



**Fund Manager -
Alex Crooke**

Fund Objective

Henderson High Income Trust plc invests in a prudently diversified selection of both well-known and smaller companies to provide a high-income stream and prospects of capital growth.

Fund Manager's Commentary

The final month of the year saw the UK equity market making a new high for the year as a whole, capping a strong rally from the lows in March. The final rally in December was broad based as defensive sectors like tobacco and utilities outperformed, as did more cyclical sectors (those that move in line with the economic cycle) such as retailers and industrials. Retail sales were buoyant into Christmas, comfortably eclipsing the previous year and giving support to the sector.

Financials in general had a poor month, reflecting rising gilt yields and poor international sentiment surrounding the increasing public spending deficit. A limited pre-budget report gave away little with regard to future spending cuts, only highlighting the scale of future gilt sales to fund current spending plans.

We have maintained gearing during the fourth quarter of 2009 through increased exposure to pharmaceuticals; we feel the sector offers cheap valuations, significant overseas earnings and attractive dividend yields.

Trust Information

Epic Code	HHI
AIC Sector	UK High Income
Trust Type	Conventional (Ords)
Launch Date	1989
Financial Year End	31 December
Dividend Payment	July, October January, April
Last Ex Div Date	16 September
*Risk Rating	Average
Premium/Discount	-2.6%
Gearing	21%
Yield	7.25%
Management Fee	0.50%
Performance Fee	Yes
Total Expense Ratio (TER)	1.0%
	(year end 31/12/2008)

Trust Statistics

Gross total assets	£122m
NAV per ordinary share (cum income)	117.6p
NAV per ordinary share (ex income)	114.4p
Share Price	114.5p

Source: Morningstar and BNP Paribas

*WINS Investment Trusts

Performance vs Benchmark



Cumulative Growth

Performance over:	YTD	1m	3m	6m	12m	3y
Share Price (Total Return)	31.5%	2.0%	6.8%	24.5%	31.5%	-21.2%
Net Asset Value (Total Return)	23.9%	3.3%	0.5%	22.1%	23.9%	-22.9%
Benchmark (Total Return)	23.3%	3.0%	4.1%	23.1%	23.3%	-0.8%
Relative NAV Outperformance	0.6%	0.2%	-3.5%	-1.0%	0.6%	-22.1%

Annual Growth to 31 December 2009

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Share Price (Total Return)	31.5%	-31.3%	-12.8%	20.6%	43.3%
Net Asset Value (Total Return)	23.9%	-35.2%	-4.0%	23.1%	25.8%

Please remember that past performance is not a guide to future performance. The value of an investment and the income from it can rise as well as fall as a result of market and currency fluctuations, and you may not get back the amount originally invested.

All performance, cumulative growth and annual growth, source: Morningstar

Sector Breakdown

Financials	24.3%
Oil & Gas	10.6%
Consumer Goods	10.5%
Utilities	8.5%
Industrials	7.6%
Telecommunications	6.2%
Health Care	4.2%
Consumer Services	3.8%
Fixed Interest Investments	24.3%

Top 10 Holdings = 36.6% of Portfolio

BP	6.8%	Imperial Tobacco	3.4%
Vodafone	4.5%	Prodesse	3.1%
HSBC	4.1%	National Grid	3.0%
Brit American Tobacco	3.4%	GlaxoSmithKline	2.5%
Catlin Group	3.4%	Jardine Lloyd Thomson	2.4%

Sector breakdown and top 10 holdings, source: BNP Paribas

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