



Henderson
GLOBAL INVESTORS

Henderson

Index Linked Bond

Fund

Short Report

For the six months ended 31 December 2011

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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 profile

Derivative transactions may be used from time to time in order to meet the investment objective of the Fund. If they are used this may lead to greater volatility in the price of the Fund. Where the Fund is a specialist country-specific or geographical region fund, the investment carries greater risk than a fund diversified across more countries. The Fund invests in bonds and 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 where the Fund invests in such bonds. The Fund may hold a more concentrated portfolio than the average fund. Whilst this can increase the potential reward, the nature of these funds can increase risk. Returns may be volatile and will be impacted more by fluctuations in the value of underlying stock

Manager's commentary

Core government bond markets performed well in the second half of the year. Data continued to be relatively poor while the European sovereign debt crisis continued to leave investors seeking the safety of core government bonds. A further easing in monetary policy, through Operation Twist in the US and conventional quantitative easing (QE) in the UK also provided some support for the market.

We took a predominantly negative stance to government bond markets, primarily in Australian government bonds, but also in the US, UK and European markets at points throughout the period with mixed success.

Our inflation strategies made a profit. We began the period positioned for inflation expectations to rise in UK, but as the economic environment deteriorated, we also positioned for inflation expectations to fall in Europe. We later closed this trade and positioned for 30-year inflation expectations to rise relative to those in the five year tenor, expecting slowing growth and risk aversion to weigh on short-dated inflation relative to longer maturities.

Our relative value strategies made money, in particular positioning for medium-dated yields to fall relative to both long-dated and short-dated yields. The Fund also profited by exploiting relative value trades within the index-linked market.

We positioned for QE in the UK in several ways: positioning for 30-year gilts to outperform swaps (an agreement to exchange one stream of cashflows for another), as direct purchases of bonds by the central bank will raise gilt prices relative to their derivatives, 50-year gilts to outperform 30-year gilts, as long-dated bonds were included in QE for the first time, and more tactically positioning for a decline in yields. These trades all performed well and were closed during the fourth quarter.

Looking ahead, markets are likely to remain volatile in the coming months. The developments within Europe are likely to define the global growth dynamic over the coming year. Fiscal retrenchment, ongoing debt reduction within the developed economies and increasing uncertainty over Europe are likely to weigh on growth. However, monetary policy remains exceptionally accommodative and inflation is now coming off from its highs, which should provide some offsetting stimulus.

Phillip Apel
27 January 2012

Discrete annual performance

	1 Jan 11- 31 Dec 11 %	1 Jan 10- 31 Dec 10 %	1 Jan 09- 31 Dec 09 %	1 Jan 08- 31 Dec 08 %	1 Jan 07- 31 Dec 07 %
Henderson Index Linked Bond Fund	23.4	7.8	5.0	3.6	7.0
FTSE Index Linked (over 5 years) Index	23.3	9.1	5.6	3.3	8.6

Source: Morningstar - mid to mid (excluding initial charge) 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 31/12/11 p	Net asset value 30/06/11 p	Net asset value % change
Class A income	313.89	265.96	18.02
Class I income	314.91	266.18	18.31
Class I accumulation	362.11	306.07	18.31
Class A gross income	315.17	266.89	18.09
Class I gross income	316.10	266.99	18.39
Class I gross accumulation	369.95	312.47	18.39
Class Z gross accumulation	205.49	173.15	18.68
Class D gross accumulation	227.66	192.06	18.53

Fund facts

Accounting dates

30 June, 31 December

Payment dates

31 August, 30 November, 29 February, 31 May

Total expense ratio

	31/12/11 %	30/06/11 %
Class A net	1.19	1.19
Class A gross	1.07	1.07
Class I	0.54	0.54
Class Z	0.04	0.04
Class D	0.29	0.29

The total expense ratio (TER) of the Fund is the ratio of the Fund's total operating costs to its average net assets for twelve months.

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class X income			
2007	0.61	220.30	197.00
2008	0.30	229.20	209.10
2009	0.40	243.10	209.10
2010**	0.18	238.80	237.10
Class A income			
2007	1.73	220.30	196.80
2008	1.18	229.90	209.00
2009	1.22	243.30	209.00
2010	0.54	256.40	228.20
2011	-	315.80+	245.00+
2012	-*	-	-
Class I income			
2007	2.53	220.00	196.60
2008	2.10	228.70	208.70
2009	2.06	242.60	208.70
2010	1.23	255.90	227.70
2011	0.29	316.80+	245.00+
2012	-*	-	-
Class I accumulation			
2007	2.81	246.80	220.10
2008	2.36	260.30	237.00
2009	2.34	277.20	237.00
2010	1.40	293.90	260.30
2011	0.34	364.30+	281.40+
2012	-*	-	-
Class Z accumulation			
2007***	1.30	130.80	117.10
Class D accumulation			
2007#	2.01	152.40	134.90
Class A gross income			
2007	2.18	210.00	198.20
2008	1.53	229.90	209.70
2009	1.51	244.00	209.70
2010	0.81	257.10	228.90
2011	-	317.10+	245.70+
2012	-*	-	-

Performance record

Calendar year	Net revenue (pence per share)	Highest price (pence per share)	Lowest price (pence per share)
Class I gross income			
2007	3.20	220.40	196.60
2008	2.65	229.30	209.10
2009	2.58	243.30	209.10
2010	1.58	256.60	228.20
2011	0.38	318.00+	245.60+
2012	-*	-	-
Class I gross accumulation			
2007	3.59	250.00	223.80
2008	3.02	264.90	240.80
2009	2.97	282.50	240.80
2010	1.84	299.90	265.20
2011	0.44	372.20+	287.10+
2012	-*	-	-
Class Z gross accumulation			
2007	2.57	136.20	120.80
2008	2.34	145.40	131.90
2009	2.32	155.30	131.90
2010	1.60	165.60	146.00
2011	0.97	206.70+	158.70+
2012	0.09*	-	-
Class D gross accumulation			
2007****	-	152.40	134.90
2008	2.91	166.00	142.30
2009	2.20	173.00	147.20
2010	1.46	184.00	162.50
2011	0.62	229.00+	176.30+
2012	-*	-	-

* to 29 February

+ to 31 December

** X share class merged with A share class on 11 January 2010

*** Z Accumulation share class closed on 11 December 2007

D accumulation share class closed on 1 October 2007

**** D gross accumulation share class launched on 11 October 2007

Past performance is not a guide to future performance.

Net revenue distribution

	31/12/11	31/12/10
	p	p
Share class		
Class I income	-	0.34
Class I accumulation	-	0.39
Class I gross income	-	0.43
Class I gross accumulation	-	0.51
Class Z gross accumulation	0.32	0.68
Class D gross accumulation	0.12	0.54

Total interest distributions for the period ended 31 December 2011, comparison is for the same period last year.

Major holdings

as at 31/12/11	%
UK Treasury 1.875% Index-Linked 22/11/2022	10.82
UK Treasury 1.25% Index-Linked 22/11/2055	9.21
UK Treasury 1.25% Index-Linked 22/11/2027	8.69
UK Treasury 2.5% Index-Linked 16/04/2020	8.36
UK Treasury 2.5% Index-Linked 17/07/2024	7.85
UK Treasury 1.25% Index-Linked 22/11/2032	7.28
UK Treasury 1.125% Index-Linked 22/11/2037	6.93
UK Treasury 2% Index-Linked 26/01/2035	6.77
UK Treasury 4.125% Index-Linked 22/07/2030	5.80
UK Treasury 0.625% Index-Linked 22/03/2040	5.49

Major holdings

as at 30/06/11	%
UK Treasury 1.875% Index-Linked 22/11/2022	13.43
UK Treasury 2.5% Index-Linked 26/07/2016	13.11
UK Treasury 1.25% Index-Linked 22/11/2055	11.12
UK Treasury 2.5% Index-Linked 16/04/2020	9.07
UK Treasury 2.5% Index-Linked 17/07/2024	7.88
UK Treasury 2% Index-Linked 26/01/2035	6.69
UK Treasury 1.25% Index-Linked 22/11/2032	6.55
UK Treasury 1.25% Index-Linked 22/11/2027	6.45
UK Treasury 4.125% Index-Linked 22/07/2030	5.89
UK Treasury 1.125% Index-Linked 22/11/2037	5.19

Asset allocation

as at 31/12/11	%
Government bonds - United Kingdom	98.63
Inflation swaps	0.05
Interest swaps	(0.06)
Net other assets	1.38
Total	100.00

Asset allocation

as at 30/06/11	%
Government bonds - United Kingdom	99.01
Inflation swaps	0.03
Net other assets	0.96
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 2011.

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 investor 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

Registered office:

201 Bishopsgate,
London EC2M 3AE

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

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.

Important information

On 1 October 2011, the Depositary changed from The Royal Bank of Scotland plc to National Westminster Bank plc.

Depositary

The Royal Bank of Scotland plc
The Broadstone
50 South Gyle Crescent
Edinburgh EH12 9UZ

From 1 October 2011
National Westminster Bank plc
135 Bishopsgate
London EC2M 3UR

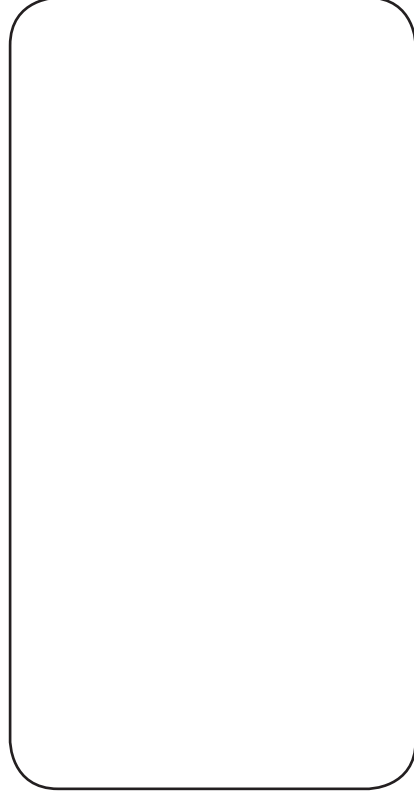
Auditor

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Contact us

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Changes of address - regulatory requirements

FSA regulation requires us to send this report mailing to the address held on file on the ex-dividend date of 31 December 2011. 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

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), Henderson Alternative Investment Advisor Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no. 2606646), (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE), Gartmore Investment Limited (reg. no. 1508080), Gartmore Fund Managers Limited (reg. no. 1137353), (each incorporated and registered in England and Wales with registered office 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Services Authority to provide investment products and services. Telephone calls may be recorded and monitored.

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

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