

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Henderson Alternative Investment Advisor Limited. If you have any questions about the contents of this brochure, please contact us at +44 (0)20 7818 1818

Additional information about Henderson Alternative Investment Advisor Limited is available on the SEC's website at www.adviserinfo.sec.gov. Henderson Alternative Investment Advisor Limited is registered with the SEC, but the information in this brochure has not been confirmed or approved by the SEC or any state securities regulatory authority. Registration with the SEC does not indicate a certain level of skill or training.

Item 2 Material Changes

This annual update to our brochure has been revised to meet new format and content requirements applicable to all registered investments advisers. Accordingly, information is presented in new ways and the brochure includes some information that was not required previously. We encourage you to read the brochure in its entirety.

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Item 4 Advisory Business

Henderson Alternative Investment Advisors Limited, or “HAIAL”, provides discretionary investment advisory and sub-advisory services to a group of exempted companies incorporated with limited liability in the Cayman Islands as open-ended investment companies. HAIAL is a company incorporated on September 25, 1969 and is a subsidiary of Henderson Group PLC (“Henderson Group”). As of December 31, 2010, HAIAL manages \$ 2,700 million in discretionary assets and no nondiscretionary assets.

Hedge funds managed by HAIAL, hereafter referred to as “the Funds”, include: Henderson Asia Pacific Absolute Return Fund Limited, Henderson European Select Absolute Return Fund Limited, Henderson Credit Opportunities Fund Limited, Henderson Japanese Absolute Return Fund Limited, Henderson European ABS Opportunity Fund Limited, Henderson UK Equity Long Short Limited, Asia Pacific Multi-Strategy Hedge Fund, Henderson Global Equity Multi-Strategy Fund, Henderson Total Returns Fund, Henderson Japan Select Absolute Return Fund Limited, Henderson Asia Pacific Select Absolute Return Fund Limited, Henderson Credit Opportunities Fund, Henderson Asia Pacific Absolute Return Fund I Inc, Henderson Japan Absolute Return Fund I Inc., Henderson Credit Long Short Fund Limited, Henderson Agricultural Fund Limited and Henderson European Absolute Return Fund Limited

Hedge funds subadvised by HAIAL for Henderson Global Investors (North America) Inc (“HGINA”) include: Henderson Japan Absolute Return Fund Inc. and Henderson Asia Pacific Absolute Return Fund I Inc. HAIAL currently also subadvises other absolute return separate accounts for HGINA that may have strategies similar to the Funds.

Item 5 Fees and Compensation

Investment Management Fee

HAIAL receives from the Funds an investment management fee of between 1.25% and 1.5% of net asset value of the Fund. Such fee is calculated before deduction of that month's fee and before deduction for any accrued performance fees as of each valuation day and is payable monthly in arrears.

HAIAL also acts as sub-advisor for HGINA managed hedge funds and separate accounts and receives a percentage of the management and performance fees for these accounts.

Termination

Each investment management agreement contains termination provisions, which may be negotiable. In general any party may cancel any agreement at any time, upon receipt of advance written notice as specified in the advisory agreement. Upon termination, clients would receive a prorated refund of any prepaid quarterly management fee.

Item 6 *Performance-Based Fees and Side-By-Side Management*

Performance Fee

In addition to receiving an Investment Management Fee, HAIAL may also receive a Performance Fee from the Funds based on the appreciation in the net asset value 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 fee may create an incentive for HAIAL to make investments for the Funds which are riskier than would be the case in the absence of a fee based on the performance of the Funds. The Performance Fee is calculated in respect of each period of twelve months ending on June 30 in each year and, in respect of each share, will be equal to 20 per cent of the appreciation in the net asset value per share of that Class during that calculation period above the base net asset value per share of that class.

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 avoided and is prohibited. 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 are responsible for managing both the Funds and other accounts. Other than potential conflicts between investment strategies, the side-by-side management of both the Funds and other accounts may raise potential conflicts of interest due to certain trading practices used by the portfolio manager (e.g. allocation of aggregated trades). Henderson has policies and procedures reasonably designed to mitigate these conflicts. The portfolio managers may advise certain accounts under a performance fee arrangement. A performance fee arrangement may 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.

Item 7 Types of Clients

HAIAL generally provides investment advice to:

- Hedge Funds
- Pension and Profit Sharing Plans
- Trusts, Estates or Charitable Organizations
- Corporations or Business Entities other than those listed previous

Minimum Investments:

For Hedge Funds, the minimum initial investment in shares is US\$100,000 with respect to US Shares and €100,000 with respect to Euro Shares. The minimum amount of additional subscriptions is US\$10,000 with respect to US Shares and €10,000 with respect to Euro Shares or such lesser amounts as the Directors of the Hedge Funds may in any particular case determine.

Investment in Shares is limited to eligible investors. An eligible investor is any person whose:

- (a) ordinary business or professional activity includes the buying and selling of investments, whether as principal or agent; or
- (b) if an individual - individual net worth, or joint net worth with his or her spouse, exceeds \$1million; or
- (c) if an institution - assets under discretionary management exceeds \$5 million.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Analysis and Investment Strategies

HAIAL's security analysis methods include:

- Charting
- Fundamental
- Technical
- Cyclical

Research is performed in-house to assist the fund managers in making investment decisions. In-house research papers are published periodically, in connection with the Funds. We have a preferred list of analysts who supply information and subscribe to the Funds' database. Additionally, research, including company visits, is carried out internally. As above, external partners may be used to carry out more cost-effective research, where necessary.

HAIAL uses derivatives as one way to actively managed the Funds' exposure to the market and thereby protect and enhance the absolute returns achieved.

Risk of Loss

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 Equity Securities Risk. The risk that the stock price of one or more of the companies in your portfolio will fall, or will fail to rise. Many factors can adversely affect a stock's performance, including both general financial market conditions and factors related to a specific company or industry. Because many of the Funds' 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.

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. The successful use of derivatives depends on the manager's ability to manage these sophisticated instruments, which require investment techniques and risk analysis different from those of other investments. 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. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses. The use of derivatives may also increase the amount of taxes payable by shareholders. Other risks arise from the manager's potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for a Fund's derivatives positions at any time. In fact, many over-the-counter instruments (investments not traded on an exchange) will not be liquid. Over-the-counter instruments also involve the risk that the other party to the derivative transaction will not meet its obligations. Derivatives also may involve credit and interest rate risks. In addition, the risks associated with the use of derivatives are magnified to the extent that a larger portion of a Fund's assets are committed to derivatives in general or are invested in a few types of derivatives.

For the hedge funds, please see the applicable offering documents for additional risk disclosure.

Item 9 Disciplinary Information

HAIAL has no applicable disciplinary information to report for this item.

Item 10 Other Financial Industry Activities and Affiliations

HAIAL is an indirect, wholly owned subsidiary of Henderson Group. Henderson Group and its affiliates provide a full spectrum of investment products and services to institutions (including investment companies) and individuals globally. HAIAL's advisory personnel may communicate with research personnel of its affiliates in order to request information, to obtain their views on economic factors or to confer on the interpretation of research material provided. HAIAL may also request information from these entities as to their views on research received by recommendations or advice directly to clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Employees of HAIAL are bound by a Code of Ethics (Code) which sets out the standards expected in relation to personal account dealing, managing conflicts of interest and the giving and receiving of gifts. Parts of the Code apply, not only to employees, but also to close relatives, spouses, partners and others whose affairs where employees could have a beneficial interest.

As an investment advisor, we have a duty to our customers to meet the highest standards of personal behavior. The Code is designed so that employees can conduct themselves and buy and sell securities in a way which does not conflict with the management of our clients' assets. It is important to our reputation that we avoid giving the appearance of any conflicts of interest.

In the financial services industry, the major asset of any company is its reputation. The Code not only underscores HAIAL's commitment to keeping its reputation untarnished, but also provides a framework in which employees can manage their personal affairs in a way that does not conflict with that reputation. The interests of the customer must come before those of the Group and individual members of staff. All customers must be treated fairly and the interests of one customer must not be placed above the interests of another. The highest possible standards of skill, care and diligence must be applied when acting on behalf of customers. Specific policies and procedures address customers' interests, conflicts of interest and fair dealing, accepting and giving gifts, personal dealing and the prohibition of insider dealing and other situations where there is a possibility for a conflict of interest.

A copy of the Code may be obtained by any client by contacting [Henderson Group's Compliance Department](#).

Henderson Group has implemented written policies and procedures designed to ensure equitable allocation of investment opportunities among its clients.

Item 12 Brokerage Practices

Where HAIAL provides investment advisory services to clients on a discretionary basis, the advice is subject to investment guidelines or objectives in instructions provided to HAIAL. With respect to mutual funds, the advice is subject to the investment objectives and restrictions outlined in the fund's registration statement.

When executing transactions on behalf of clients, HAIAL's objective will be to obtain best execution with respect to each transaction. Consequently, HAIAL selects brokers primarily based on their execution capabilities and trading expertise.

Where HAIAL aggregates customer orders it will not give unfair preference to any of those for whom it dealt. Allocations will be made in a manner that is fair among its customers; is reasonable in the interests of all; and does not conflict with any relevant customer's instructions or the provisions of his customer agreement. 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 to the intended basis. However, if this would result in an allocation that is too small to be of significance to the larger fund, that fund may be removed from allocation. Materiality will be determined by the fund manager and reasons for withdrawal will be documented and must be signed off by Compliance. 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.

Managers do not give undue preference to particular customers in the allocation of aggregated transactions. When making allocation decisions, the objectives and size of the funds being managed by the relevant manager are taken into account. In the case of new issues, where allotments are not known until after application but the aggregate purchase is made prior to the market price being established on the first day of dealing, the allocation decision should be made before initial trading commences. The allocation should not be delayed until after trading has commenced and the initial premium or discount is known.

While HAIAL will select brokers primarily on the basis of their execution capabilities, the direction of transactions to brokers may also be based on the quality and amount of research and research related services that they may provide to HAIAL. When reviewing various brokerages, HAIAL considers the commissions to be charged and the rendering of investment services, including statistical, research, and counseling services by brokerage firms.

HAIAL does not have any obligation to deal with any broker or group of brokers in the execution of portfolio transactions. HAIAL may select brokers on the basis of the research, statistical and pricing services they provide. Information and research received from such brokers will be in addition to, and not in lieu of, the services required to be performed by HAIAL 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 HAIAL determines in good faith that such commission is reasonable in terms either of the transaction or the overall responsibility of HAIAL to its clients and that the total commissions paid by will be reasonable in relation to the benefits over the long-term. HAIAL

or its affiliates may enter into commission sharing arrangements with key brokers, which allow for the receipt of both proprietary and third party research.

These research and services are the type described in Section 28(e) of the Securities and Exchange Act of 1934 and are designed to improve HAIAL's investment management decisions and advice. Consequently, HAIAL may enter into commission sharing agreements whereby brokers agree to provide one or more of the following:

- Specific advice as to the advisability of dealing in, or of the value of any investment; or
- Research or analysis relevant to the above (or about investments generally and matters relevant thereto)

Research services furnished by brokers through which HAIAL effects securities transactions are used by HAIAL in carrying out its investment management responsibilities with respect to all the client accounts over which it exercises investment discretion and, accordingly, such services may not be utilized in connection with the client account that provided the commission or a portion of the commission paid to the brokers providing the services.

Item 13 Review of Accounts

Where HAIAL provides investment advisory services to clients on a discretionary basis, the advice is subject to investment guidelines or objectives set out in each Fund's prospectus. Automated checks are undertaken on a daily basis to ensure that these guidelines are adhered to. In addition, manual reviews are carried out quarterly.

Annual reports and audited financial statements for the Funds in respect of each financial year prepared in accordance with US generally accepted accounting principals are sent to shareholders at least 21 days before the annual general meetings (if any) and in any event within six months of the end of the Funds' financial year, whichever is earlier. The Funds prepare and circulate to shareholders within four months of the end of the relevant period half-yearly reports which will include unaudited financial accounts for the Funds. Audited financial statements and half-yearly reports incorporating unaudited accounts are posted to each shareholder at his or her registered address free of charge and are made available for inspection at the registered office of the administrator of the applicable fund.

Shareholders receive the following information:

- monthly performance information on the 5th or 6th business day of each month
- monthly reports for the Funds on the 9th or 10th business day of each month
- weekly estimates by the second business day for the week ending the previous Friday
- monthly commentary with a risk report (without short named positions) for the three multi-strategy funds
- investors in the Henderson UK Equity Long Short Fund and the Henderson UK Fundamental Long Short Fund receive a risk report (without named short positions)
- investors in the Henderson Global Fixed Income Absolute Return Fund also receive a more detailed fund analysis report monthly.

Item 14 Client Referrals and Other Compensation

HAIAL does not have any arrangements where it is paid in cash or receives some economic benefit from a non-client in connection with giving advice to clients nor does HAIAL directly or indirectly compensate any person for client referrals.

Item 15 Custody

HAIAL does not have custody of any client accounts.

Item 16 Investment Discretion

While HAIAL and its subsidiaries provide investment advisory services to clients on a discretionary basis, the advice is subject to investment guidelines or objectives in instructions provided to HAIAL. With respect to the Funds, the advice is subject to the investment objectives and restrictions outlines in the Funds' prospectuses. When executing transactions on behalf of clients, HAIAL's objective will be to obtain best execution (generally defined as a combination of the most favorable commissions and the best price obtainable) with respect to each transaction.

Item 17 Voting Client Securities

In determining how proxies should be voted, HAIAL generally: (1) opposes proposals that would act to entrench management; (2) believes that Boards should include a sufficient number of independent non-executive members with appropriate skills, experience and knowledge.; (3) opposes structures which 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.

Proxy voting is carried out by HAIAL. It is the intent of HAIAL to vote proxies in the best interests of the firm's clients. HAIAL believes that in order to achieve long-term success, companies need not only to conceive and execute appropriate business strategies, but also to maintain high standards of corporate governance and corporate responsibility. We therefore expect companies to operate according to recognized national and international standards in these areas.

HAIAL has adopted the Henderson Global Investors Responsible Investment Policy. This policy sets out Henderson's approach to monitoring and taking action on financial performance, corporate governance and corporate responsibility. It includes core principles of corporate governance that we apply in making voting decisions across all markets covering issues such as disclosure & transparency, boards of directors, shareholder rights, audit & control and remuneration.

If at any time during implementation of HAIAL's voting policy a conflict of interest is identified the matter will be referred to the Henderson Proxy Committee via the Head of Compliance. In such circumstances the Proxy Committee reviews the issue and directs ISS how to vote the proxies through the ProxyExchange website and voting instructions are executed by the custodians.

To obtain a copy of the Henderson Global Investors Responsible Investment Policy , or information on how proxies were voted, please contact Antony Marsden, Corporate Governance Manager, antony.marsden@henderson.com, or +44-20-78185323.

Item 18 Financial Information

This section is not applicable for HAIAL.