



# KNOWLEDGE. SHARED

**Henderson**  
GLOBAL INVESTORS

## **Part 2A of Form ADV**

### **Henderson Global Investors (North America) Inc.**

March 20, 2015

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This brochure provides information about the qualifications and business practices of Henderson Global Investors (North America) Inc. ("HGINA"). If you have any questions about the contents of this brochure, please contact us at 312-397-1122. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

HGINA is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, such registration with the SEC does not imply a certain level of skill or training. Additional information about HGINA is also available on the SEC's website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

## Item 2

### Material Changes

This Brochure, dated March 20, 2015, provides the following material updates to the Brochure dated March 28, 2014 which was the most recent annual update to the Brochure.

Item 4 has been updated to reflect that, As of December 31, 2014, HGINA managed \$13,229,530,302 in discretionary client assets.

On October 1, 2014, HGINA acquired 100% of the equity interest of Geneva Capital Management LLC ("Geneva"), an SEC registered investment adviser that specializes in making growth stock investments in U.S. companies, and offers four styles of growth-stock investing known as smallcap, midcap, largecap and allcap. The following changes were made to the Brochure:

- *Item 4:* Disclosure regarding potential subadvisory relationships between HGINA and Geneva;
- *Item 8:* Disclosure regarding Geneva's methods of analysis, investment strategies and risk of loss; and
- *Item 10:* Disclosure regarding HGINA's affiliation with Geneva.

On June 24, 2013, HGINA announced that TIAA-CREF agreed to acquire the HGINA's real estate advisory business. The transaction was completed on April 1, 2014, on which date HGINA exited the real estate advisory business and ceased business operations at 1 Financial Plaza, 19<sup>th</sup> Floor, Hartford, Connecticut 06103. The following changes were made to the Brochure:

- *Item 4, Item 5, Item 6, Item 8 and Item 13:* The descriptions of the discontinued real estate advisory services were removed;
- *Item 4:* The dollar amount of assets under management was updated to reflect the sale of the real estate advisory business;
- *Item 4 and Item 10:* Certain affiliated advisers related to the real estate advisory business were removed; and
- *Item 14:* The description of the engagement of consultants in connection with the real estate advisory business was removed.

In addition to the above material changes, other minor items, such as adding clarifying language, changes to formatting and other miscellaneous items, also have been adjusted since the March 28, 2014 Brochure.

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## Item 4

### Advisory Business

Henderson Global Investors (North America) Inc. (“HGINA” or the “Adviser”) is an indirect, wholly-owned subsidiary of Henderson Group plc, a London-based public company registered on the London Stock Exchange and the Australian Securities Exchange. Henderson Group plc is the holding company of the investment management group Henderson Global Investors. Established in 1934, Henderson Global Investors (Henderson) is an independent global asset management firm, which provides its institutional, retail and high net worth clients access to skilled investment professionals representing a broad range of asset classes, focusing on the firm’s core capabilities of global equities, European equities, global fixed income, multi-asset and diversified alternatives. Henderson Global Investors conducts its U.S. investment management business through HGINA and a variety of other investment advisory affiliates, all of which are under common control with HGINA.

HGINA provides investment management services on a fully discretionary basis to SEC-registered mutual funds, including each series of the Henderson Global Funds (the “HGF Funds”), other pooled investment vehicles and institutional accounts, subject to the investment guidelines of each client. HGINA also serves as a sub-investment adviser to other unaffiliated SEC-registered mutual funds, as well as to other pooled investment vehicles available for investment by non-U.S. investors. As of December 31, 2014, HGINA managed \$13,229,530,302 in discretionary client assets.

In connection with providing investment services, HGINA may enter into a written subadvisory agreement with one or more of its advisory affiliates. As of the date of this Brochure, HGINA has entered into written subadvisory agreements with each of Henderson Investment Management Limited (“HIML”), Henderson Alternative Investment Adviser Limited (“HAIAL”) and Geneva Capital Management LLC (“Geneva”) whereby such advisory affiliates provide investment subadvisory services to its products.

Henderson International GP, L.L.C. (“HI GP”) is an affiliated adviser that acts as the general partner to privately offered pooled investment vehicles. HI GP is registered under the Advisers Act pursuant to HGINA’s registration in accordance with SEC guidance. This Brochure also describes the business practices of HI GP, which operates as a single advisory business together with HGINA. HGINA and HI GP are collectively referred to herein as the “Adviser.”

The descriptions of the Adviser’s funds and accounts in this brochure, including the type of investments made and strategies used, fees and expenses charged, risk factors and conflicts of interests that may arise in the Adviser’s management of such funds and investments are qualified in their entirety by reference to each of the fund’s relevant agreement between the Adviser and its client as well as in formal offering materials (e.g., the client’s prospectus, offering memorandum, or organizational documents, as the case may be) provided to investors in the mutual funds, absolute return portfolios, or institutional accounts, as applicable.

#### Client Restrictions

Depending on the nature of the mandate, clients may be able to impose reasonable restrictions on investing in certain securities or types. Institutional investors with separate account agreements are, to

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some extent, able to tailor the advisory services they receive to meet their individual needs. Investors in HGINA's mutual funds or other pooled investment vehicles are not able to tailor their mandates and their investments are governed by the same prospectus or offering memorandum applicable to all investors.

## Item 5

### Fees and Compensation

HGINA typically invoices each client based upon the fee and payment schedule contained in the client's investment management agreement or other contract, which is typically on a quarterly basis, although the payment schedule for advisory and subadvisory relationships with registered open-end funds typically is monthly. HGINA does not charge fees in advance.

#### Mutual Funds

HGINA has entered into an investment advisory agreement with the HGF Funds. Pursuant to this advisory agreement, HGINA is paid a fee by each series of the HGF Funds for managing such series' investments, administering its business affairs, furnishing office facilities and equipment, providing clerical, bookkeeping and administrative services, and providing shareholder information services. HGINA has entered into a written subadvisory agreement with Henderson Investors Management Limited ("HIML") whereby HIML provides subadvisory services to the HGF Funds (exclusive of the Henderson High Yield Opportunities Fund, the Henderson Strategic Income Fund and the Henderson US Growth Opportunities Fund). HGINA has also entered into a written subadvisory agreement with Geneva Capital Management LLC ("Geneva") whereby Geneva provides subadvisory services to the Henderson US Growth Opportunities Fund.

The fees that HGINA receives as a service provider to the HGF Funds are described in the registration statements and/or financial filings of the relevant series of the HGF Fund, including such series' prospectus, which is available online at: <http://www.henderson.com>. HGINA also acts as subadviser to other unaffiliated mutual funds and the fees associated with those funds are described in the registration statements and/or financial filings of those funds. Management fees and any additional compensation paid to HGINA may be waived by HGINA, voluntarily and/or on a contractual basis. Contractual management fee waivers are generally negotiated between HGINA and the Board of Trustees of the HGF Funds.

#### Absolute Return Portfolios / Pooled Investment Vehicles

HGINA provides discretionary investment management services to absolute return portfolios and unregistered pooled investment vehicles. HGINA has entered into a written subadvisory agreement with Henderson Alternative Investment Adviser Limited ("HAIAL") whereby HAIAL provides subadvisory services to such clients.

The management fees and other compensation received by HGINA for providing investment management services to such clients varies by portfolio and/or vehicle and are described in each such portfolio and/or vehicle's offering memorandum or other governing documents.

#### Institutional Accounts

HGINA provides investment advisory services to institutional clients through separate account investment management agreements directly with such clients. These investment advisory accounts are managed in

accordance with the client's stated objectives. HGINA will carry out its investment responsibilities consistent with these objectives, taking into account any specific constraints set by the client and applicable regulations.

In general, for institutional accounts, HGINA's standard fee schedule for its supervisory services is calculated as a percentage of assets under management. HGINA's management fees range from .10% to .85% of assets under management. Fees are payable quarterly in arrears and may be fixed at differing rates by negotiation. In addition, HGINA may agree to a fee schedule based on the performance of an institutional portfolio derived from its total return in relation to benchmarks. These performance based fees may be in addition to fees based upon assets under management and may be different from the above schedule. All such fees will be in compliance with applicable provisions of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

### **Other Expenses**

In addition to the advisory fees and compensation discussed above, clients may incur additional fees related to the services HGINA provides. For example, clients may incur the fees and expenses charged by the custodian of client assets managed by HGINA, as well as brokerage and other transaction costs and commissions associated with securities trades ordered on behalf of the assets in a client account. Such fees and expenses are exclusive of the advisory fee and compensation paid to HGINA.

## Item 6

### Performance Based Fees and Side-By-Side Management

#### Incentive Fees

HGINA may enter into agreements for performance-based fees with qualified clients whereby HGINA can earn incentive fees if a client's investment exceeds certain specified performance hurdles. These fees are different for each client and not all clients have incentive fee arrangements.

For the absolute return portfolios, HGINA receives a performance fee from each portfolio calculated on a share-by-share basis so that each share is charged a performance fee which equates precisely with that share's performance. The performance fees are 20% of net performance. Details of each absolute return portfolio's fees and their calculation are described in the applicable offering memorandum or other governing documents.

#### Conflicts of Interest

The Adviser seeks to foster a reputation for integrity and professionalism. That reputation is a vital business asset. The confidence and trust placed in us by investors is something that is highly valued and must be protected. As a result, any activity that creates any actual or potential conflict of interest or even the appearance of any conflict of interest must be considered and addressed. A Code of Ethics has been adopted to ensure that those who have knowledge of portfolio transactions or other confidential client information will not be able to act thereon to the disadvantage of Henderson's clients. The Code of Ethics does not purport comprehensively to cover all types of conduct or transactions which may be prohibited or regulated by the laws and regulations applicable.

The portfolio managers may be responsible for concurrently managing accounts with different fee structures for the same strategy. Other than potential conflicts between investment strategies, the side-by-side management of such accounts may raise potential conflicts of interest due to certain trading practices used by the portfolio manager (e.g. allocation of aggregated trades). Performance fee arrangements may also create an incentive for a portfolio manager to make investments that are riskier or more speculative than would be the case in the absence of performance fees. Henderson has policies and procedures reasonably designed to mitigate these conflicts. For example, Henderson monitors such conflicts by implementing "best execution" trading procedures and reviewing account allocation and performance.



## Item 7

### Types of Clients

HGINA provides investment advice to institutional clients, including:

- pooled investment vehicles, including both affiliated and unaffiliated U.S. and non-U.S. registered funds and U.S. and non-U.S. unregistered funds;
- pension and profit-sharing plans; and
- charitable organizations and other business entities.

HGINA typically does not accept separate account mandates smaller than \$100 million. Accounts for certain investment strategies may have a higher or lower minimum account size requirement. HGINA reserves the right to waive any account minimum size requirements.

## Item 8

### Methods of Analysis, Investment Strategies and Risk of Loss

#### Investment Analysis and Strategies for Mutual Funds

HGINA is the investment adviser to the HGF Funds. HIML provides subadvisory services with respect to the following series of the HGF Funds: Henderson European Focus Fund, Henderson International Opportunities Fund, Henderson Global Equity Income Fund, Henderson Emerging Markets Opportunities Fund, Henderson Unconstrained Bond Fund, Henderson Dividend & Income Builder Fund, Henderson All Asset Fund, Henderson Global Technology Fund, and Henderson International Select and International Long/Short Fund. As the investment adviser to these HGF Funds, HIML is responsible for selecting securities and investment decision-making with respect to such series. See Item 8 of HIML's Brochure for the description of the methods of analysis, investment strategies and risk of loss associated with HIML.

Geneva provides subadvisory services with respect to the Henderson U.S. Growth Opportunities Fund, a series of the HGF Funds, and is responsible for selecting securities and investment decision-making with respect to such HGF Fund. See Item 8 of Geneva's Brochure for the description of the methods of analysis, investment strategies and risk of loss associated with Geneva.

Along with the Board of Trustees of the HGF Funds, HGINA oversees the services provided by HIML and Geneva, respectively, but does not apply its own security analysis to these portfolios.

HGINA applies its own analysis to the Henderson Strategic Income Fund and the Henderson High Yield Opportunities Fund series of the HGF Funds.

Security selection analysis combines a bottom-up approach to individual security selection rooted in ongoing research with a top-down overlay that determines appropriate industry and sector exposure within a broader economic and market context. Ideas are generated through daily, weekly and monthly formal meetings, meetings with company management, industry conferences and market research, a monthly review of the index universe, market dynamics, including pricing, liquidity and issuance. Idea generation is supported by Henderson's global resources across both fixed income and equity markets.

#### Investment Analysis and Strategies for Absolute Return Portfolios / Private Investment Vehicles

HGINA is the investment adviser to unregistered absolute return portfolios and other privately offered vehicles. HGINA engages HAIAL to provide subadvisory services to these accounts and vehicles and HAIAL is responsible for investment decision making. See Item 8 of HAIAL's Brochure for the description of the methods of analysis, investment strategies and risk of loss associated with HAIAL. HGINA oversees the services provided by HAIAL.

#### Investment Analysis and Strategies for Institutional Accounts

HGINA is the investment adviser to several Institutional clients. However, HIML and HAIAL provide subadvisory services and are responsible for selecting securities and investment decision making. See Item 8 of each applicable subadviser's Brochure for the description of the methods of analysis, investment strategies and risk of loss associated with such subadviser. HGINA oversees the services

provided by HIML and HAIAL.

HGINA may utilize Geneva to provide subadvisory services to HGINA in the provision of its investment advisory services to institutional clients. See Item 8 of Geneva's Brochure for the description of the methods of analysis, investment strategies and risk of loss associated with Geneva.

### **Risk of Loss**

It should be noted that investing in securities involves a risk of loss that clients should be prepared to bear.

You can lose money by investing in securities and your investment may fluctuate significantly. Your investment may not achieve its objective, and is not intended as a complete investment program. Some of the principal risks that could adversely affect the total return on your investment include:

*Market and Securities Risk.* The risk that the market price of one or more of the securities or other investments in your portfolio will fall, or will fail to rise. Many factors can adversely affect an investment's performance, including both general financial market conditions and factors related to a specific company or industry. Because many of HGINA's portfolios primarily consist of common stocks, those portfolios will be subject to greater price fluctuation than a portfolio containing primarily fixed income securities.

*Foreign Investments Risk.* The risks of investing outside the US include currency fluctuations, economic or financial insolvency, lack of timely or reliable financial information, possible imposition of foreign withholding taxes, or unfavorable political or legal developments. These risks are typically greater in less developed or emerging market countries.

*Interest Rate Risk.* Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. Interest rate risk is the risk that the debt securities will decline in value because of increases in interest rates. Interest rate changes normally have a greater effect on the prices of longer-term debt securities than shorter-term debt securities. In addition, during periods of declining interest rates, the issuers of debt securities may prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding debt securities. During periods of rising interest rates, slower than expected principal payments may extend the average life of certain types of securities. This may lock in a below market interest rate, increase the debt security's duration and reduce the value of the debt security.

*Liquidity Risk.* Liquidity risk is the risk associated with a lack of marketability of investments which may make it difficult to sell the investment at a desirable time or price.

*Derivatives Risk.* Derivatives involve special risks different from, and potentially greater than, the risks associated with investing directly in securities and may result in greater losses. Derivatives involve the risk of mispricing or improper valuation and the prices of derivatives may move in unexpected ways especially in unusual market conditions, and may result in increased volatility and unexpected losses.

For the Mutual Funds, please see the applicable prospectus and statement of additional information for additional risk disclosure.

For the absolute return portfolios and other private investment vehicles, please see the applicable offering memorandum for additional risk disclosure.

**Item 9**

**Disciplinary Information**

There are no disciplinary events to report.

## Item 10

### Other Financial Industry Activities and Affiliations

Henderson Global Investors Equity Planning Inc. (“HGIEPI”) acts as a limited purpose broker dealer for certain investment vehicles for which the HGINA or an affiliate acts as an investment adviser.

HIML, subadviser to certain of the HGF Funds, and certain institutional clients, is an affiliate of HGINA. HAIAL, subadviser to unregistered absolute return portfolios, other privately offered pooled investment vehicles, and certain institutional clients, is also an affiliate of HGINA. HGINA, HIML and HAIAL are indirect, wholly-owned subsidiaries of Henderson Group plc, a London-based public company registered on the London Stock Exchange and the Australian Securities Exchange. Henderson Group plc is the holding company of the investment management group Henderson Global Investors. Established in 1934, Henderson Global Investors (Henderson) is an independent global asset management firm, which provides its institutional, retail and high net worth clients access to skilled investment professionals representing a broad range of asset classes, focusing on the firm’s core capabilities of global equities, European equities, global fixed income, multi-asset and diversified alternatives. HI GP is a wholly-owned subsidiary of Henderson Equity Holdings, LLC. HI GP acts as a general partner to privately offered pooled investment vehicles. Clients solicited to invest in this fund are required to be qualified purchasers as defined under federal securities laws.

The Adviser may recommend investment partnerships in which HI GP, or a similar entity, downstream wholly owned subsidiary of the Adviser is the general partner and therefore may have some financial interest.

On October 1, 2014, HGINA acquired all of the equity interest of Geneva Capital Management LLC (“Geneva”), an SEC registered investment adviser that specializes in making growth stock investments in U.S. companies, and offers three styles of growth-stock investing known as smallcap, midcap and largecap. Geneva offers discretionary and non-discretionary portfolio management services to institutions and high-net worth individuals. Geneva’s clients include registered investment companies (mutual funds), registered investment advisers, financial institutions, corporations, trusts, non-profit organizations, endowments, foundations, religious organizations, labor unions, pension funds, government entities and certain Undertakings for the Collective Investment of Transferable Securities (UCITS). See Item 4 and the Form ADV of Geneva for more details.

## Item 11

### **Code of Ethics, Participation or Interest in Client Transactions or Personal Trading**

The Adviser has adopted a Code of Ethics (“Code”) that is designed to prevent any act, practice or course of business prohibited by Rule 17j – 1(b) issued under the Investment Company Act and Rule 204A-1 issued under the Advisers Act. This Code establishes HGINA’s expectations for its officers, directors, employees and certain outside persons performing services on behalf of the firm (collectively “Supervised Persons”). The Code emphasizes HGINA’s fiduciary duty to its clients and challenges each Supervised Person to:

- Place the interest of the firm’s Clients first.
- Avoid taking inappropriate advantage of their position.
- Conduct all of their personal securities transactions in full compliance with the Code.
- Understand and comply with applicable federal, state and foreign laws and regulations.

To support the above business standards specific policies and procedures address personal trading, gifts, the prohibition against the misuse of inside information and other situations where there is a possibility for a conflict of interest.

There may be circumstances where HGINA may buy and sell, in public or private transactions, securities that it recommends to, or purchases on behalf of clients. Under the Code, each Supervised Person must uphold their fiduciary duty by conducting all of their personal securities transactions in a manner that does not interfere with the transactions of HGINA’s clients or otherwise take unfair advantage of those relationships.

The Code contains procedures which require all Access Persons (which includes any director, officer, or any employee of HGINA who in connection with his/her regular duties makes, participates in, or has access to information regarding the purchase or sale of Covered Securities (as defined under the Investment Company Act)), to preclear all personal trades in Covered Securities, not otherwise exempt under the policy, including all private placements and initial public offerings. Requests for trading authorization will be denied when the proposed transaction would be contrary to the provisions of the Code or HGINA’s fiduciary duty.

In addition to the preclearance requirements, the Code contains provisions that subject Supervised Persons to various trading restrictions and reporting obligations, including reporting transactions in mutual funds managed by the Adviser. Reportable transactions are reviewed for compliance with the Code and, under certain circumstances, the Supervised Persons may be required to forfeit their profits made from personal trading.

A copy of the Code may be obtained by contacting the Adviser’s Legal and Compliance Department.

HGINA may establish a minimum investment threshold for investments in future investment vehicles. The Adviser reserves the right to reject any account for any reason and may also negotiate or waive any

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threshold or condition at its discretion.

The Adviser may invest in Henderson Global Funds, an investment company advised by the Adviser. This conflict is disclosed in the Funds' Statement of Additional Information. The Adviser may recommend the purchase or sale of shares in the portfolios of Henderson Global Funds, for which it acts as an investment adviser and receives an advisory fee.

The Adviser may recommend investment partnerships in which an affiliated entity is the general partner or managing member and therefore may have some financial interest. Additionally, HGINA is an investor in certain of these partnerships and may invest in future investment partnerships sponsored by HGINA or its affiliates. Generally, conflicts are disclosed in the appropriate offering document.

## Item 12

### Brokerage Practices

#### Mutual Funds

HGINA has investment and brokerage discretion with regard to the HGF Funds. HGINA has delegated this authority (except for the Henderson Strategic Income Fund, the Henderson High Yield Opportunities Fund and the Henderson U.S. Growth Opportunities Fund) to HIML as investment subadviser for the HGF Funds. HGINA has delegated investment and brokerage discretion to Geneva as subadviser with respect to the Henderson U.S. Growth Opportunities Fund.

Currently, orders for the Henderson Strategic Income Fund are placed, executed and processed in London. Orders in the Henderson High Yield Opportunities Fund are placed, executed and processed in HGINA's office located in Philadelphia, Pennsylvania. HGINA selects brokers for fixed interest transactions primarily based on their execution capabilities. HGINA seeks the best price and execution obtainable on all transactions.

Allocations will be made in a manner that is fair between HGINA's affiliates and clients; is reasonable in the interests of all; and does not conflict with any relevant customer's instructions or the provisions of their customer agreement.

If an order cannot be satisfied, HGINA will give priority to satisfying orders for customer transactions unless it believes that, without its affiliate's participation, it would not have been able to affect those orders either on such favorable terms or not at all.

Each aggregated transaction shall be allocated at the price paid per unit allocated (taking into account all relevant fees and commissions); but if it is one of a series of transactions then a uniform price may be attributed to each unit, that price being calculated as the weighted average of the prices paid in all of those transactions in the series effected during the same allocation period, or during the allocation period in which the relevant transaction was effected.

A record will be made of the intended basis of allocation either before or as soon as practicable after the transaction. A record will be made of how the allocation will actually be made. If there is no difference, one record will suffice. It should be noted that, if a deal order cannot be fully executed immediately, the central dealers may complete the order by means of a series of smaller transactions. Partially completed deals should be allocated pro-rata on the intended basis. However, if this would result in an allocation that is too small to be of significance to a larger account, an odd lot allocation, or an allocation that is too small to cover the ticket charges, that account may be removed from allocation. Materiality will be determined by the fund manager and reasons for withdrawal will be documented. If an error is discovered in the intended basis of allocation or in the actual allocation this may be corrected provided a written record of the reason for the reallocation is made at the time of reallocation. However, cash balances, account liquidations, small lot orders and the need to raise cash for a particular account may result in exceptions to the normal allocation procedure.

HGINA oversees the aggregating of orders by each of HIML and Geneva with respect to the HGF Funds



for which they respectively serve as subadviser. Orders for securities transactions for these portfolios and certain portfolios that HGINA manages, may be aggregated with orders for securities of client accounts of an affiliate's single transaction for the purchase or sale of a particular security. HGINA believes there is a substantial benefit to be derived by the HGF Funds by engaging in such practices. Each aggregated transaction will be allocated to portfolios at the price paid per unit taking into account all relevant fees and commissions.

### **Criteria for the Selection of Brokers and Dealers**

As the investment adviser, HGINA is responsible for decisions to buy and sell securities and the selection of brokers and dealers to effect transactions. HGINA has delegated this responsibility to HIML and HAIAL for the respective funds and/or institutional accounts that they subadvise. For the Henderson Strategic Income Fund, HGINA is responsible for the decisions to buy and sell securities and executes trades in the same manner as for the HIML advised HGF Funds. Generally, HGINA's and the subadviser's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision but a number of other judgmental factors are considered as they are deemed relevant.

These factors include but are not limited to: HGINA's and the subadviser's knowledge of negotiated commission rates and spreads currently available; nature and character of the markets for the security to be purchased or sold; desired timing of the trade; activity existing and expected in the market for the particular security; execution, clearance and settlement capabilities as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; and the reasonableness of spreads or commissions.

Fixed income securities for the Henderson Strategic Income Fund, the Henderson High Yield Opportunities Fund and the Henderson Unconstrained Bond Fund are generally purchased from the issuer or primary market maker acting as principal for the securities on a net basis, with no brokerage commission being paid by the client, although the price usually includes an undisclosed compensation. Transactions placed through dealers serving as primary market-makers reflect the spread between the bid and the ask prices. Securities may also be purchased from underwriters at prices which include underwriting fees.

In addition, and consistent with the policy of obtaining the most favorable price and execution, there may be occasions where the Adviser or subadviser, as applicable, selects a broker for a transaction for a client whose commission costs may be greater than those that another broker may have charged if it is determined in good faith that the amount of such commission cost is reasonable in relation to the value of the brokerage and research services provided by the executing broker to the client.

Subject to policies as may be established by the Board of Trustees of the HGF Funds and applicable rules, HGINA is responsible for the execution of portfolio transactions and the allocation of brokerage transactions for the HGF Funds. In executing portfolio transactions, HGINA seeks to obtain the best price and most favorable execution for the HGF Funds, taking into account factors such as price (including the applicable brokerage commission or dealer spread), size of the order, difficulty of execution and operational facilities of the firm involved, the firm's knowledge of the security, the firm's ability to maintain confidentiality, the willingness of the firm to commit its capital, and the firm's ability to provide access to

new issues. While HGINA generally seeks lower commission rates, payment of the lowest commission or spread is not necessarily consistent with obtaining the best price and execution in particular transactions.

No HGF Fund has any obligation to deal with any broker or group of brokers in the execution of portfolio transactions. HGINA may, consistent with the interests of the HGF Funds and subject to the oversight of the Board of Trustees of the HGF Funds, select brokers on the basis of the research, statistical and pricing services they provide to the HGF Funds and other clients of HGINA. Information and research received from such brokers will be in addition to, and not in lieu of, the services required to be performed by HGINA under its respective agreements. A commission paid to such brokers may be higher than that which another qualified broker may have charged for execution only, provided that HGINA determines in good faith that such commission is reasonable in terms either of the transaction or the overall responsibility of HGINA to an HGF Fund and its other clients and that the total commissions paid by an HGF Fund will be reasonable in relation to the benefits to an HGF Fund over the long-term. HGINA and its affiliates do participate in commission sharing agreements where commissions incurred by their clients are used to compensate certain brokers who provide proprietary and third party research. All or a portion of the commissions paid by the HGF Funds may be used to offset HGINA's and its affiliates' obligation to pay brokers for proprietary research services.

### **Other**

HGINA or an affiliate may pay HGIEPI, a wholly-owned subsidiary of HGINA, a fee for acting as a limited purpose broker dealer for investment partnerships for which the HGINA or an affiliate acts as an investment adviser.

## Item 13

### Review of Accounts

#### Review of Mutual Fund Accounts

HGINA regularly monitors the portfolios of the HGF Funds. As investment adviser to the HGF Funds, HGINA oversees the services of any subadviser responsible for purchasing and selling securities for such funds. HGINA's and the applicable subadviser's portfolio managers are primarily responsible for reviewing the investments made by the HGF Funds and ensuring that the transactions comply with applicable investment objectives and restrictions. These portfolio managers compare the proposed investment to the objectives and restrictions of the account prior to trading or recommending a security.

For any HGF Fund subadvised by HIML, HIML's portfolio managers in conjunction with its compliance department ensure that transactions comply with the applicable investment objective and restrictions as set forth in the registration statement. For the frequency, different levels, and triggering factors of the reviews conducted by Geneva's portfolio managers please see its Brochure.

For any HGF Fund subadvised by Geneva, Geneva's portfolio managers in conjunction with its compliance department ensure that transactions comply with the applicable investment objectives and restrictions as set forth in the registration statement. For the frequency, different levels, and triggering factors of the reviews conducted by Geneva's portfolio managers please see its Brochure.

#### Client Reporting on Mutual Fund Accounts

The HGF Funds provide reports to shareholders semiannually. The HGF provide quarterly statements to direct shareholders indicating the amount and value of shares they hold. Shareholders who invest in the HGF Funds through intermediaries generally receive account statements from those intermediaries. Shareholder reports include: a statement of the investment strategies used for the most recent period, past performance of the portfolio of the HGF Funds compared to a relevant benchmark, industry breakdown for the portfolio and financial statements. HGINA provides quarterly reports to the Board of Trustees of the HGF Funds. These reports include quarterly performance reports and annual or more frequent reports on expense levels, service levels, competitive developments, trading activity, compliance with applicable policies and procedures and such other information as requested by the Board of Trustees.

#### Review of Absolute Return Portfolio Accounts /Pooled Investment Vehicles

Where HGINA provides investment advisory services to clients on a discretionary basis, the advice is subject to investment guidelines or objectives set out in the relevant offering memorandum or other governing documents. HAIAL regularly monitors the absolute return portfolio accounts as described in its ADV. HGINA oversees HAIAL's monitoring. Automated checks are undertaken on a daily basis to ensure that these guidelines are adhered to. In addition, manual reviews are carried out.

#### Client Reporting on Absolute Return Portfolio Accounts

With respect to the absolute return portfolios, an annual report and audited financial statement for such

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portfolios will be sent to shareholders as soon as practicable and in any event within six months of the end of the fund's financial year which is the 30<sup>th</sup> of June in each year. The funds will prepare and circulate to shareholders within four months of the end of the relevant period a half-yearly report which will include unaudited accounts of the funds. Audited annual financial statements and half-yearly reports incorporating unaudited accounts will be posted to each shareholder at his or her registered address free of charge and will be made available for inspection at the registered office of the fund's administrator and the Adviser.

### **Review of Institutional Accounts**

HIML and HAIAL regularly monitor the Institutional accounts, as described in their ADV. HGINA oversees HIML and HAIAL's monitoring.

### **Client Reporting on Institutional Accounts**

HIML and/or HAIAL is responsible for production and delivery of account statements for institutional separate account clients on a quarterly basis. Information will also be provided to clients to allow them to complete Schedule C of their annual Form 5500 Department of Labor report.

Private commingled funds sponsored by HGINA generally provide audited financial statements to investors annually, as well as unaudited reports of its performance at least semi-annually.

## Item 14

### Client Referrals and Other Compensation

HGINA may enter into solicitation agreements with non-affiliated individuals whereby investment advisory accounts are solicited. Solicitors introducing new client accounts to HGINA's services may receive compensation, such as a portion of the management fee generated by the account for a period of time or a cash fee. The solicitation/referral fee is paid entirely by HGINA, and is not borne by the client. Client fees are not higher through a referral agreement.

In addition, certain employees of HGINA may have a portion of their compensation based on solicitation of investment advisory accounts.

HGINA may enter into agreements with third parties to obtain referrals of potential clients in exchange for a fee. These agreements will be consistent with the requirements of Rule 206(4)-3 promulgated under the Advisers Act.

If any such referral arrangements exist, such arrangement will be disclosed to the applicable institutional clients. If HGINA is required to pay a referral fee under such referral arrangements, it requires the consultant to provide the prospective institutional client with a copy of this Brochure and a separate disclosure statement that includes the information required by the Investment Advisers Act for such arrangements.

## Item 15

### Custody

#### Institutional Accounts

HGINA does not have possession of client securities or cash. Institutional account clients select their own custodians for securities and cash and will receive periodic account statements from such custodian. HGINA also provides periodic written reports to its clients and clients should compare the written reports received from HGINA to the periodic reports from their custodian.

#### Private Fund Clients

As a result of the requirements of Rule 206(4)-2 under the Advisers Act, HGINA is deemed to have custody of the assets in certain of the private funds that it manages. To comply with the Custody Rule, HGINA intends that it or its advisory affiliates will:

- At least annually, distribute the private investment vehicle's audited financial statements (prepared in accordance with generally accepted accounting principles) to all limited partners, members or other beneficial owners, as applicable, within 120 calendar days of the end of the fiscal year of the private investment vehicle;
- Ensure that such audits are conducted by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules; and
- In the event of liquidation of the private investment vehicle, distribute the private investment vehicle's audited financial statements (prepared in accordance with generally accepted accounting principles) to all limited partners, members or other beneficial owners, as applicable, promptly after the completion of such audit.

HGINA or its affiliates provide written reports to investors in the private investment vehicles it offers or manages. Such investors should compare the written reports received from HGINA or its affiliates to any reports received from the private investment vehicles' other service providers, as well as the independently prepared annual audited financial statements they receive.

## Item 16

### Investment Discretion

HGINA usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, HGINA observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, HGINA's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to HGINA in writing.

## Item 17

### Voting Client Securities

HGINA serves as investment adviser to several categories of clients with varying levels of equity security ownership. HGINA attempts to vote proxies in the best interest of the firm's clients. HGINA's policy with respect to certain accounts for which it has proxy voting authority is described below.

#### Proxy Voting Policies

HGINA has delegated proxy voting responsibilities to HIML and HAIAL with respect to the funds and institutional accounts that they subadvise, with the direction that proxies should be voted consistent with each client's best economic interests. HIML and HAIAL have adopted their own Proxy Voting Policies and Procedures ("Procedures") for these purposes. With respect to the Henderson Global Funds, these Procedures can be obtained by accessing either in the Henderson Global Funds Statement of Additional Information or by contacting HGINA directly. HIML and HAIAL have retained Risk Metrics Group, an independent proxy voting service, to assist in voting on proxies through the provision of voting analysis, implementation and record keeping and disclosure services.

With respect to the Henderson US Growth Opportunities Fund, HGINA has delegated proxy voting responsibilities to Geneva. See Item 17 of Geneva's Brochure for the description of Geneva's policies with respect to voting client securities.

#### Riskmetrics Group Recusal or no HIML or HAIAL Policy

When Riskmetrics Group makes no recommendation on a proxy voting issue or where no predetermined HIML or HAIAL Policy exists, the Proxy Committee will review the issue and direct how to vote the proxies given the following general guidelines. In general HGINA: (1) opposes proposals which act to entrench management; (2) believes that boards should be independent of company management and composed of persons with requisite skills, knowledge and experience; (3) opposes structures that impose financial constraints on changes in control; (4) believes remuneration should be commensurate with responsibilities and performance; and (5) believes that appropriate steps should be taken to ensure the independence of auditors.

#### Override of Riskmetrics Group Recommendation or HIML and HAIAL Policy

There may be occasions where the HGINA/HIML/HAIAL portfolios managers seek to override Riskmetrics Group's recommendations or a HIML Policy if they believe that Riskmetrics Group's recommendations or HIML/HAIAL Policy are not in accordance with the best interests of clients. In the event that a portfolio manager disagrees with an Riskmetrics Group recommendation or HIML/HAIAL Policy on a particular voting issue, the portfolio manager shall document in writing the reasons that he/she believes that the Riskmetrics Group recommendation or HIML/HAIAL Policy is not in accordance with clients' best interests and submit such written documentation to the HGINA Chief Compliance Officer for consideration by the Proxy Committee. Upon review of the documentation and consultation with the portfolio manager and others as the Proxy Committee deems appropriate, the Proxy Committee may make a determination to override the Riskmetrics Group voting recommendation or HIML/HAIAL Policy if the Committee



determines that it is in the best interests of clients and the Committee has addressed conflict of interest issues as discussed below.

### **Conflicts of Interest**

For each director, officer and employee of HGINA ("HGINA person"), the interests of HGINA's clients must come first, ahead of the interest of HGINA and any person within the HGINA organization, which includes HGINA's affiliates.

Accordingly, each HGINA person must not put "personal benefit", whether tangible or intangible, before the interests of clients of HGINA or otherwise take advantage of the relationship to HGINA's clients. "Personal benefit" includes any intended benefit for oneself or any other individual, company, group or organization of any kind whatsoever, except a benefit for a client of HGINA, as appropriate. It is imperative that each of HGINA's directors, officers and employees avoid any situation that might compromise, or call into question, the exercise of fully independent judgment in the interests of HGINA's clients.

Occasions may arise where a person or organization involved in the proxy voting process may have a conflict of interest. A conflict of interest may also exist if HGINA has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Any individual with knowledge of a conflict of interest relating to a particular referral item shall disclose that conflict to the Chief Compliance Officer.

The following are examples of situations where a conflict may exist:

*Business Relationships* – where HGINA manages money for a company or an employee group, manages pension assets or is actively soliciting any such business, or leases office space from a company;

*Personal Relationships* – where a HGINA person has a personal relationship with other proponents of proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships;

*Familial Relationships* – where a HGINA person has a known familial relationship relating to a company (e.g. a spouse or other relative who serves as a director of a public company or is employed by the company); and

*Fund Relationships* – HGINA may have a conflict because of a relationship to fund shares held in client accounts (e.g., an entity who receives fees from a fund is solicited by the fund to increase those fees).

It is the responsibility of each director, officer and employee of HGINA to report any real or potential conflict of interest to the Chief Compliance Officer who shall present any such information to the Proxy Committee. However, once a particular conflict has been reported to the Chief Compliance Officer, this requirement shall be deemed satisfied with respect to all individuals with knowledge of such conflict.

In addition, all HGINA Proxy Voting Access Persons shall certify annually as to their compliance with this policy. "Proxy Voting Access Person" means (i) any director or executive officer of HGINA; (ii) any employee or associated person (including contract employees) of HGINA who, in connection with his/her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale

of securities for the PMPs. Any identified conflict of interest, whether personal or corporate, shall be communicated by the Chief Compliance Officer to the Proxy Committee.

### **Proxy Committee Meetings**

When a Proxy Committee Meeting is called, whether because of a Riskmetrics Group recusal or where no predetermined HIML/HAIAL Policy exists or request for override of a Riskmetrics Group recommendation or HIML/HAIAL Policy, the Proxy Committee shall review the report of the Chief Compliance Officer as to whether any HGINA person has reported a conflict of interest. In addition, the Chief Compliance Officer, or his designee, shall confirm by a review of the personal holdings reports submitted by HGINA persons whether any HGINA persons in the aggregate own 1% or more of a party interested in the proxy process' equity securities and report such information to the Proxy Committee.

The Proxy Committee shall review the information provided to it to determine if an actual conflict of interest exists and the minutes of the Proxy Committee shall (1) describe any conflict of interest, (2) discuss any procedure used to address such conflict of interest, (3) report any contacts from outside parties (other than routine communications from proxy solicitors, and (4) include confirmation that the recommendation as to how the proxies are to be voted is in the best interest of clients and was made without regard to any conflict of interest. Based on the above review, the Proxy Committee will direct how to vote the proxies.

### **International Securities**

HGINA purchases or recommends the purchase for its clients of international securities (including ADRs), which may be subject to "share blocking" restrictions. This means that shareholders who vote proxies are not able to trade in that company's securities for a certain period of time on or around the shareholder meeting date. In addition, voting certain international securities may involve unusual costs to the clients. HGINA reserves the right not to vote where share blocking restrictions, unusual costs or other barriers to efficient voting apply.

For information on how your proxies were voted, please contact Christopher Yarbrough, Senior Legal Counsel, [Chris.Yarbrough@henderson.com](mailto:Chris.Yarbrough@henderson.com), or (312) 915-9144.

## Item 18

### Financial Information

In certain circumstances, registered investment advisers are required to provide you with certain financial information or disclosures regarding their financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients. In addition, we have not been the subject of a bankruptcy proceeding in the last ten years.

## Appendix

### Privacy Policy

At Henderson Global Investors (North America) Inc. (HGINA) your privacy is important to us. It is the policy of HGINA to maintain the security and confidentiality of customer information. In order to adequately serve our customers, HGINA regularly collects certain non-public personal information about customers from the following sources:

- Information we receive from you on applications, questionnaires and other forms including, but not limited to, your name, address and social security number, age, employment information, assets owned and income.
- Information about your transactions with us, our affiliates or others, your account balance and holdings and transaction information.
- Information obtained from our communications and correspondence with you.

We do not sell or make available any non-public personal and financial information to marketers or others outside our affiliated group of companies. HGINA does provide, however, such non-public personal information to its affiliates and certain third party service providers in order to provide products or services to you. Organizations that receive client information will use that information only for the services required and as allowed by applicable law or regulation. We may disclose your personal information to government agencies, other regulatory bodies and law enforcement officials (for example, for tax purposes or reporting suspicious transactions). In order to maintain the confidentiality of such information, in our offices we restrict access to non-public information about our customers to those employees who need to know that information.

We have security practices in place to maintain the confidentiality of information in accordance with our privacy policy.

We hope that our privacy policy encourages you to discuss your financial circumstances, objectives and risk tolerance openly with your financial adviser and professionals at HGINA. Should you have any questions regarding this notice, please contact HGINA at the contact information above.

We reserve the right to modify this policy at any time, but in the event that there is a material change, we will promptly inform you.