



INTERIM SHORT REPORT

For the six months ended
30 November 2016

Henderson
GLOBAL INVESTORS

Henderson Emerging Markets Opportunities Fund

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Short Report

For the six months ended 30 November 2016

Investment Fund Managers

Glen Finegan and Stephen Deane

Other information

On 30 September 2016 Stephen Deane was appointed as co-Manager of the fund.

Investment objective and policy

The fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from emerging equity markets by investing predominantly in companies having their registered office in emerging markets and companies that do not have their registered office in emerging markets but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in emerging markets.

In this context, the term “emerging markets” means countries included in the MSCI World Emerging Markets Index and/or those included in the World Bank definition of developing economies or those countries which are, in the Investment Manager’s opinion, developing countries.

The fund may also invest in American Depositary Receipts (“ADRs”) investing in securities issued by companies incorporated in emerging markets or in any similar listed securities of emerging companies.

The return will be a combination of capital and income returns.

The fund may also invest at the Manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the stated investment and borrowing powers of the fund).

Risk and reward profile

The fund currently has 6 types of share class in issue:

A accumulation, C accumulation, I accumulation, I income, I USD accumulation and Z accumulation.

The risk and reward profile of each type of share class is as follows:



The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5¹ 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:

- As a category, shares are, in general, more volatile than either bonds or money market instruments.
- The fund focuses on countries that have less developed markets.
- 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. Under normal market conditions the following risks may apply:

Counterparty risk The fund could lose money if a counterparty with which it transacts becomes unwilling or unable to meet its obligations to the fund.

Derivatives risk Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative instrument.

Liquidity risk In difficult market conditions 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.

There have been no changes to the risk rating in the period.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

¹ Class I USD accumulation launched on 6 November 2015, Class Z accumulation launched on 11 February 2016 and Class I income launched on 11 July 2016, as these share classes do not have a 5 year history, a synthetic history has been created using the fund's relevant sector average.

Investment review

The fund rose in value during the period, returning 20.4% in sterling. Emerging market equities returned to favour during the period, and returns for the fund were aided by the decline in the value of sterling. The markets of Brazil, Russia and Taiwan led the gains during the period, while those of Turkey, Egypt and the Philippines all declined.

However, the fund underperformed rising markets during the period. Our investments in the unpopular market of South Africa contributed positively to performance as Shoprite, a South African supermarket operator, and Tiger Brands, a South African food producer, registered strong gains. This was offset by declines in some of our holdings in the telecommunications sector, including Idea Cellular in India and XL Axiata in Indonesia. Guaranty Trust,

a Nigerian bank, and PZ Cussons, a UK-based household products manufacturer with a large Nigerian business, were also weak, owing to a devaluation of the Nigerian currency.

Our search for risk-aware positions taking advantage of the demographic opportunity offered by some emerging markets resulted in us conducting due diligence on family-controlled Heineken Holdings. The holding company, where the majority of the family's financial interests lie, trades at a discount to the more liquid Heineken NV. In line with our investment philosophy, we are comfortable sacrificing liquidity for greater alignment with controlling shareholders. Heineken, which has been family-controlled for more than 140 years, has become a truly global brand. We have come to know the company via investments in its listed subsidiary Nigerian Breweries and Latin American partner Quinenco. Heineken's volume mix is changing in favour of faster-growing developing markets where price points have scope to increase. We believe these factors underpin the investment case for longer-term investors, and initiated a new position in the holding company.

The fund's holdings in Asia increased during the period. In India, we added new holdings in IDFC Bank and its parent IDFC. IDFC, which has a long record of infrastructure finance, was awarded a banking licence and has embarked on the long-term project of creating a full service banking franchise. We believe that the high quality of people, their record in infrastructure and the boost of growing banking assets in India was not reflected in the valuation of either the bank or its parent company.

A research visit to Hong Kong and mainland China did little to dispel our concerns about the sustainability of China's investment-led growth model. We remain cautious on Chinese state-controlled businesses as we fear these may be forced into 'national service' in an attempt to shore up the economy and protect jobs in uncompetitive industries. What was clear from our trip, however, was how China's large urban middle class are becoming more discerning consumers. As a result, we have become more interested in businesses building genuine brands in China and the wider Asia Pacific region. This led to the addition of Uni-President China, a Hong Kong-listed food and beverage producer, and LG Household & Healthcare, a South Korean-listed household and personal-care products manufacturer.

Investment review (continued)

Finally, we increased holdings in South African businesses, expanding deeper into Africa, including a new holding in African Oxygen, which sells industrial gases across Africa. Our view remains that valuations of some good quality African businesses are favourable, given the backdrop of a large and growing population.

Instinctively, we find ourselves becoming more cautious as shorter-term market commentators become bullish on lower quality and more cyclical emerging market assets. Lower quality assets

include many state-controlled enterprises and companies listed in countries with little or no respect for property rights. The timing of these bullish views, which follow a period of strong absolute returns from the asset class, appear based more on momentum than fundamentals.

Our strict valuation discipline and focus on only the highest-quality companies aims to provide downside protection over and above seeking long-term opportunities being created by rising living standards in some parts of the developing world.

Performance summary

	Six months 31 May 16- 30 Nov 16 %	One year 30 Nov 15- 30 Nov 16 %	Five years 30 Nov 11- 30 Nov 16 %	Since launch 27 Feb 87- 30 Nov 16 %	
Cumulative performance					
Henderson Emerging Markets Opportunities Fund	20.4	28.2	34.6	664.3	
MSCI World Emerging Markets Index	26.6	31.2	34.6	n/a*	
	30 Nov 15- 30 Nov 16 %	30 Nov 14- 30 Nov 15 %	30 Nov 13- 30 Nov 14 %	30 Nov 12- 30 Nov 13 %	30 Nov 11- 30 Nov 12 %
Discrete performance					
Henderson Emerging Markets Opportunities Fund	28.2	(10.2)	6.8	0.8	8.5

Source: Morningstar – bid to bid and net fees as at 12 noon valuation point, based on performance of Class A accumulation. Benchmark values are as at close of business.

*Benchmark return is not quoted as the fund inception date is earlier than the benchmark inception date.

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* 30/11/16 p	Net asset value* 31/05/16 p	Net asset value % change
Class A accumulation	179.08	149.52	19.77
Class C accumulation	546.95	454.16	20.43
Class I accumulation	131.83	109.61	20.27
Class I income ¹	101.61	n/a	n/a
Class I USD accumulation	83.24	69.20	20.29
Class Z accumulation	326.44	270.44	20.71

* 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.

¹ Class I income launched 11 July 2016

Fund facts

Accounting dates	Payment dates
30 November, 31 May	31 January, 31 July

Ongoing charge figure

	30/11/16 %	31/05/16 %
Class A	1.76	1.78
Class C	0.62	0.64
Class I	0.90	0.93
Class Z*	0.10	0.14

The annualised ongoing charge figure (OCF) of the fund is calculated as the ratio of the total ongoing charges to the average net asset value for twelve months.

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

* Class Z launched on 11 February 2016

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class A accumulation			
2012	1.40	153.05	129.58
2013	0.50	165.78	133.40
2014	0.48	160.40	132.50
2015	1.01	165.40	130.20
2016	0.88	196.10+	129.90+
2017	0.83*	–	–
Class C accumulation			
2012	8.85	442.75	375.64
2013	6.65	485.23	391.80
2014	5.71	477.90	392.00
2015	8.19	496.10	392.10
2016	7.49	598.50+	393.10+
2017	5.62*	–	–
Class I accumulation			
2012	–	106.94	96.85
2013	0.86	118.16	95.33
2014	1.08	115.90	95.22
2015	1.68	120.10	94.83
2016	1.51	144.30+	94.96+
2017	1.18*	–	–
Class I income			
2016 ¹	–	111.80+	98.40+
2017	0.54*	–	–
Class Z accumulation			
2016 ²	1.81	357.10+	255.60+
2017	4.20*	–	–

* to 31 January.

+ to 30 November.

¹ Class I income launched 11 July 2016.

² Class Z accumulation launched 11 February 2016.

Performance record (continued)

Calendar year	Net revenue (USD cents per share)	Highest price (USD cents per share)	Lowest price (USD cents per share)
Class I USD accumulation			
2015 ^a	–	100.00	93.08
2016	0.72	113.20+	84.52+
2017	0.47*	–	–

* to 31 January.

+ to 30 November.

^a Class I USD accumulation launched 6 November 2015.

Revenue distribution

Share class	30/11/16 p	30/11/15 p
Class A accumulation	0.83	0.40
Class C accumulation	5.62	3.43
Class I accumulation	1.18	0.71
Class I income	0.54	n/a
Class Z accumulation	4.20	n/a

Share class	30/11/16 USD cents	30/11/15 USD cents
Class I USD accumulation	0.47	–

Total dividend distributions for the six months ended 30 November 2016, comparison is for the same period last year.

Dividend distributions paid to shareholders after 6 April 2016 are paid gross as the government has abolished the dividend tax credit.

Past performance is not a guide to future performance.

Major holdings	
as at 30/11/16	%
Shoprite	3.31
Standard Bank	3.21
Uni-President Enterprises	3.17
Inversiones Aguas Metropolitanas	3.09
Tiger Brands	3.02
Fuyao Glass Industry	2.82
Standard Foods	2.81
CCU	2.78
Housing Development Finance	2.70
MAHLE Metal Leve	2.60

Major holdings	
as at 31/05/16	%
Housing Development Finance	3.36
Grupo Herdez	3.31
Uni-President Enterprises	3.25
Inversiones Aguas Metropolitanas	3.16
Fuyao Glass Industry	3.02
MAHLE Metal Leve	3.00
Standard Foods	2.93
CCU	2.89
Standard Bank	2.86
Bank Pekao	2.83

Asset allocation	
as at 30/11/16	%
Taiwan	11.93
Chile	11.82
India	11.73
South Africa	10.98
Brazil	9.50
China	5.19
United Kingdom	4.59
South Korea	3.31
Thailand	3.29
Mexico	3.01
Australia	2.41
Netherlands	2.07
Italy	1.75
Hong Kong	1.67
Malaysia	1.35
Nigeria	1.26
Czech Republic	1.15
Switzerland	1.15
United States	1.12
Germany	1.11
Philippines	1.10
France	0.90
Egypt	0.89
Turkey	0.33
Other net assets	6.39
Total net assets	100.00

Asset allocation	
as at 31/05/16	%
India	13.77
Chile	11.56
Taiwan	10.42
Brazil	9.81
South Africa	8.35
China	6.25
United Kingdom	5.57
Mexico	4.36
South Korea	2.93
Italy	2.83
Thailand	2.73
Malaysia	2.34
Australia	2.29
Hong Kong	2.27
Philippines	1.91
Nigeria	1.89
Switzerland	1.63
United States	1.35
Czech Republic	1.30
France	0.95
Egypt	0.74
Turkey	0.55
Netherlands	0.14
Other net assets	4.06
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Emerging Markets Opportunities Fund for the six months ended 30 November 2016.

Copies of the annual and half yearly long form reports 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 period it covers and the results of those activities at the end of the period.

Issued by:

Henderson Investment Funds Limited
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Member of The Investment Association and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

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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.

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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 30 November 2016. 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 Emerging Markets Opportunities 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. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), AlphaGen Capital 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: 34Y

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

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