Performance over the period was strong driven primarily by stock selection. Sands China, the Macau casino play, was a major positive contributor owing to continued impressive earnings performance and improved broader Macau gaming market volume data. Another significant stock success was Vipshop, the Chinese online flash discount apparel retailer, which enjoyed strong earnings momentum as its business scaled up. On the flipside, LT Group, the Philippines consumer and banking conglomerate, was a major detractor to performance. This was due to concerns over its earnings growth outlook through market share loss in its core tobacco and beverages businesses. Other weak performers included Hyundai Motor and Hyundai Glovis as the broader Korean auto sector fell out of favour. This was because the Korean won initially saw a period of appreciation, which coupled with the Japanese yen's material depreciation, prompted concerns over

the Korean auto companies' competitiveness and local currency-denominated earnings outlook from key export/overseas markets.

In terms of asset allocation, the key shift over the course of the year has been a combination of narrowing the overweight exposure (relative to the index) to China and narrowing the underweight position (relative to the index) in Australia. This has been led by a combination of bottom-up (identifying sources of potential positive/negative earnings growth momentum, and valuation up/downgrades), and top-down (outlook and drivers of the pace of economic growth) considerations.

Key acquisitions over the period included TSMC in Taiwan, which was acquired for its attractive long-term prospects fuelled by technological advancements as well as global consumer electronics demand growth. National Australia Bank was also acquired due to its attractive valuations and outlook for total shareholder returns. This reflects the fact that its Australian retail banking franchise continues to deliver, and also that prospects have improved for the eventual realisation (sale) of its encumbered UK business. Key sales to fund these purchases included Agile Property in China, owing to the uncertain property policy outlook, and the company's relatively disappointing sell-through performance. Prada, the luxury leather goods house, was also sold after a very strong run since the initial public offering (IPO) on valuation grounds, as well as the fact that the pace of earnings growth looks set to normalise.

The near-term outlook for regional markets suggests potential volatility. Whilst regional valuations and the long-term outlook for the Asia Pacific economy remain attractive, a level of uncertainty has been introduced by the Fed's surprise decision not to taper in September 2013, as well as its commentary, and macroeconomic data emanating from the US since. Markets will also be closely watching for signs that the recently improved growth momentum in both China and Europe can show some kind of sustainability; failing that, share price chopiness may resume.

Performance summary

	31 Oct 12- 31 Oct 13 %	31 Oct 11- 31 Oct 12 %	31 Oct 10- 31 Oct 11 %	31 Oct 09- 31 Oct 10 %	31 Oct 08- 31 Oct 09 %
Henderson Asia Pacific Capital Growth Fund	13.8	2.5	(8.9)	26.0	77.0
MSCI All Country Asia Pacific (ex Japan) Index	12.2	7.3	(4.8)	24.2	63.1

Source : Morningstar - mid to mid, net income reinvested, net of fees.
Figures in brackets are negative.

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Summary of Fund performance

Share class	Net asset value* 2013 p	Net asset value* 2012 p	Net asset value % change
Class A accumulation	716.42	631.95	13.37
Class I accumulation	767.55	669.41	14.66
Class Z accumulation	822.17	709.45	15.89
Class C accumulation	485.36	421.61	15.12

*The net asset value is calculated as at close of business on the last business day of the accounting period. The investments are valued at fair value which is generally deemed to be the bid market price.

Net revenue distribution

Share class	2013 p	2012 p
Class A accumulation	0.75	0.88
Class I accumulation	8.47	5.97
Class Z accumulation	18.10	11.77
Class C accumulation	7.69	4.95

Total dividend distributions for the year ended 31 October 2013, comparison is for the same period last year.

Fund facts

Accounting dates	Payment dates
30 April, 31 October	31 December

Ongoing charge figure

	2013 %	2012 %
Class A	1.81*	1.81
Class I	0.92**	1.08†
Class Z	0.14***	0.13
Class C	0.64***	0.63

The ongoing charge figure (OCF) of the Fund is the ratio of the total ongoing charges to the net asset value for twelve months.

It is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

† From 1 August 2012, the Annual Management Charge decreased from 1.00% to 0.75% and the General Administration Charge (GAC) increased from 0.06% to 0.10%.

From 10 August 2013 the GAC:

* decreased from 0.24% to 0.18%

** decreased from 0.10% to 0.075%

*** decreased from 0.06% to 0.045%

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X accumulation			
2008	1.27	560.70	259.50
2009	1.09	569.20	298.20
2010**	-	588.50	568.50
Class A accumulation			
2008	3.26	578.40	268.80
2009	3.41	579.40	309.40
2010	2.06	725.80	537.00
2011	0.83	742.70	507.90
2012	0.88	675.50	567.50
2013	0.75*	751.40+	628.70+
Class I accumulation			
2008	5.28	595.40	277.80
2009	5.85	616.20	320.20
2010	7.77	759.30	558.30
2011	4.33	777.20	534.20
2012	5.97	717.10	597.90
2013	8.47*	799.00+	670.30+
Class Z accumulation			
2008	8.25	595.40	283.80
2009	5.67	635.70	328.10
2010	17.55	791.20	576.40
2011	13.42	809.90	560.90
2012	11.77	761.50	629.08
2013	18.10*	849.80+	714.50+
Class C accumulation			
2011#	1.92	421.00	335.00
2012	4.95	451.90	375.56
2013	7.69*	503.90+	423.00+

* to 31 December

+ to 31 October

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

** Class X merged with Class A on 11 January 2010

Past performance is not a guide to future performance.

Major holdings

as at 2013	%
National Australia Bank	6.48
Samsung Electronics	3.79
Agricultural Bank of China	3.63
CTBC Financial	2.43
Crown	2.35
Hanwha Corp	2.35
Suncorp	2.32
Sihuan Pharmaceutical	2.18
BHP Billiton	2.15
Ezion	2.08

Major holdings

as at 2012	%
Samsung Electronics	4.64
Tencent Holdings	3.72
SK Innovation	3.57
Petrochina	3.53
Zhuzhou CSR Times Electric	3.46
Prada	3.45
Hyundai Motor	3.31
China Life Insurance	3.30
Hyundai Glovis	3.21
China Overseas Land	3.13

Asset allocation

as at 2013	%
Australia	21.36
China	19.84
Hong Kong	14.69
Korea	14.20
Taiwan	8.57
India	7.16
Singapore	4.08
Indonesia	3.38
Thailand	3.22
United States	1.91
Philippines	0.60
Net other assets	0.99
Total	100.00

Asset allocation

as at 2012	%
China	33.17
Korea	22.68
Hong Kong	12.69
Indonesia	5.99
Thailand	5.29
Taiwan	4.96
India	4.71
Malaysia	4.08
Singapore	3.12
Philippines	0.95
Ireland	0.01
Net other assets	2.35
Total	100.00

Report and accounts

This document is a short report of the Henderson Asia Pacific Capital Growth Fund for the year ended 31 October 2013.

Copies of the annual and half yearly long form report and financial statements of this Fund are available on our website www.henderson.com or contact client services on the telephone number provided.

Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the year it covers and the results of those activities at the end of the year.

Issued by:

Henderson Investment Funds Limited
Registered office:
201 Bishopsgate,
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Member of the IMA and authorised and regulated by the Financial Conduct Authority.
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Risk warning

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Depositary

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Auditor

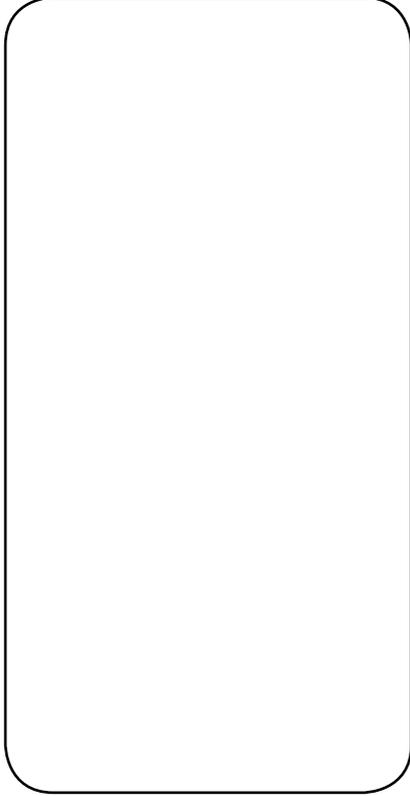
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 October 2013. If you have confirmed a change of address with us since that date we will ensure all future correspondence will be sent to your new address.

Online valuations

You can value your Henderson Asia Pacific Capital Growth Fund at any time by logging on to www.henderson.com. Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of shares.

Any questions?

Further information about the activities and performance of the fund for this and previous periods can be obtained from the Investment Manager. If you have any questions please call our Client Services Team on 0800 832 832 or email support@henderson.com.

Important Information

Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no.2606646), Gartmore Investment Limited (reg. no. 1508030), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE), are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored. Ref: 34V

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

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