

INTERIM SHORT REPORT

For the six months ended
31 December 2013

Henderson Index Linked Bond Fund

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Short Report

For the six months ended 31 December 2013

Fund Manager

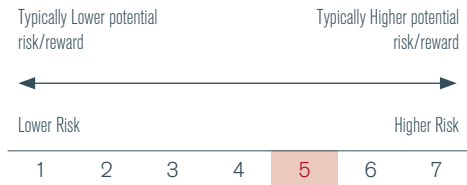
Mitul Patel

Investment objective and policy

To provide a return by investing primarily in United Kingdom Government issued index linked securities. The Fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Risk and reward profile

The Fund currently has 8 share classes in issue; A income, I accumulation, D gross accumulation, Z gross accumulation, I income, A gross income, I gross income and I gross accumulation. Each share class 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:

- As a category, bonds are typically less volatile than shares
- The Fund focuses on a single country
- 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.

Default risk The issuers of certain bonds could become unable to make payments on their bonds.

Derivatives risk Certain derivatives could behave unexpectedly or could expose the Fund to losses that are significantly greater than the cost of the derivative.

Focus risk The Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event.

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.

Manager's commentary

Core government bond markets continued to perform poorly during the period, with 2013 being one of the worst years for core government bond markets in 20 years. As fears over longer-term fiscal sustainability dissipated, peripheral government bond markets performed well, compressing the

premium commanded over German government bonds. The US Treasury market remained under pressure over the period, as economic data continued to improve, leading the Federal Open Market Committee to reduce the scale of asset purchases in December.

Among the main positive contributors to performance was the Fund's positioning for lower inflation expectations in Europe as the European Central Bank (ECB) seemed less willing to adopt unconventional monetary policy measures to fight against low inflation. Our anticipation of lower bond prices over July and August was also beneficial. We had positioned the Fund for a steeper European swap curve; the ECB's rate cut rewarded this, while longer-dated maturities suffered from less demand following regulatory changes.

Negatives included setting the Fund up to benefit from higher inflation expectations in the US after the Federal Reserve appeared more dovish than the market expected. Positioning for a move higher

in Swiss swap rates, since prevailing rates did not reflect the improving economic fundamentals, was also unhelpful. We had also anticipated a flatter US yield curve, but this failed to materialise as yields moved higher contrary to our expectations.

Markets are likely to remain volatile in the coming months. As the US economy continues to strengthen and downside risks diminish, yields are likely to continue rising (as bond prices continue to fall). The markets are likely to continue pricing in the eventual withdrawal of monetary policy stimulus in the UK and the US, as inflationary pressures build in response to declines in unemployment. Europe is likely to maintain easier monetary policy for longer, as growth remains constrained by a weak banking system and structural reforms within peripheral countries. Key downside risks to the global economy are a potential return of the European sovereign bond crisis and growth surprising negatively in emerging markets, and in particular China.

Performance summary

	30 Jun 13- 31 Dec 13 %	30 Jun 12- 31 Dec 12 %	30 Jun 11- 31 Dec 11 %	30 Jun 10- 31 Dec 10 %	30 Jun 09- 31 Dec 09 %
Henderson Index Linked Bond Fund	(2.4)	1.6	17.5	4.8	4.3
FTSE Index Linked (Over 5 years) Index	(0.4)	1.7	18.3	5.2	4.5

Source : Morningstar - mid to mid (excluding initial charges) with net revenue reinvested for a basic rate taxpayer.

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* 31/12/13 p	Net asset value* 30/06/13 p	Net asset value % change
Class A income	311.08	314.43	(1.07)
Class I income	315.58	317.84	(0.71)
Class I accumulation	363.44	366.04	(0.71)
Class A gross income	313.62	316.72	(0.98)
Class I gross income	316.93	319.21	(0.71)
Class I gross accumulation	371.64	374.32	(0.72)
Class Z gross accumulation	208.50	209.47	(0.46)
Class D gross accumulation	229.86	231.24	(0.60)

*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.

Fund facts

Accounting dates

30 June, 31 December

Payment dates

31 August, 30 November, last day of February, 31 May

Ongoing charge figure

	31/12/13 %	30/06/13 %
Class A	1.16*	1.19
Class A gross	1.06**	1.07
Class I	0.53***	0.54
Class Z	0.03***	0.04
Class D	0.28***	0.29

The ongoing charge figure (OCF) of the Fund is 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 Committee of European Securities Regulators (CESR).

From 10 August 2013, the General Administration Charge (GAC) decreased:

* from 0.18% to 0.14%.

** from 0.06% to 0.045%.

*** from 0.03% to 0.023%.

Net revenue distribution

Share class	31/12/13 p	31/12/12 p
Class A income	-	-
Class I income	-	0.34
Class I accumulation	-	0.40
Class A gross income	-	-
Class I gross income	-	0.43
Class I gross accumulation	-	0.51
Class Z gross accumulation	0.51	0.79
Class D gross accumulation	0.27	0.59

Total interest distributions for the period ended 31 December 2013, comparison is for the same period last year.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X income			
2008	0.30	229.20	203.00
2009	0.40	243.10	209.10
2010**	0.18	238.80	237.10
Class A income			
2009	1.22	243.30	209.00
2010	0.54	256.40	228.20
2011	-	315.80	245.00
2012	-	319.80	295.40
2013	-	350.90+	303.70+
2014	-*	-	-
Class I income			
2009	2.06	242.60	208.70
2010	1.23	255.90	227.70
2011	0.29	316.80	245.00
2012	0.22	320.90	297.50
2013	0.28	354.20+	306.10+
2014	-*	-	-
Class I accumulation			
2009	2.34	277.20	237.00
2010	1.40	293.90	260.30
2011	0.34	364.30	281.40
2012	0.25	369.00	342.30
2013	0.32	407.90+	352.30+
2014	-*	-	-
Class A gross income			
2009	1.51	244.00	209.70
2010	0.81	257.10	228.90
2011	-	317.10	245.70
2012	-	321.20	297.00
2013	-	353.20+	305.50+
2014	-*	-	-

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class I gross income			
2009	2.58	243.30	209.10
2010	1.58	256.60	228.20
2011	0.38	318.00	245.60
2012	0.26	322.10	298.80
2013	0.36	355.70+	307.40+
2014	-*	-	-
Class I gross accumulation			
2009	2.97	282.50	240.80
2010	1.84	299.90	265.20
2011	0.44	372.20	287.10
2012	0.31	377.00	350.00
2013	0.42	417.10+	360.30+
2014	-*	-	-
Class Z gross accumulation			
2009	2.32	155.30	131.90
2010	1.60	165.60	146.00
2011	0.97	206.70	158.70
2012	0.52	209.50	195.20
2013	1.02	233.10+	201.10+
2014	0.26*	-	-
Class D gross accumulation			
2009	2.20	173.00	147.20
2010	1.46	184.00	162.50
2011	0.62	229.00	176.30
2012	0.33	232.00	215.83
2013	0.67	257.50+	222.30+
2014	0.14*	-	-

* to 28 February 2014

+ to 31 December 2013

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

Past performance is not a guide to future performance.

Major holdings

as at 31/12/13	%
UK Treasury 2.5% Index-Linked 16/04/2020	6.93
UK Treasury 2.5% Index-Linked 17/07/2024	6.87
UK Treasury 1.25% Index-Linked 22/11/2055	6.17
UK Treasury 1.875% Index-Linked 22/11/2022	5.94
UK Treasury 1.25% Index-Linked 22/11/2032	5.56
UK Treasury 1.125% Index-Linked 22/11/2037	5.54
UK Treasury 2% Index-Linked 26/01/2035	5.54
UK Treasury 0.125% Index-Linked 22/03/2024	5.51
UK Treasury 0.75% Index-Linked 22/11/2047	5.22
UK Treasury 1.25% Index-Linked 22/11/2027	5.03

Asset allocation

as at 31/12/13	%
Government bonds - United Kingdom	99.62
Inflation swaps	0.04
Options	0.01
Interest swaps	(0.20)
Net other assets	0.53
Total	100.00

Major holdings

as at 30/06/13	%
UK Treasury 2.5% Index-Linked 17/07/2024	7.48
UK Treasury 1.25% Index-Linked 22/11/2027	7.27
UK Treasury 1.875% Index-Linked 22/11/2022	7.24
UK Treasury 2.5% Index-Linked 16/04/2020	7.05
UK Treasury 1.25% Index-Linked 22/11/2055	6.33
UK Treasury 1.25% Index-Linked 22/11/2032	5.98
UK Treasury 2% Index-Linked 26/01/2035	5.88
UK Treasury 0.625% Index-Linked 22/11/2042	5.83
UK Treasury 0.75% Index-Linked 22/11/2047	5.13
UK Treasury 0.375% Index-Linked 22/03/2062	5.02

Asset allocation

as at 30/06/13	%
Government bonds - United Kingdom	97.67
Non - Government bonds - United Kingdom	1.86
Interest rate swaps	0.12
Inflation swaps	0.01
Net other assets	0.34
Total	100.00

Report and accounts

This document is a short report of the Henderson Index Linked Bond Fund for the six months ended 31 December 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 period it covers and the results of those activities at the end of the period.

Risk warning

Issued by:

Henderson Investment Funds Limited
Registered office:
201 Bishopsgate,
London EC2M 3AE

Member of the IMA and authorised and regulated by the Financial Conduct Authority.
Registered in England No 2678531

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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Auditor

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Glasgow
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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 December 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 Index Linked Bond 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

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

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