

# Henderson Long Dated Gilt Fund



Fund manager  
Phillip Apel



Fund manager  
Mitul Patel

## Fund facts at 30 December 2011

### Fund aim

To provide a return by investing primarily in long-dated United Kingdom government securities. The fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

### Launch date

18 December 1997

### IMA sector

UK Gilt

### Fund size

£138.90m

### Yields (%) Distribution Underlying

Class A	2.0	2.0
Class I	2.7	2.7

### Type of shares

Accumulation and Income

### XD dates

1 Apr, 1 Jul (ann),  
1 Oct, 1 Jan

### Dividend pay dates

28 Feb, 31 May  
31 Aug, 30 Nov

### Minimum investment

Lump sum	£1,000
Subsequent	£100
Regular saving	£100

### Charges (%) Initial Annual

Class A	4.00	1.00
Class I	Nil	0.50

### SEDOL numbers

0747675 (A – Income)  
0748526 (I – Accumulation)

## Fund manager comment

Markets remained exceptionally volatile as concerns about the European sovereign debt crisis continued. Government bonds generally performed well against this backdrop, helped in part by an extension to liquidity operations by the European Central Bank (ECB).

In December the Henderson Long Dated Gilt Fund fell 0.1% underperforming the FTSE Gilts (over 15 years) Total Return Index which gained 1.9%. The fund profited from being positioned for 30-year inflation expectations to rise in the UK relative to 5-year inflation expectations. We made money by positioning the fund for long-dated US and European swap rates to rise relative to intermediate swap rates. During the month we added to our European position but closed our relative value position on the UK yield curve for a profit. The fund also made a small profit by positioning for long-dated gilts to outperform swaps.

Looking ahead, markets are likely to remain volatile in the coming months. The European political and monetary authorities continue to try to stem the crisis but keep on stopping short of common fiscal issuance, whilst the ECB is failing to provide unlimited support for the sovereign bond market. US economic data has shown signs of improvement but the country's 2012 outlook is likely to be dominated by events in Europe. The month-end duration of the fund was 16.7. Duration measures the sensitivity of a bond fund to interest rate changes; the larger the figure, the more sensitive is the bond fund to a movement in interest rates.

### Top 10 holdings

UK Treasury 4.25% 2046	4.25%
UK Treasury 4.25% 2040	4.25%
UK Treasury 4.25% 2032	4.25%
UK Treasury 4.75% 2030	4.75%
UK Treasury 4.50% 2034	4.50%
UK Treasury 4.25% 2055	4.25%
UK Treasury 4.25% 2036	4.25%
UK Treasury 4.25% 2027	4.25%
UK Treasury 6.00% 2028	6.00%
UK Treasury 4.75% 2038	4.75%

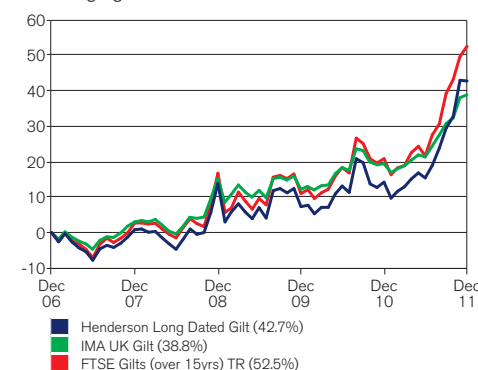
**Total number of holdings**

### (%) Credit rating breakdown

11.4	AAA	99.4
10.2	AA	0.0
8.6	A	0.0
8.0	BBB	0.0
7.6	BB	0.0
7.4	B	0.0
7.2	CCC	0.0
7.1	Other	0.4
6.7		
5.7		
<b>15</b>	<b>Cash</b>	<b>0.2</b>

## Performance

Percentage growth, 29 Dec 06 to 30 Dec 11.



Source: at 30 Dec 11. © 2012 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

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**Past performance is not a guide to future performance.**

Cumulative performance	A % change	I % change	Sector % change	Quartile ranking†
1 year	25.0	25.5	16.2	1st
2 years	33.0	34.3	23.6	1st
3 years	25.5	27.4	20.3	1st
4 years	41.7	44.2	34.8	1st
5 years	42.7	45.7	38.8	1st

Source: at 30 Dec 11. © 2012 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested.

Discrete year performance	A % change	I % change
31/12/2010 to 30/12/2011	25.0	25.5
31/12/2009 to 31/12/2010	6.4	7.0
31/12/2008 to 31/12/2009	-5.7	-5.2
31/12/2007 to 31/12/2008	12.9	13.2
29/12/2006 to 31/12/2007	0.8	1.1

Source: at 30 Dec 11. © 2012 Morningstar. All Rights Reserved, nav-nav, UK sterling, net income reinvested. Discrete performance data may change due to final dividend information being received after quarter end. † 1st quartile means the fund is ranked in the top 25% of funds in its sector.

# Henderson Long Dated Gilt Fund (continued)

## General risks

- The value of the Funds and the income from them is not guaranteed and may fall as well as rise. You may get back less than you originally invested.
- Past performance is not a guide to future performance.
- You should note that your tax treatment in relation to any investments held outside an ISA will depend on your individual circumstances and may be subject to change in the future. Governments may change the tax rules which affect you or the Funds in which you have invested.

## What are the risks specific to this fund?

- Derivative transactions may be used from time to time in order to meet the investment objective of a fund. If they are used this may lead to greater volatility in the price of a fund.
- 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.
- If a fund is a specialist country-specific or geographical region fund, the investment carries greater risk than a fund diversified across more countries.
- Certain funds 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.

## Important information

Yields are shown net except for bond funds which are shown gross. The Distribution Yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the mid-market share price of the fund at the date shown. The Underlying Yield reflects the annualised income net of expenses of the fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market share price of the fund at the date shown. The Distribution and Underlying Yields are based on a snapshot of the portfolio on that day. The yields are not guaranteed and do not include any preliminary charge and investors may be subject to tax on distributions. The Distribution Yield may be higher than the Underlying Yield. This is because the fund may distribute coupon income. This has the effect of increasing the distributions for the year and constraining the fund's capital performance to an equivalent extent. All credit, country and sector breakdowns relate to end of day trading positions. Fund size at 12 pm on last business day of month. Please note: due to rounding the figures in the holdings breakdowns may not add up to 100%. FTSE classifications are used for sector data. Unless otherwise indicated all figures sourced from Morningstar, Henderson Global Investors and BNP Paribas. Please note the views, opinions and forecasts expressed in this document are based on Henderson Global Investors' research, analysis and house views at the time of publication. No recommendations to buy or sell investments are implied. Third party data is believed to be reliable, but its completeness and accuracy is not guaranteed. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Issued in the UK by Henderson Global Investors. 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. 1508030), 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.

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