

Henderson UK Alpha Fund



Fund manager
Stephen Peak

Fund facts at 30 December 2011

Fund aim

To achieve capital growth through a relatively concentrated portfolio. The fund will invest principally in the securities of UK companies.

Launch date

12 November 2001

IMA sector

UK All Companies

Fund size

£492.63m

Type of shares

Accumulation

XD date

1 Sep

Dividend pay date

31 Oct

Minimum investment

Lump sum £1,000

Subsequent £100

Regular saving £100 per month

Charges (%)

Initial 5.25

Annual 1.50

Market capitalisation (%)

Large 32.6

Mid 34.8

Small 31.8

SEDOL numbers

3095694 (Retail)

3095683 (Institutional)

Fund manager comment

In December, the Henderson UK Alpha Fund rose 0.7%, underperforming the FTSE All-Share Total Return Index, which gained 0.8%. December was yet another volatile month for European and UK equities with stocks rallying into year end, albeit on very weak volumes. The provision of unlimited three-year European Central Bank funding to European banks has likely removed the short-term tail risk of a credit crisis, but plenty of macroeconomic concerns remain unanswered heading into 2012.

The strongest performers during the month included European Goldfields, which accepted a friendly takeover approach from Eldorado Gold Corporation. This is a large position in the fund and one that has produced excellent returns for our investors. Kalahari Minerals was also the subject of a recommended friendly takeover during the month, this time from the Chinese company, CGNPC Uranium Resources. Finally, Gulf Keystone Petroleum performed well as speculation mounted that the company could be the subject of a bid from Exxon Mobil. The company later denied that they were in talks with any potential bidders; we do however believe that merger and acquisition activity is highly likely once a new Iraqi petroleum law is passed.

The worst performers included Essar Energy, which continues to be dogged by delayed expansion plans and has also suffered from a downturn in investor sentiment towards the Indian economy. Ryanair also underperformed during the month.

During the month we continued to build positions in Carphone Warehouse, cruise ship operator Carnival and financial services broker ICAP, all of which we see as attractive investments in the current environment. We also participated in an equity placing by Verona Pharma, sold our position in London Mining and trimmed our position in Bellzone Mining.

Please note: Stephen Peak became manager in April 2009. On the 18 June 2010, the Henderson UK Growth Fund merged into the Henderson UK Alpha Fund. On the 25 February 2011, the Henderson UK Opportunities & the Henderson UK Equity Funds merged into the fund. Finally, on the 12 August 2011 the Gartmore UK Alpha and Gartmore UK Growth Funds merged into the fund.

Top 10 holdings

BP
African Minerals
Tesco
Smith & Nephew
Morrison (W) Supermarkets
Gulf Keystone Petroleum
Cobham
Kalahari Minerals
Ryanair
BG Group

Total number of holdings

(%) Top 10 sectors

8.5	Oil & Gas Producers
4.6	Mining
4.5	Food & Drug Retailers
4.2	Aerospace & Defense
4.1	Travel & Leisure
3.6	Healthcare Equipment & Services
3.6	Industrial Metals & Mining
3.1	Life Insurance
2.5	Financial Services
2.3	General Retailers

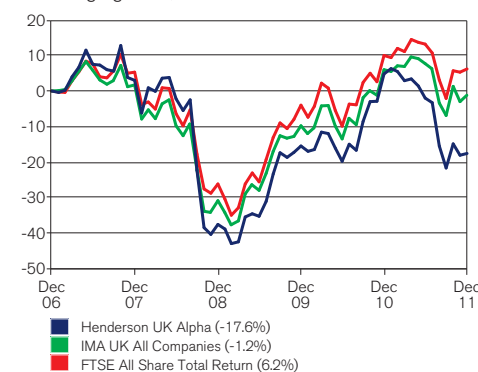
67 Cash

(%)

29.9
12.4
8.6
8.5
4.8
4.2
3.8
3.8
2.7
2.3
0.8

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.

FTSE All Share Total Return Index redistributed and FTSE® used under licence from FTSE. FTSE and its licensors Financial Times Limited and London Stock Exchange plc own all rights therein and disclaim liability for errors/omissions.

Past performance is not a guide to future performance.

Cumulative performance	Fund % change	Sector % change	Quartile ranking†
1 year	-21.4	-6.8	4th
2 years	-2.4	9.5	4th
3 years	32.0	43.0	4th
4 years	-20.0	-2.9	4th
5 years	-17.6	-1.2	4th

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

Discrete year performance	Fund % change
31/12/2010 to 30/12/2011	-21.4
31/12/2009 to 31/12/2010	24.1
31/12/2008 to 31/12/2009	35.3
31/12/2007 to 31/12/2008	-39.4
29/12/2006 to 31/12/2007	3.0

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 UK Alpha 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?

- If a fund is a specialist country-specific or geographical region fund, the investment carries greater risk than a fund diversified across more countries.
- Funds investing in smaller companies may carry a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods.
- 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

Unless otherwise indicated all figures sourced from Morningstar, Datastream, BNP Paribas and Henderson Global Investors. Please note the views, opinions and forecasts expressed in this document are based on Henderson's 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. Fund size at 12pm on last business day of month. 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.

For further information please
visit our website at
www.henderson.com